

## **Social Housing Stock Reconciliation**

**Report by Kevin Anderson, Executive Director - Place**

**Report for noting**

### **1 Recommendations**

The Audit Committee is recommended to note the reconciliation of Council's Social Housing stock in progress and completions.

### **2 Purpose of Report/Executive Summary**

The purpose of this report is to provide members of the Audit Committee with details of the reconciliation of the Council's Social Housing stock in progress and completions.

The Housing stock 2019/20 completions were finalised at 73. However, in the preceding year's audited accounts the original report was of 29 units. Audit Committee requested reconciliation of the 2019/20 number with the capital expenditure in that year of £17.299m on new social housing provision.

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### 3 Background

**3.1** The delivery of more affordable housing remains a high priority for Midlothian Council which is continuing its development programme with the provision of 1,000 new council houses in Midlothian over the term of this Council.

**3.2** The Strategic Housing Investment Plan (SHIP) sets out strategic investment priorities for affordable housing over a 5 year period to achieve the outcomes set out in the Local Housing Strategy (LHS). The SHIP was also the key document for identifying strategic housing projects towards meeting the Government's previous 50,000 affordable housing target which was increased to 110,000 in the 2021 Programme for Government.

**3.3** In the 2019/20 audited accounts, the earlier quoted figure of 29 new social housing completions in the report was accurate but has been corrected in the comparatives for the 2020/21 accounts to also include the 44 open market purchases as listed below.

- Woodburn Terrace, Dalkeith (13)
- Charpentier Avenue, Loanhead, (5)
- Newton Church Road, Danderhall (11)

**3.4** A subsequent query contrasted the 29 new builds reported against a reported capital expenditure on new social housing of £17.299m in 2019/20 as set out in the Financial Statements. The query challenged that even at 73, each house would therefore have cost £254,000 in that year.

While also allowing for the acquisition of 44 buy backs, the £17.299m expended in the year 2019/20 includes costs for those sites still under construction i.e. land purchases, developer contributions, staged payment of construction costs etc.

Spend for New Social Housing in 2019/20 was £11.255 million, with a further £6.044 million on Open Market Purchases, bringing total spend to £17.299m.

Scottish Government funding contribution is £57,000 per unit, with average total new build development costs at £249,000 per unit.

**3.5** Consequently, there is no direct correlation between capital expenditure in any financial year and the number of completions added to the let housing stock.

**3.6** Houses are only added to rental stock when construction completed and houses handed over for letting. The appended spreadsheet contains the detailed spend across financial years and is also broken down by site/year completed/still in progress. The table below details the housing stock in category and across the financial years 2017/18 – 2020/21.

**Housing Stock Rec 2017/18 - 2020/21**

	2017/18	2018/19	2019/20	2020/21
<b>No of properties</b>	<b>6,842</b>	<b>6,793</b>	<b>6,846</b>	<b>6,919</b>
<b>less:-</b>				
Council Houses Sold	-37	-1	0	0
Demolitions	-64	0	0	0
	<b>6,741</b>	<b>6,792</b>	<b>6,846</b>	<b>6,919</b>
<b>Plus:-</b>				
New Build Properties	44	33	29	119
Mortgage to Rent	1	2	0	0
Buy Backs	7	18	44	14
Conversion	0	1	0	0
Properties split into two rooms to provide temporary accommodation	0	0	0	32
<b>Adjusted Number of properties @ 31/03</b>	<b>6,793</b>	<b>6,846</b>	<b>6,919</b>	<b>7,084</b>

**New Social Housing spend 2017/18 - 2020/21**

2017/18	2018/19	2019/20	2020/21
3,937,847.88	5,825,783.56	11,254,560.81	12,049,951.82

#### **4 Report Implications (Resource, Digital, Risk and Equalities)**

##### **4.1 Resource**

There are no additional resource implications arising from this Report.

##### **4.2 Digital**

There are no digital implications arising from this report.

##### **4.3 Risk**

If the Council does not support the development of new affordable housing, the level of housing need will increase with negative consequences for the community.

Following recent experience of short term increased inflation affecting the construction industry the current position may have a potential

impact on Council construction contracts on programme and potential cost implications.

#### **4.4 Ensuring Equalities**

An Integrated Impact Assessment (IIA) is not an applicable consideration for this report.

#### **4.5 Additional Report Implications (See Appendix A)**

## **APPENDIX A – Additional Report Implications**

### **A.1 Key Priorities within the Single Midlothian Plan**

The Social House Building Programme aligns with corporate priorities enabling Midlothian Council to deliver its key priorities in support of achieving the Council's objectives.

