

**WEST DUNBARTONSHIRE COUNCIL****Report by the Chief Officer, Housing and Employability****Housing and Communities Committee: 23 August 2023**

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**Subject: Enhanced Housing Capital Investment Programme– Better Homes West Dunbartonshire****1. Purpose**

**1.1** This purpose of this report is to provide members of the Housing and Communities Committee with an update on the work of the Tenant/Officer Task and Finish Group who have agreed a revised spending profile to deliver an additional £30m of investment in Council homes over the next five years following the decision taken by West Dunbartonshire Council to agree a weekly rent increase of 5% for 2023/24.

**2. Recommendations**

**2.1** It is recommended that the Housing and Communities Committee:

- (i) Note the content of the report and the progress made to date in the delivery of the Council's ambitions around housing investment;
- (ii) Notes the work of the Tenant/Officer Short Life Task and Finish Group in developing an Enhanced Housing Capital Investment Programme in particular the role of the tenant representatives: and
- (iii) Approves the Enhanced Housing Capital Investment Programme and delegates the Chief Officer, Housing and Employability to deliver this Programme within the wider Housing Capital Investment Programme.

**3. Background**

**3.1** At the West Dunbartonshire Council meeting on 1 March 2023 a motion was passed which approved a 5% rent increase for 2023/24. The impact of this 5% rental increase to the Housing Revenue Account Business Plan is that it generates an additional £50m of available capital expenditure over the next 5 year period (2023/24-2027/28).

**3.2** The approved motion supported the Council's ambitions to develop our Housing Service to become sector leading in Scotland, meeting and exceeding the needs and expectations of our tenants, now and into the future.

**3.3** Furthermore to deliver on these ambitions, it was recognised that greater investment was needed in tenants' priorities such as:

- More new sustainable housing that is attractive, built to the highest standards and net zero carbon
- More homes to suit the needs of larger families

- More homes to address identified medical needs
- Better homes where we respond proactively to damp and mould issues
- Better homes that are energy efficient
- More homes to increase choice and opportunities for families

**3.4** The Council decision approved the:-

- Use of £10m to increase the Council's buyback programme over the next five years to purchase additional housing on the local housing market to address identified need; and
- Use the remaining £40m to accelerate the following renewal and replacement programmes over the next five years that our tenants have told us are most important to them:-
  - Energy efficiency measures including new heating systems
  - Kitchen and Bathroom Renewals
  - Window/Door Renewal Programmes

**3.5** In addition, there was approval from the Housing and Communities Committee on 3 May 2023 to allocate approximately £10m of the £40m highlighted in 3.4 to accelerate a programme to eliminate damp and mould problems from all tenants' homes.

**4. Main Issues**

**4.1** As part of the decision made by the Council, on 1 March 2023 it was agreed that the Chief Officer Housing and Employability provide regular update reports to the Housing and Communities Committee on the development and implementation of a programme to deliver the additional £50m of capital investment which would be delivered in full consultation and involvement of the West Dunbartonshire Tenants and Residents Organisation (WDTRO). This is the first of those regular update reports.

Council Buy Back Programme

**4.2** As approved at the West Dunbartonshire Council meeting on 1 March 2023, additional funding of £10m (£2m each year from 2023/24-2027/28) will be utilised to scale up the Council's Buyback programme. In 2023/24 and in each of the subsequent years up to and including 2027/28 we plan to acquire a minimum of 60 new homes each year meaning an additional 300 new Council homes to meet identified need. In addition to the Council's investment in the buyback programme we anticipate affordable housing supply programme funding from the Scottish Government in the region of £3m for 2023/24.

**4.3** The additional funding will specifically target larger family homes to meet an identified housing need. To meet these defined targets an additional resource within the Housing team will be committed from Housing Revenue Account Capital funding to deliver on the acquisition of new homes. This new resource

will also lead on refreshing our Buyback Policy to maximise opportunities to help deliver on the defined targets. An updated policy will be presented to the meeting of the Housing and Communities Committee in November 2023.

- 4.4** The Scottish Government announced on 19 July 2023 in response to the recommendations of the Temporary Accommodation Task and Finish Group that they will invest a minimum of £60 million through the Affordable Housing Supply Programme in 2023-2024 to support a national acquisition plan. The specific targeting of funds within the Affordable Housing Supply Programme for buyback purchases presents an opportunity to further accelerate purchases in 2023/24 and we will work closely with the Scottish Government in maximising this potential. There will require to be a close linkage between the acceleration of buyback purchases and reducing the use of temporary accommodation.

