

The Highland Council Annual Update to the Scottish Housing Quality Standard Delivery Plan October 2013

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 2012 to ensure that its housing stock meets the Scottish Housing Quality Standard (SHQS) by 2015. It also provides detail on the Renewable Heat Incentive which will constitute a major income stream from 2014 onwards and demonstrates that the renewable heating programme is a cost-effective means of improving the energy efficiency of Council stock.

1.2 Scottish Housing Quality Standard

The (then) Scottish Executive defined the quality criteria for meeting the SHQS 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 2013

At the end of March 2013, the Council housing stock comprised 13,542 properties. In comparison, at the end of March 2012 the Council housing stock comprised 13,511 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 SHQS 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 conditions database. Since 2006 stock condition data has been updated to take account of:

- Changes in housing stock numbers though right to buy sales and more recently through new Council house building;
- Specific investment undertaken since the survey was undertaken;

- Updating energy ratings using the Council's energy assessment modelling tool and 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. As at 31st March 2013 approximately 85% of our properties had been surveyed. It was agreed to end the surveys in July 2013 as increasingly surveyor time was unproductive due to non-access which has prevented all our properties being surveyed. The internal stock survey was based on assessment against the Standard and has reduced 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 for capital projects.

4. Current Performance against SHQS

4.1 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. It should be noted 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 can therefore be greater than the number of Council houses.

Criterion	Number of failures 2007	Number of failures 2013
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	0
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	0
Total dwellings	56	0
Energy Efficiency		
Cavity insulation	4,170	12
Loft insulation	1,133	160
Hot water pipes and tank insulation	0	0
Efficient heating (central heating system/boiler etc)	2,257	34
SAP failures (previously NHER failures)	9,029	3,400
Total energy efficiency failures	16,589	3,606
Total dwellings	11,841	3,450
Modern facilities and services		
Bathroom condition	128	640
Kitchen condition	441	304
Kitchen storage	451	42
Safe working arrangements	155	98
Power outlets	3,927	273
Total modern facilities and services failures	5,102	1,357
Total dwellings	4,411	1,161
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	6,417	0
Front and rear doors	5,091	0
Front door entry system	406	0
Total healthy safe and secure failures	12,262	0
Total dwellings	9,369	0
Overall totals:		
Total failures =	34,095	4,963
Total dwellings failing =	13,634	4,057

4.2 Currently 3529 properties fail the standard against one criterion with a further 528 failing on two or more criteria.

4.3 Tolerable standard

All of our housing stock is assessed as being above the tolerable standard.

4.4 Serious disrepair

All of our housing stock is assessed as passing the serious disrepair category. 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.

4.5 Energy Efficiency

To achieve compliance with the energy efficiency requirements of the SHQS, properties must be effectively insulated, efficiently heated and achieve a minimum

energy rating. The table below shows the various ratings required to achieve the SHQS energy rating and the difference between heating systems.

Fuel source for central heating systems	Standard Assessment Procedure (SAP) 2005
Gas	50
Oil	54
Liquid Petroleum Gas	54
Electric	58
Solid fuel	59
Biomass	59

- 4.6 Significant progress has been made since 2007 in providing insulation measures and new heating systems in our stock. Investment in multiple measures may be required to tackle the properties with the lowest energy ratings and this may involve high costs for some 'hard-to-treat' properties.
- 4.7 The Energy and Sustainability Team has re-profiled stock currently failing the energy efficiency standard and we have developed a set of specific measures to address these failures. These form part of a revised costed programme of energy efficiency improvements as part of the HRA Capital Programme to 2015.
- 4.8 **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.
- 4.9 In 2007 there were 4,411 properties which failed against this criterion. As outlined in previous Standard Delivery Plans the number of failures in some elements of this category then increased as a result of properties that were predicted to fall below the standard based on the stock condition information available at the time. As a result of updating the stock condition information and work carried out in the financial years 2007-2013 there has been a reduction in the overall number of failures in this category.
- 4.10 **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 2013 is that no properties fail.
- 4.11 As with the Serious Disrepair category, any individual failures identified by surveys or reported by tenants are currently tackled through day-to-day repairs or planned maintenance programmes. This may involve electrical failures which are included in the cyclical electrical inspection programme and in future re-wiring programmes if necessary.
- 4.12 **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. These are identified by Area Maintenance teams following inspection. For example, a major new project has been identified recently for roof replacement works in the North Area.

