

WEST DUNBARTONSHIRE COUNCIL**Report by the Chief Officer, Housing and Employability****Housing and Communities Committee: 3 May 2023**

Subject: Housing Revenue Account Capital Programme Update – 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 development of a revised Housing Revenue Account Capital Programme following the decision taken by West Dunbartonshire Council to agree a weekly rent increase of 5% in 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) Approve the undertaking to conduct all necessary procurement exercises for the delivery of the identified work streams within Section 4 of this report;
 - (iii) Note the establishment of a Tenant/Officer Short Life Task and Finish Group to deliver some of the key objectives outlined within this report; and
 - (iv) Note that a further progress report will be provided to the next Housing and Communities Committee.

3. Background

- 3.1** At the West Dunbartonshire Council meeting on 1 March 2023 a motion was passed which approved a 5% rent increase in 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 years (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 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.

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 September 2023.

Proactive Approach to tackling Damp and Mould

- 4.4** Following the tragic passing of Awaab Ishak which the circumstances concluded by the Coroner in November 2022 to be as a result of prolonged exposure to mould within a social housing tenancy in Rochdale, England, The Council, has taken steps to ensure our approach to treating damp and mould is as robust and effective as possible and a new improved procedural approach will be presented to the Housing and Communities Committee in May 2023.
- 4.5** However, for the Council to meet the declared ambition to be a sector leading housing service, a more proactive approach to eliminating damp and mould issues in council homes is required. The Housing team have been investigating technology solutions to help identify, tackle, and prevent damp and mould issues.
- 4.6** A preferred solution has been identified to introduce environmental sensors into all our homes. This technology is relatively new but has been successfully implemented by a number of housing organisations in Scotland to date. The technology allows the tracking of temperature, humidity and Co2 in our homes. Linked to a gateway, to which we can also connect the home fire/smoke detection systems we can track the fluctuations in the home's temperature and humidity and air quality.
- 4.7** The gateway links to a dashboard which will provide Housing staff with real time information. It could identify high levels of humidity, which can create conditions for mould growth if not managed appropriately, for example if it peaks in the evening (typically time for cooking, washing etc.) and does not return to a normal level within a reasonable timeframe then the home is not being appropriately ventilated. However, if the humidity levels are high at all times despite ventilation this suggests that moisture may be coming from elsewhere e.g. a leak or rising or penetrative damp. Air quality data (co2 sensors) will also help us understand if a room is being ventilated because it will tell us about the freshness of air in a room. Poor quality air can lead to headaches, fatigue and support the spread of disease within the home. This approach will also have a positive benefit on the health and wellbeing of our tenants.
- 4.8** We propose that a range of housing staff would have access to the dashboard to help them provide both informed support to tenants and facilitate decisions about next steps e.g. installing more fans, investigating leaks. However a new job role within the Housing team would be required to monitor and propose the necessary action and/or referral. This additional staffing resource requirement will be funded within Housing Revenue Account Capital Plan to ensure the benefits of the new technologies are maximised.
- 4.9** Another benefit of use of environmental sensors is the tenant mobile app which also provides tenants with real time information about their home. This helps the tenant in managing their home and make the connections between

their activities and any related damp and mould risk and empowers the tenant to take action to improve air quality, and ultimately their wellbeing.

4.10 It is proposed that in 2023/24 we roll out an initial programme which would provide environmental sensors in around 2000 of our council homes, as part of our wider actions to eliminate damp and mould from all Council Homes. This would coincide with the establishment of job role/s within the Housing team who would have responsibility for monitoring the environmental sensors and ensuring that the appropriate actions are undertaken and monitored.

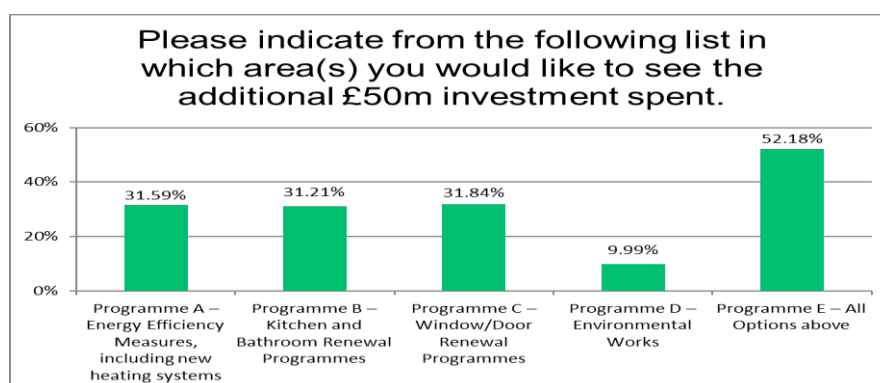
4.11 We have identified the following priority house types which would be prioritised in the first tranche of the rollout of the provision of environmental sensors as follows:-

- Voids
- Sheltered Housing
- Multi Storey Flats
- Housing First tenancies
- Temporary/Supported Accommodation; and
- Properties identified as at risk by Housing staff

4.12 A procurement strategy would be developed to deliver the roll out of the environmental sensors and would be fully delivered from within the additional funding made available through the Council decision taken on 1 March 2023. The procurement strategy would be developed in such a way that following an evaluation of the effectiveness of the environmental sensors before the end of 2023/24 the provision of the sensors could be extended to all council address before the end of March 2028.

Housing Capital Programme

4.13 The Council's annual rent consultation exercise was undertaken between December 2022 and January 2023 and the outcomes were reported to the meeting of West Dunbartonshire Council on 1 March 2023. As part of this consultative exercise tenant priorities in terms of the acceleration of existing renewal programmes were identified in the table below:-



4.14 This information gives Council Officers an indication of tenant priorities from over 800 responses. However before a programme is developed Council

Officers will establish a short life task and finish group with members of the WDTR0 to develop further our Housing Capital Programme to ensure it meets the tenant priorities.; This group will meet over May and June and conclude their work before the Summer recess and this will form a report to the Housing and Communities Committee in September 2023.

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 1.9% initially rising to 2.5% 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 is also projected 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. Therefore that allows the remainder of the additional investment sum of around £30m to support priority work streams which will be identified through the Short Life Task and Finish Group to be established between tenant representative and council officers.

6.5 All procurement activity carried out by the Council in excess of £2m 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 proposed consultative exercise committed to 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.

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Date: 18 April 2023

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Appendices: None

Background Papers: HRA Capital Programme EIA, March 2023

Wards Affected: All