#### Proactive Approach to talking Damp and Mould

- 4.5** Following the tragic passing of Awaab Ishak in Rochdale which the Coroner in November 2022 concluded to be as a result of prolonged exposure to mould within a social housing tenancy, the Council has taken steps to ensure our approach to treating damp and mould is as robust and effective as possible. A new improved procedural approach was approved by the Housing and Communities Committee on 3 May 2023 and implemented immediately.
- 4.6** In addition the Housing and Communities Committee agreed a proactive approach to eliminating damp and mould issues in council homes through the use of technological solutions to help identify, tackle, and prevent damp and mould issues. This solution involved the introduction of environmental sensors into all our homes to be delivered within the next five year period. A contract strategy is being finalised to deliver the roll out of the environmental sensors and we anticipate the delivery programme will be in place in early 2024 and be delivered in its entirety by the end of March 2028.

#### Housing Capital Programme

- 4.7** At the meeting of 3 May 2023, the Housing and Communities Committee agreed to establish a Tenant/Officer Short Life Task and Finish Group to develop further our Housing Capital Programme, ensuring it meets the tenant priorities.
- 4.8** The Task and Finish Group was tasked with preparing an Enhanced Housing Capital Investment Programme to be delivered over the next five year period which would support the existing Housing Capital Programme. The enhanced Housing Capital Programme had been allocated a minimum of £30m and would focus on delivering significant improvements and/or make better use of existing housing assets and improve affordability, accessibility and sustainability to housing for all communities across West Dunbartonshire.
- 4.9** This group was convened on 19 June 2023 and met on three separate occasions, achieving its objective to agree an Enhanced Housing Capital Investment Programme to be delivered over the next five year period in

support of the existing programme. While tenant representatives priorities looked at increasing capacity on a number of key workstreams within the existing Housing Capital Investment Programme, a new workstream was introduced that would see high quality CCTV provided in all multi story blocks as well as the provision of cameras in stairwell areas which previously had no coverage.

- 4.10** The proposed Enhanced Capital Investment Programme is highlighted in Table 1 below. The programme would accelerate a number of key investment programmes and would deliver an estimated 4,612 additional improvements to tenants homes over the next five year period, as well as improving CCTV coverage across our multi storey estate improving safety and security for a large number of tenants.

Table 1 – Enhanced Housing Investment Programme

	2023/24	2024/25	2025/26	2026/27	2027/28	Totals
	<b>Spend (£m)</b> <b>(Number of estimated additions to current programme)</b>					
<b>External Wall Insulation</b>	£1.825m (135)	£2m (148)	£2m (148)	£2m (148)	£2m (148)	£9.825m (727)
<b>Heating System Replacements</b>	£0.64m (213)	£0.7m (233)	£0.7m (233)	£0.7m (233)	£0.7m (233)	£3.44m (1145)
<b>Window Replacements</b>	£1.05m (140)	£1.3m (173)	£1.3m (173)	£1.3m (173)	£1.3m (173)	£6.25m (832)
<b>Kitchen Replacements</b>	£1.005m (144)	£1.2m (171)	£1.2m (171)	£1.2m (171)	£1.2m (171)	£5.8 (828)
<b>Bathroom Replacements</b>	0.55m (110)	£0.6m (120)	£0.6m (120)	£0.6m (120)	£0.6m (120)	£2.95m (590)
<b>Shower Installations</b>	£0.18m (90)	£0.2m (100)	£0.2m (100)	£0.2m (100)	£0.2m (100)	£0.98 (490)
<b>CCTV</b>	0.25m	0.5m				£0.75m
<b>Totals</b>	£5.5m	£6.5m	£6m	£6m	£6m	£30m (4,612)

## 5. People Implications

- 5.1** To deliver the ambition outlined within this report additional staff resources will be required, however this be delivered within the current budgetary resource.

## 6. Financial and Procurement Implications

- 6.1** It should be noted that the 30 year HRA business model has been prepared on the basis that there will be fluctuations in inflation over the period of the plan. These assumptions would need to be revised in the event of long-term

inflation forecasts being above target. The planning assumption for long-term inflation in the business model is 8% initially reducing to 2% by year 6 or additional pressures on the revenue account becoming apparent. The other key variable within the business model is the capital expenditure requirements which can alter depending on circumstances and priorities. The HRA business model has been updated this year with the revised proposed capital plan as part of the normal annual review to recognise the most up-to-date information and to consider affordability.

