

EAST RENFREWSHIRE COUNCIL

CABINET

21 August 2014

Report by Director of Environment

DELIVERING IMPROVEMENTS TO EAST RENFREWSHIRE HOUSING

**PURPOSE OF REPORT**

1. To advise the Cabinet on progress with meeting the Scottish Housing Quality Standard (SHQS) and the delivery of the Housing Capital Programme, the Council's policy in relation to the award of Private Sector Housing Grant and the recent successful initiatives in relation to combating fuel poverty through energy efficiency measures.

**RECOMMENDATIONS**

2. The Cabinet is asked to note the:
- (a) good progress in relation to the implementation of the SHQS;
  - (b) Council's policy in relation to the award of Private Sector Housing Grant; and
  - (c) recent successful initiatives in relation to combating fuel poverty through energy efficiency measures.

**BACKGROUND**

3. Members will be aware that the Scottish Government is responsible for setting polices on the physical quality of social housing i.e. housing owned by Councils or Registered Social Landlords. The Scottish Housing Quality Standard (SHQS) is the main measure of housing quality that is used to establish if properties reach the required minimum standard.

4. The SHQS was introduced in February 2004, and social landlords have until April 2015 to bring their houses up to the standard, and thereafter to maintain them to that standard.

**REPORT**

**The Housing Capital Programme**

5. The SHQS has significantly shaped the way the capital programme is prioritised. Detailed below is a list of key areas which will receive investment during the current financial year.

Project	Number of dwellings in 14/15 programme (ERC and privately owned)	Estimated Expenditure 2014/2015
Woodfarm External Wall Insulation and Render	78 (22 ERC, 5 BHA and 51 privately owned)	£98,000
Roof and/or Render	313 (208 ERC and 105 privately owned)	£3,089,000
Central Heating Installations	71	£398,000
Electrical works	400	£608,000
Windows	100	£315,000
Kitchens	40	£100,000
Bathrooms	10	£25,000
External Doors	30	£30,000
Door Entry Systems (DES)	15 Closes	£83,000
Sheltered Housing	Applies to communal areas	£116,000
Aids and Adaptations	Demand led	£208,000
Energy Efficiency	Demand led	£139,000
Paths, boundary walls, bin stores etc	Survey/Demand led	£90,000

6. This programme of investment will:

- Ensure all ERC dwellings meet the requirements of SHQS by April 2015.
- Improve energy efficiency in hard to heat properties thereby helping residents keep their homes warm, reduce their fuel costs and reduce CO2 emissions and other climate change gasses.
- Improve the safety of the electrics and increase the number of sockets available in houses and upgrade closes with old wiring.
- Install lighting in common areas.
- Fit new kitchens and bathrooms.
- Provide all closes with door entry systems (where a majority agree).
- Invest in our sheltered housing complexes to improve safety.
- Help people to stay in their own homes by installing aids and adaptations.
- Make back courts safe for everyone to use.

7. As part of the capital programme for 2014/15 a number of long term voids in Newton Avenue and Waulkmill are to be brought back into use. This exciting development, once completed, should mean that East Renfrewshire Council will not have any long term Council voids at all.

8. In order to meet the programme it is frequently necessary for the Council to undertake work to parts of the property that are shared with other properties such as roof and render works. Some of these properties have been purchased under the Right to Buy legislation and are therefore no longer under Council ownership.

9. In such circumstances the Council can face a range of different scenarios. Sometimes the Council has the legal power to compel an owner occupier to participate in any repairs provided that they are deemed to be "necessary" due to the conditions contained within the owner occupier's title deeds. In other circumstances the Council is either required to seek the consent of the owner occupier or is required to instigate certain legal processes. Sometimes the legal situation can vary between different properties in the same block. As such the delivery of such communal repairs can be time consuming and complicated.

10. Irrespective of whether consent from owners is required to proceed with repair works, a key issue relates to the financing of any proposed work. The current arrangement is that the Council (Housing Revenue Account and General Fund) will borrow money for the cost of procuring such repairs and will then recharge owners the cost of the repair.

11. Many owner occupiers are discouraged from participating in communal repairs due to the costs that can be involved and the complexity of the process. This is to the disadvantage of both themselves and to the Council tenants with whom they share communal property.

