

Agenda Item	
Report No	

Scottish Housing Quality Standard Delivery Plan

Report by Director of Housing and Property

Summary

This report provides an update on the Council’s Standard Delivery Plan, setting out progress to 31 March 2010 and projected investment aimed at meeting the Scottish Housing Quality Standard by 2015.

1. Background

- 1.1 The Council’s first Standard Delivery Plan setting out the investment required to achieve the Scottish Housing Quality Standard (SHQS) was approved by the Housing and Social Work Committee in September 2007.
- 1.2 The SHQS sets a minimum standard for all social rented housing. To meet the standard all houses should be:
 - Compliant with the tolerable standard
 - Free from serious disrepair
 - Energy efficient
 - Provided with modern facilities and services
 - Healthy safe and secure
- 1.3 The Plan was developed using stock condition and other information that had been collected from surveys undertaken by external consultants during 2006. Further work has been undertaken since then to update information about the housing stock, to reassess the work that is required to achieve the SHQS, and to update the financial assumptions relating to future investment.
- 1.4 The updated Standard Delivery Plan is attached at **Appendix 1** of this report.

2. Progress on the Scottish Housing Quality Standard

2.1 The table below shows the number of dwellings failing each SHQS category as at 31 March 2010. As a benchmark the table also shows the number of dwellings failing each category in 2007.

SHQS Categories	No. of dwellings failing 2007	No. of dwellings failing 2010
Tolerable standard	0	0
Serious disrepair	56	27
Energy efficiency	11,841	9,351
Modern facilities and services	4,411	2,559
Healthy safe and secure	9,369	0
Total failing SHQS:	13,634	10,088

- 2.2 It should be noted that each category contains a number of different elements and individual properties can fail on more than one element. Currently 6,676 properties fail the Standard against one element, with a further 3,412 failing on two or more elements.
- 2.3 The table shows that no houses fail the Standard in relation to the “Tolerable Standard” category, and there are very few failures relating to “Serious Disrepair” of the building fabric. Where these do occur they are largely being addressed through revenue repairs or planned maintenance programmes.
- 2.4 Most failures continue to relate to “Energy Efficiency”, although there has been a reduction in the number of properties failing over the last year.
- 2.5 Progress has also been made in reducing the number of properties failing in the “Modern Facilities and Services” category.
- 2.6 As a result of recent capital investment, improved stock survey information and further guidance on the definitions involved in the Standard the current plan now shows that no houses fail the Standard in the Healthy, Safe and Secure category.

3. Investment in the Housing Stock

- 3.1 The Standard Delivery Plan sets out an investment programme for the years 2010-15 that focuses on achieving SHQS but also allows funding to carry out major component replacement works and exceptional repairs when required. The investment programme also contains funding for equipment and adaptations, which remain a Council priority for investment.
- 3.2 The following table indicates the projected HRA capital programme investment levels from 2010-2015:

3.3

Category	Planned investment (2010-15)	%
Scottish Housing Quality Standard	£66.738m	86.3%
Major component replacement / repairs	£3.586m	4.6%
Equipment and Adaptations	£6.639m	8.6%
Stock condition survey	£0.38m	0.5%
Total	£77.343m	100%

- 3.4 In terms of funding the required investment, the Standard Delivery Plan assumes the following resources over the period 2010-2015:

Year	Capital receipts	Capital From Current Revenue	New borrowing	Total Capital programme
2010/11	£3.112m	£2.081m	£11.020m	16.213m
2011/12	£2.131m	£2.245m	£10.112m	14.488m
2012/13	£2.131m	£2.476m	£10.300m	14.907m
2013/14	£2.131m	£3.133m	£10.640m	15.904m
2014/15	£2.131m	£2.831m	£10.869m	15.831m
Total	£11.636m	£12.766m	£52.941m	£77.343m

- 3.5 These figures are broadly consistent with the funding requirements reported in the plan last year. Revised HRA projections indicate that Capital from Current Revenue will be around £3.750m less than predicted and borrowing around £5.300m more than previously reported over the remaining 5 years of the plan. The overall investment projected is £2.474m more than previously reported, due to slippage in the programme during 2009/2010.
- 3.6 The following table shows the projected progress toward the Standard based on the investment assumptions above:

Number of dwellings failing by SHQS element Criteria	2010	2011	2012	2013	2014	2015
	Tolerable Standard	0	0	0	0	0
Free from Serious Disrepair	27	0	0	0	0	0
Energy Efficient failures	9,351	7,914	5,917	3,946	1,975	0
Modern Facilities and Services	2,559	2,072	1,623	1,087	519	0
Healthy, Safe & Secure	0	0	0	0	0	0
Total:	10,088	9,307	7,027	4,691	2,324	0

- 3.7 The plan is currently based on a number of financial assumptions including an annual rent increase of RPI plus 1% each year, and the use of Capital From Current Revenue (CFCR).
- 3.8 It should be noted that HRA revenue estimates will continue to be reported to Committee annually in January each year, with the Council being invited to agree rent levels in February each year. The figures contained in the Standard Delivery Plan are planning assumptions.