- 6.2** In considering affordability, a key output from the HRA business model is the percentage of rental stream that is required to fund debt charges. This is an indicator of the amount of prudential borrowing that can be undertaken without putting undue stress on the remainder of the revenue budget. When the decision was taken to retain all the housing stock in West Dunbartonshire the investment requirement needed to achieve the Scottish Housing Quality Standards, coupled with the historic debt structure of HRA debt, suggested that the “debt affordability” percentage in West Dunbartonshire should not exceed 50%. Additionally each year of the 30 year plan must have a surplus or break even revenue position. The most recent update based on the recommended 5% rent increase for 2023/24 has an average percentage of 34.7% with a peak of 42.4% in financial year 2030/31.
- 6.3** As indicated above, to maintain the viability of the HRA Business Plan, the additional capital investment of £50m requires to be phased appropriately over the 5 year period.
- 6.4** As approved by Council on 1 March 2023, £10m of the additional £50m is allocated to deliver additional housing acquisitions over the next 5 year period. It was also agreed a figure of around £10m will be required to deliver the ambitions in terms of eliminating damp and mould from all council homes within the same period at the meeting of the Housing and Communities Committee. Therefore that allows the remainder of the additional investment sum of around £30m to support priority work streams which have been identified through the Short Life Task and Finish Group.
- 6.5** The provision of CCTV in all multi storey properties will have an impact in terms of an additional annual revenue spend estimated to be in the region of an additional £100k per annum, this will be factored into future budget setting arrangements in respect of the Housing Revenue Account.
- 6.6** All medium / high complex procurement activity carried out by the Council is subject to a contract strategy. The contract strategy for the HRA Capital Programme will be developed by the Corporate Procurement Unit in consultation with Housing Development Officers. The contract strategy will include, but is not limited to; contract scope, service forward plan, the market, procurement model and routes – including existing delivery vehicles, roles and responsibilities, risks, issues and opportunities and on-going contract management. Opportunities to maximise the positive social, economic and environmental impact for the Council through the relevant procurement processes will be developed in line with procurement policy.

## **7. Risk Analysis**

**7.1** The key driver for determining rents for Council properties is the HRA investment plan. Failure to set rents consistent with the delivery of this plan will potentially result in insufficient funding being available to meet the ambitions within this report.

**7.2** In producing the budget a number of assumptions have been made in relation to performance around rent recovery, voids and the impact of welfare reform. These issues will be closely monitored during 2023/24 and members advised of any significant variations that will impact materially on the sufficiency of the budget as proposed.

**7.3** In terms of the capital programme, the main financial risks relate to:

- whether inflation increases costs, resulting in plans requiring to be reviewed upwards;
- Longer-term affordability requires to be considered in determining appropriate levels of capital funding. Ongoing budgetary control processes will monitor the above issues and any issues will be reported to a future Council meeting for consideration.

## **8. Equalities Impact Assessment (EIA)**

**8.1** An EIA screening has been undertaken by officers and no issues were identified.

## **9. Consultation**

**9.1** The Council has a statutory requirement to consult with tenants regarding HRA expenditure, the consultative exercise highlighted within this report builds on the Council's strong and demonstrable approach to effective tenant participation.

**9.2** The WDTR0 supported by the HRA budget scrutiny group (Joint Rent Group) are well established tenant structures. It is proposed after the conclusion of the Task and Finish Group the Joint Rent Group will have responsibility for the ongoing monitoring of the Housing Capital Programme. This group meet with Officers and the Convenor monthly and examines the HRA to ensure increased transparency and demonstrate Value for Money to tenants.

## **10. Strategic Assessment**

**10.1** The proposals contained in this report directly address all of the Council's strategic priorities. The investment in, and provision of attractive affordable housing will also indirectly support the objective of economic growth and employability through supporting employment and improving place attractiveness.

**10.2** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and Officers to pursue the five strategic priorities of the Council's Strategic Plan.

**Peter Barry**  
**Chief Officer, Housing and Employability**  
**Date: 9 August 2023**

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**Appendices:** None

**Background Papers:** HRA Capital Programme EIA, March 2023  
Enhanced Housing Capital Programme Task and Finish Group Terms of Reference, June 2023

**Wards Affected:** All