12. Sometimes the cost of work can be split over a number of years. For example a property can be re-roofed in year one and then re-rendered in year three. However economies of scales with matters such as scaffolding can mean it is cheaper to undertake both at the same time. However this can be expensive for both the Council and owner occupiers as it results in a large bill.

13. As such it is not uncommon for a roof and render programme, despite the Council's competitive procurement processes, to attract a cost of over £12,000 for individual owners. Such costs can be prohibitive for households on low or fixed incomes.

14. If an owner occupier elects not to participate in a repair programme this can have severe repercussions on the quality of life of Council tenants in that repairs may be delayed or not be undertaken. It is therefore essential for Council tenants that any obstacles to effective participation for owner occupiers is removed.

15. To assist with this a Private Sector Housing Grant (PSHG) is available for some types of work to owners who are resident and not landlords.

### **Private Sector Housing Grant**

16. The Housing (Scotland) Act 2006 requires each local authority to set out in a statement (Scheme of Assistance) the circumstances in which the Council will offer particular types of information, advice and assistance in relation to repairs, improvements and maintenance works carried out in communal areas affecting privately owned homes.

17. The Council's Scheme of Assistance states: "under Right to Buy many previously owned Council properties have been sold and are now in the private market. It will be difficult for the Council to achieve the required standard in mixed tenure areas without owner occupier co-operation. For this reason, assistance for repair works will be prioritised towards owners of properties which fall within the boundaries of the Council's Housing Capital Investment Programme. Subject to resources, financial assistance may be available as an incentive to resident owners to participate and no financial assistance will be available for non-resident owners". This is known as Private Sector Housing Grant.

18. In previous years this grant has been offered to resident owners at the rate of 50% of the cost. With a more substantial capital programme this year it has not proved possible within the resources available to maintain this level of financial assistance. Whilst the budget has not decreased an increased number of properties scheduled on this year's programme means that finances are not available to maintain the 50% grant in 2014/15.

19. The Council's budget for PSHG for 2014-15 is £186,866. However the estimated total cost of the works for these resident owners amounts to £639,303, meaning that the 50% grant level is no longer affordable and cannot be maintained.

20. In applying the terms of the Council's Scheme of Assistance it is therefore proposed that the grant offered to resident owner occupiers participating in the housing capital programme for 2014/15 be offered to ensure all resident owners get a grant at the rate of 40% (subject to the exception noted at paragraphs 33 and 34). It is worth noting that the provision of this grant is still more generous than that of some other local authorities.

21. However the grant situation is complicated by the existence of Home Energy Efficiency Programmes For Scotland - Area Based Schemes (HEEPS ABS).

### **Home Energy Efficiency Programmes For Scotland - Area Based Schemes**

22. HEEPS ABS is a grant from the Scottish Government that has been made available to encourage private owners to agree to costly external insulation where their homes are not suitable for cavity wall insulation to reduce carbon emissions and fuel costs. Local authorities must apply for the grant by putting together a package of measures and addresses that qualify.

23. The grant is for:

- privately owned dwellings in areas of low income where fuel poverty is more likely, **and**
- where the costs for insulating a building to reduce fuel costs is higher than average (e.g. where it is not possible to fit cheaper cavity wall insulation), **and**
- where other energy efficiency grant (such as Energy Company Obligation (ECO) grant) will not meet the full cost of the insulation.

24. The grant does NOT cover local authority housing costs. However, owners in mixed tenure blocks are eligible. The grant therefore provides support for owners in such blocks, thereby enabling the work to proceed for the benefit of both tenants and owners.

25. In 2013 the Environment Department undertook an option appraisal to identify the housing that would be most likely to meet the criteria for the grant. This involved assessing levels of grant available, levels of poverty and fuel poverty, levels of ownership, costs, and implications for the Housing capital programme.

26. This option appraisal exercise identified 78 flats on the Woodfarm Estate as best meeting the Scottish Government criteria. This bid was submitted following Cabinet agreement to make an additional £100,000 Housing Capital available in 2013/2014 to meet the Council's costs.

27. This bid was successful and the Council was awarded ERC £277,120 HEEPS ABS for 2013/14. This provided a grant to cover the cost for 51 owners. The Housing capital programme funded the 22 Council flats. The contract commenced in Feb 2014. This work is now complete.