4 Conclusions

- 4.1 There has been considerable progress in working towards the SHQS since 2007, and projections indicate that on current assumptions all houses will meet the Standard by 2015.
- 4.2 Management systems continue to be developed in relation to information about the housing stock. This involves collecting data from capital and revenue projects and property inspections.
- 4.3 It should also be noted that the Scottish Housing Quality Standard is a basic one, and that in many cases tenant expectations may exceed the standard. For example, in many cases our houses may have relatively old kitchens and bathrooms which should ideally be modernised, but which technically meet the standard.

5. Implications

- 5.1 **Resources:** this report confirms that on current estimates, the Council is able to fund the work required to achieve the Scottish Housing Quality Standard.
- 5.2 **Legal:** on current projections the Council is able to meet the Scottish Housing Quality Standard for all houses by 2015.
- 5.3 **Policy:** the approach outlined involves continuing to prioritise HRA capital programme activity towards meeting the Scottish Housing Quality Standard.

- 5.4 **Equalities:** there are no equalities implications.
- 5.5 **Climate Change:** the investment outlined in this report will help the Council achieve its Climate Change commitments.
- 5.6 **Risk:** monitoring of the Standard Delivery Plan will mitigate against the risk that the Council fails to meet the Scottish Housing Quality Standard.

6. Recommendations

Committee is asked to approve the annual review of the Standard Delivery Plan attached as **Appendix 1** of the report.

Signature:

Designation: Director of Housing and Property

Author: Brian Cameron, Housing Policy Officer

Date: 7 September 2010

The Highland Council Annual Update to the Scottish Housing Quality Standard Delivery Plan September 2010

1. BACKGROUND

1.1 Introduction

This document is intended as an update on the progress made by the Highland Council since the Standard Delivery Plan 2009 to ensure that its housing stock meets the Scottish Housing Quality Standard by 2015.

1.2 Scottish Housing Quality Standard

The Scottish Executive defined the quality criteria for meeting the Scottish Housing Quality Standard in 2004. This sets a minimum standard for all Council and Housing Association housing. To meet the standard all houses should be:

- Compliant with the tolerable standard
- Free from serious disrepair
- Energy efficient
- Provided with modern facilities and services
- Healthy, safe and secure

2. HIGHLAND COUNCIL HOUSING STOCK

2.1 Stock as at 31 March 2010

At the end of March 2010, the Council housing stock comprised 13,602 properties. In comparison, at the end of March 2009 the Council housing stock comprised 13,708 properties.

3. STOCK CONDITION ANALYSIS

3.1 Stock Condition Survey

The Council commissioned David Adamson and Partners Ltd to undertake a Stock Condition survey in 2006. The study involved a comprehensive house condition survey with a completed sample of houses representing approximately 30% of the housing stock at that time. The survey questionnaire was specifically designed to collect information on performance against the Scottish Housing Quality Standard and to assess the need for future major component replacement over a 30 year period.

3.2 Housing Stock Database

Using the survey programme as a foundation together with the full address and attribute data for all council stock, David Adamson and Partners Ltd undertook a “data cloning” exercise to provide the Council with a 100%

housing stock database. Since 2006 the stock condition data has been updated to take account of:

- Changes in housing stock numbers which are exclusively through right to buy sales
- Specific investment undertaken since the survey was undertaken
- Updating National Home Energy Rating (NHER) data based on re-profiling using the Council's NHER modelling tool taking into account energy efficiency measures e.g. heating systems which have been installed since 2006.
- Local data verification.

3.3 In August 2009 the Council initiated an in-house stock survey to further build up our database information. To date approximately 35% of our properties have been surveyed. The internal stock survey is based on performance against the Standard and it is intended to limit our reliance on cloned information.

3.4 The Council has also reviewed the investment costs to take account of the most up to date contract prices in the Highland Council Area.

3.5 **Current Performance against SHQS**

The following table gives a detailed breakdown of the failure rate against the five criteria of the SHQS. The first column shows properties that were reported as failing in 2007 when we produced our first Standard Delivery Plan. The second column shows the current number of failures taking into account the updating described at 3.2 above and also includes properties that were predicted to fail in 2009. Please note that each category contains a number of different elements and individual properties can fail on more than one element. The total number of failures against the Standard is therefore greater than the number of Council houses.