5. INVESTMENT PROGRAMME: 2013-15

5.1 Renewable Heat Incentive

Domestic Renewable Heat Incentive (RHI) payments were confirmed by the Department of Energy & Climate Change in July 2013. From spring 2014 the Council will be able to register all renewable heating installations that we have installed since August 2009. This means that we will receive a fixed income over 7 years on the amount of heat produced by the renewable systems. The income will vary based on the property type, level of insulation and energy use in each house. If we install the 2761 renewable heating installations as identified in our 2013-15 programme, potential income after 7 years is estimated at £24.236m. This represents an average income return of **£8778** per renewable installation. Claims will also be submitted to receive income for historic installs and it is estimated that £0.824m will be received in income in 2013/14 and 2014/15 for these works.

5.2 Energy Company Obligation

We will continue to access external funding for energy efficiency works. This has recently involved two new projects for external wall insulation across Highland, whereby the appointed utility will survey our stock and carry out the recommended works at nil cost as part of their Energy Company Obligation. We will report back to Committee as to the level of funding this work may generate but it is hoped to be over £4m over the next two years.

5.3 Investment to reach SHQS

Based on the pattern and types of failure identified through stock surveys the cost of achieving SHQS in the years 2013-15 is estimated at £54.147m.

SHQS Element		Properties failing SHQS 2013-15	Cost £m
1	Tolerable standard	0	0
2	Free from serious disrepair	0	0
3	Energy Efficiency	3450	£45.628m
4	Modern facilities and services	1161	£8.519m
5	Healthy safe and secure	0	0
Total investment			£54.147m

5.4 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 £2.553m is required for this type of investment between 2013 and 2015, which largely relates to roof works and window and door replacement.

5.5 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 £2.06m equipment and adaptations to 2015.

5.6 Required investment

For the years 2013-15 the estimated total HRA capital investment required is summarised below:

Category	Total £m
SHQS	
Energy efficiency	£45.628m
Modern facilities and services	£8.519m
Total SHQS	£54.147m
Other	
Major component replacement/exceptional repairs	£2.553m
Equipment and Adaptations	£2.06
Stock survey/tenant liaison	£0.088m
Total Other	£4.701m
Total expenditure	£58.848m

6. FUNDING THE INVESTMENT PROGRAMME

6.1 For the period 2013-2015 projected capital expenditure amounts to £58.848m. The following resource assumptions have been applied:

Year	Capital receipts £m	Capital from current revenue £m	New borrowing £m	Income from renewable grants/Renewable Heat Incentive	Total Capital programme £m
2013/14	£2.131m	£4.325m	£10.972m	£0.130m	£17.558m
2014/15	£2.131m	£4.325m	£34.14m	£0.694m	£41.29m
Total	£4.262m	£8.65m	£45.112m	£0.824m	£58.848m

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

Criteria	2013	2014	2015
Tolerable Standard	0	0	0
Free from Serious Disrepair	0	0	0
Energy Efficient failures	3,450	2,600	0
Modern Facilities and Services	1,161	580	0
Healthy, Safe and Secure	0	0	0
Total dwellings failing SHQS:	4,057	2,798	0

7. OPERATIONAL PLAN AND MONITORING FRAMEWORK

7.1 Monitoring HRA Capital Programme

Monitoring reports will continue to be presented to each meeting of Finance, Housing and Resources 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 Finance, Housing and Resources Committee.