28. The Scottish Government announced earlier this year that HEEPS ABS grant would be available in 2014/2015 and sought further bids. Again an option appraisal was carried out to identify properties that would best meet the HEEPS ABS criteria (high incidence of fuel poverty; solid wall; mixed tenure, etc.) and a bid was submitted.

29. The Department was successful and ERC has been awarded £367,554 HEEPS:ABS grant to distribute. This will provide:

- grant funding for 15 owners whose properties have solid walls and were already included in the 2014/2015 Roof and Render programme, thereby reducing their costs. There are 13 ERC solid wall flats in this programme that will be funded from the Housing capital programme.
- grant for 12 private owners for solid wall insulation to be installed at a total of 52 dwellings.
- grant to cover some additional costs from the 2013/2014 programme (e.g. asbestos removal).

30. The 2014/15 programme will include selected properties in Birch Crescent, Hawthorn Road, Kingston Road, Glen Avenue, Madras Place and Craig Road.

31. The estimated grant for an owner for HEEP ABS and ECO combined is £8,000. The cost for external wall insulation is likely to be in the region of £11,000 (including fees and VAT). There will therefore be a balance for owners to pay. The Scottish Government is making interest free loans available to owners to cover any costs above the maximum grant level. However this is on a first come/first served basis and the Council has still to procure the work. The Scottish Government has been made aware of the fact that owners in ERC will have a balance to pay and has been requested to set aside grant for these owners. It is not clear whether this will be possible although early indications are not positive.

32. All but one of the resident owners due to receive HEEPS funding for the render works will receive funding to assist with meeting just over 40% of the total cost of the works required.

33. It is proposed that these owners (with the exception of one owner whose HEEPS grant will be topped up to 40% with some PSHG due to extraordinary building costs) are not offered further financial assistance by way of PSHG.

34. All resident owners in the mixed tenure blocks due to have roof and render works carried out this year, and not due to receive HEEPS grant, will be offered a grant to meet 40% of the cost of the works and associated fees. This will ensure that all of the resident owners in the mixed tenure blocks due to have roof and /or render work undertaken this year will benefit from financial assistance to the tune of 40% of the works, the maximum which can be met from the existing Council budget .

### **Fuel Poverty**

35. In addition to the work with HEEPS ABS, East Renfrewshire Council has also worked throughout 2013/14 in partnership with specialist contractors and utilised funding from grant schemes such as ECO (Energy Company Obligation) to provide cavity wall insulation.

36. As a result of this work a number of households were upgraded. The total spend on insulation in 2013/14 was £1,228,595 with a total carbon dioxide saving of 16,780 tonnes. HEEPS ABS and ECO together amounted to an accumulated financial saving to all participating households of £247,200.

37. As a result of these efforts East Renfrewshire Council were short listed in the recent National Green Deal and ECO council of the year awards.

## **FINANCE AND EFFICIENCY**

38. The successful bid for HEEPS by the Environment Department and the provision of private sector housing grant for those not eligible for HEEPS has resulted in costs being far more attractive for owners and this has enabled Housing Services to progress its capital programme investment.

## **CONSULTATION**

39. This report is for Cabinet's information and therefore the need for consultation does not arise.

## **PARTNERSHIP WORKING**

40. Consultation with community planning partners has not been necessary in the development of this report. However, it is important to note that the delivery of the Housing Service Capital Programme is a continuous partnership between Housing, private contractors, Property and Technical Services, Finance and Legal Services.

## **IMPLICATIONS OF THE PROPOSALS**

41. There are no implications associated with this report in terms of staffing, property, legal, IT, finance, equalities and sustainability.

## **CONCLUSIONS**

42. East Renfrewshire Council is on target to meet the SHQS by March 2015. The substantial nature of the Housing capital programme for 2014/15 means that a small decrease in the amount of Private Sector Housing Grant that can be awarded is required. However as the result of successful applications for Scottish Government funding this decrease is lower than would have otherwise been experienced and the bills received by many owner occupiers for improvements to their properties will be reduced through the provision of subsidy.

## **RECOMMENDATIONS**

43. The Cabinet is asked to note the:

- (a) good progress in relation to the implementation of the SHQS;
- (b) Council's policy in relation to the award of Private Sector Housing Grant; and
- (c) recent successful initiatives in relation to combating fuel poverty through energy efficiency measures.

Director of Environment

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