### **A.2 Key Drivers for Change**

Key drivers addressed in this report:

- ☐ Holistic Working
- ☐ Hub and Spoke
- ☒ Modern
- ☒ Sustainable
- ☐ Transformational
- ☒ Preventative
- ☒ Asset-based
- ☒ Continuous Improvement
- ☐ One size fits one
- ☐ None of the above

Midlothian Council is committed to creating a great place to grow supported by the 9 drivers for change. Implementing the 9 drivers for change in practice is applicable to the Social House Building Programme to assist the Council in achieving its objectives.

### **A.3 Key Delivery Streams**

Key delivery streams addressed in this report:

- ☒ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☒ Efficient and Modern
- ☒ Innovative and Ambitious

### **A.4 Delivering Best Value**

Implementation by Management of the actions associated with previous Internal Audit recommendations in the Social Housing Programme that are designed to improve internal control and governance arrangements and management of risks, underpins the Council's own continuous improvement arrangements to enhance its effectiveness, supporting the delivery of the Council's best value duties.

### **A.5 Involving Communities and Other Stakeholders**

Extensive consultation is carried out for the SHIP and Local Housing Strategy, involving the input of key stakeholders, including local organisations such as housing associations and private landlords as

well as the wider community. During consultation, it was widely recognised that investment in affordable housing as a key priority.

## **A.6 Impact on Performance and Outcomes**

The SHIP supports the following Local Housing Strategy (LHS) Outcomes, these are:

- Households have improved housing options across all tenures.
- Homeless households and those threatened with homelessness are able to access support and advice services and all unintentionally homeless households will be able to access settled accommodation.
- The condition of housing across all tenures is improved.
- The needs of households with particular needs will be addressed and all households will have equal access to housing and housing services.
- Housing in all tenures will be more energy efficient and fewer households will live in or be at risk of fuel poverty.

## **A.7 Adopting a Preventative Approach**

Setting out a programme for development in the SHIP enables the investment of affordable housing to be carried out in a balanced approach in order that any investment takes into account the needs of the community. This includes those with particular needs such as extra care housing for older people, wheelchair housing or those Complex Physical or Learning Disabilities where provision of suitable housing would require less resourcing in comparison to traditional models of care.

## **A.8 Supporting Sustainable Development**

In December 2019, Midlothian Council declared a climate emergency and committed to make our activities net-zero carbon by 2030. Our aim is for all new homes to be zero emissions homes by 2026, consistent with the Scottish Government's vision for housing contained in Housing to 2040.

Midlothian Council's Climate Change Strategy adopted the Passivhaus standard as a design principle for our new homes, while other authorities adopted a Fabric First approach delivering net zero housing developments.

Furthermore, we have stopped installing gas boilers in our new homes, to meet our net zero commitments and avoid the cost of their replacement in the near future. Taking this longer term view is in line with our role as a local authority and a housing authority.

As part of Midlothian Council's drive towards becoming carbon neutral by 2030, our Building Maintenance Service has working with Changeworks to transform some of our least energy efficient homes. This is in order to reduce carbon emissions, reduce fuel costs and ultimately make our tenants homes more comfortable to live in.

We managed to secure funding from the Scottish Government which was matched by Midlothian Council to engage in a pilot Decarbonisation Project worth £1,883,300.

Transforming these homes' hot water and heating systems, this project will supply 182 houses with Solar Photo Voltaic panels with battery storage to store the energy for when it is needed by the tenant. As well as these measures we are also upgrading 32 of our properties that do not have access to natural gas supplies with these measures and adding a modern Air Source Heat Pumps (ASHP) to further reduce the cost of heating these "off-grid" properties.

Alongside these measures, our Building Maintenance Service are also incorporating a Fabric First approach. This focuses on energy efficiency works, incorporating internal/external wall insulation, underfloor and loft insulation. During the initial survey all windows and doors are assessed and if required then these are replaced with more energy efficient units.

All these measures offer wide-ranging benefits for residents and communities alike as it offers a lasting solution to tackling fuel poverty and addressing rising energy bills, as well as reducing the carbon emissions from our housing stock. They also prevent vulnerable households from having to live in dangerously cold homes, reducing pressures on our already overstretched health services.

The impact of this pilot in terms of energy usage is now being monitored and the Council anticipates the lessons learnt from this programme will be used to inform future initiatives to decarbonise our housing stock.