Criterion	Number of failures 2007	Number of failures 2010
Tolerable standard	0	0
Serious disrepair – primary elements		
Wall structure	0	0
Internal floor structures	0	0
Foundations	27	0
Roof structure	0	0
Serious disrepair – secondary elements		
Roof covering	3	0
Chimney disrepair	15	27
Flashings	1	0
Gutters disrepair	27	0
External wall finishes	34	0
Access decks/balustrades	0	0
Common access stairs/landings, pathways within the curtilage of the dwelling	32	0

Individual dwelling balconies/verandas	0	0
Individual dwelling attached garages, internal stairs	0	0
Damp proof course	0	0
Windows	3	0
Doors	0	0
Common windows/roof lights	0	0
Underground drainage	0	0
Total serious disrepair failures	142	27
Total dwellings	56	27
Energy Efficiency		
Cavity insulation	4170	1827
Loft insulation	1133	612
Hot water pipes and tank insulation	0	0
Efficient heating (central heating system/boiler etc)	2257	1571
NHER failures	9029	7200
Total energy efficiency failures	16589	11210
Total dwellings	11841	9351
Modern facilities and services		
Bathroom condition	128	863
Kitchen condition	441	833
Kitchen storage	451	137
Safe working arrangements	155	239
Power outlets	3927	1284
Total modern facilities and services failures	5102	3356
Total dwellings	4411	2559
Healthy, safe and secure		
Internal pipe work lead free	82	0
Mechanical ventilation	0	0
Noise insulation (via windows)	236	0
Smoke detector	30	0
Safe electrical systems	0	0
Safe gas and oil systems	0	0
Common areas – good and safe order	0	0
Common external and internal lights	6417	0
Front and rear doors	5091	0
Front door entry system	406	0
Total healthy safe and secure failures	12262	0
Total dwellings	9369	0
Overall totals:		
Total failures =	34,095	14,593
Total dwellings failing =	13,634	10,088

3.6 Currently 6,676 properties fail the standard against one criterion with a further 3,412 failing on two or more criteria

3.7 **Tolerable standard**

All the housing stock in Highland was assessed as being above the tolerable standard.

3.8 **Serious disrepair**

Current repair conditions within the housing stock are good with only 27 properties failing to meet the repair requirements of the SHQS. Through the ongoing stock surveys it was reported that identified repairs were localised/minor in nature and more suited to action within ongoing revenue maintenance programmes.

3.9 **Energy Efficiency**

To achieve compliance with the energy efficiency requirements of the SHQS, properties must be effectively insulated, efficiently heated and achieve a minimum NHER rating of 5. Significant progress has been made since 2007 in providing insulation measures and new heating systems for our properties but further measures are required to 2015 in tackling our properties with the lowest energy ratings. This may involve considerable investment in expensive external insulation in our 'hard-to-treat' properties.

3.10 This investment will be supplemented by continuing to tap into funding streams for energy efficiency works. These include the Carbon Emission Reduction Target scheme, the Community Energy Saving Programme and the Energy Assistance Package Social Sector Stage 3 funding scheme.

3.11 The Energy & Sustainability Section is currently developing a new IT software package with Strathclyde University which will assist in calculating the most effective energy efficiency measures for a property. This IT modelling tool will estimate potential energy ratings and running costs if a particular measure is installed in a property.

3.12 **Facilities and Services**

To meet the SHQS, all properties must have modern facilities and services. Bathroom and kitchen fittings must be in good and useable condition, while kitchens must additionally be provided with adequate storage, safe working arrangements and sufficient power outlets.

3.13 In 2007 there were 4,411 properties which failed against this criteria. Further properties were predicted to fail the Standard since then as a result of reaching the end of their life cycle. As a result of updating the stock condition information and work carried out in the financial years 2007-2010 there has been an improvement on this figure. At 31 March 2010, 2559 properties fail the Standard

3.14 **Healthy Safe and Secure**

To comply with the SHQS, dwellings must be healthy, safe and secure. In 2007, 9369 properties failed the Standard but the position in 2010 is that no properties fail.

3.15 The majority of dwellings in previous years failed on the adequate provision of external lighting. Following work undertaken, analysis of stock survey

information and further guidance on the definitions involved in the Standard, properties are considered as not requiring individual external lighting where street lighting or communal lighting is good.

3.16 The stock surveys have confirmed that the standard of locks on front and rear doors is now sufficient to pass the Standard. Local housing offices have been tasked to issue appropriate work orders where individual cases are identified as below the Standard.

3.17 As at 31 March 2010, no electrical systems have been identified as failing the Standard. Any individual failures identified will be included in the cyclical electrical inspection programme and in future re-wiring programmes if necessary.

3.18 Major component replacement

In addition to the work required to achieve the Standard, investment will be required to replace property elements that have come to the end of their recommended life cycle and prevent property deterioration below the Standard in the period up to 2015. A further 2159 properties are expected to fail the modern facilities Standard before 2015.

4. INVESTMENT PROGRAMME: 2010-15

4.1 Investment to meet SHQS

Based on the pattern and types of failure identified as a result of the 2006 stock condition survey and subsequent data verification exercises the cost of achieving SHQS in the years 2010-15 is estimated at £66.738m.

SHQS Element		Properties failing SHQS 2010-15	Cost £m
1	Tolerable standard	0	0
2	Free from serious disrepair	27	0*
3	Energy Efficiency	9,351	£46.754
4	Modern facilities and services	2,559	£19.984
5	Healthy safe and secure	0	0
Total investment			£66.738

*to be funded from revenue maintenance

4.2 Other investment

In addition to work required to meet the Standard, future major component improvement programmes are required to maintain the properties at the SHQS. There are also exceptional repairs that arise from time to time largely relating to health and safety issues. It is estimated that £3.586m is required between 2010 and 2015.

4.3 The need for equipment and adaptations to enable tenants to stay in their own homes will continue throughout the period of the plan and the Council has set targets for expenditure of around £1.3m per year on equipment and adaptations for each year to 2015.

4.4 It has been agreed that further stock condition survey work is necessary to update and verify previous results further. Consequently a sum of £0.38m has been included for stock condition surveys in 2010-11 and 2011-12.

4.5 Required investment

For the years 2010-15 the investment in the housing stock that is required is summarised below:

Category	Total £m
SHQS	
Energy efficiency	£46.754
Modern facilities and services	£19.984
Total SHQS	£66.738
Other	
Major component replacement/exceptional repairs	£3.586
Equipment and Adaptations	£6.639
Housing stock survey	£0.38
Total Other	£10.605
Total expenditure	£77.343

5. FUNDING THE INVESTMENT PROGRAMME

5.1 The proposals for investment in the plan are based on a number of assumptions, including the following:

- Calculations are based on the housing stock figure at 31 March 2010
- Income from sales is projected based on historic information and current trends, with no growth in house prices beyond 2010
- Inflation is assumed to be 2.5% per year
- Rents are assumed to increase by inflation +1% per year
- Supervision and Management are assumed to increase by 2.5% per year
- Repairs and maintenance are assumed to increase by 2.5% per year.

5.2 For the period 2010-2015 projected capital expenditure amounts to £77.343m. Revenue projections submitted to the Council for the financial year 2010-11 indicate that it is possible to fund investment to 2015 through Capital from Current Revenue (CFCR) and new borrowing. This will enable a capital programme of £77.343m to be achieved within the following resource assumptions:

Year	Capital receipts £'000	CFCR £'000	New borrowing £'000	Total Capital programme £'000
2010/11	3,112	2,081	11,020	16,213
2011/12	2,131	2,245	10,112	14,488
2012/13	2,131	2,476	10,300	14,907
2013/14	2,131	3,133	10,640	15,904
2014/15	2,131	2,831	10,869	15,831
Total	£11,636	£12,766	£52,941	£77,343m

5.3 The following table shows the projected progress toward the standard based on the investment assumptions above:

Number of dwellings failing by SHQS element Criteria						
	2010	2011	2012	2013	2014	2015
Tolerable Standard	0	0	0	0	0	0
Free from Serious Disrepair	27	0	0	0	0	0
Energy Efficient failures	9,351	7,914	5,917	3,946	1,975	0
Modern Facilities and Services	2,559	2,072	1,623	1,087	519	0
Healthy, Safe & Secure	0	0	0	0	0	0
Total dwellings failing SHQS:	10,088	9,307	7,027	4,691	2,324	0

6. OPERATIONAL PLAN AND MONITORING FRAMEWORK

6.1 Monitoring HRA Capital Programme

The Council already has a robust system in place to monitor progress and expenditure on the HRA capital programme. Day to day management of the capital programme is carried out by Area Housing and Property Managers and Housing and Property and Finance Service staff meet on a monthly basis to review the overall position. A report is submitted to each meeting of the Council's Housing and Social Work Committee. Monitoring progress against the Standard Delivery Plan is part of the capital programme monitoring arrangements. The Council produces an annual Standard Delivery Plan monitoring report to the Housing and Social Work Committee.