



To: Housing and Community Safety Policy Board

On: 10 March 2015

Report by: Director of Development & Housing Services

Heading: Private Sector Housing Investment Programme 2015/18

1. Summary

- 1.1 On 11 March 2014 the Housing & Community Safety Policy Board approved a report entitled 'Private Sector Housing Investment Programme 2014/16'. On 12 February 2015 Council approved a report entitled "Non Housing Capital Investment Programme 2015/2016 – 2017/2018" which includes funding provision for capital and revenue Private Sector Housing Grant (PSHG) expenditure.
 - 1.2 Based on the Council budget approval, and taking account of the most up to date expenditure projections, this report updates the programme requirements for 2015/2016 to support owner participation on a range of projects including conclusion of the grant programme for common works associated with the delivery of the Scottish Housing Quality Standard (SHQS), and introduces a spend profile for 2016/2017. Expenditure for 2017/18 will be considered at a later date once the funding position for that period becomes clearer.
 - 1.3 There is a requirement to manage PSHG capital and revenue resource in a flexible manner across financial years. This is reflected in the profile of spend occurring predominantly in 2015/2016 where there is anticipated to be a significant drawdown of funds to allow the settlement of final accounts associated with owners in the SHQS investment programme, where the bulk of work will be physically complete on site around the end of the current financial year.
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2. Recommendations

It is recommended that the Policy Board:

- 2.1 approve the Private Sector Housing Grant Investment Programme for the period 2015/16 to 2017/18 as set out in Appendix 1, noting that future years will be subject to review on further consideration of capital or revenue funding sources as part of the Council's consideration and approval of its overall budget in 2016/17 and 2017/18, and taking cognisance of emerging regeneration initiatives and final SHQS requirements across Renfrewshire.
 - 2.2 note that expenditure on the Private Sector Housing Grant Investment Programme will continue to be monitored as part of the Council's capital monitoring process.
 - 2.3 agree that the Council, in partnership with East Renfrewshire Council, should extend the existing contract for the provision of a Care and Repair Services in Renfrewshire with Bridgewater Housing Association Ltd. to 31 March 2017, as provided for within the current contract, subject to the satisfactory conclusion of tripartite contract negotiations and the approval of the Renfrewshire Council financial contribution by the Board on conclusion of these negotiations.
 - 2.4 agree that, on the basis that the replacement funding package set out in paragraph 3.3 (v), and in recommendation 2.5 below is confirmed, notice is given to all residents in the proposed project area, set out within appendix 2, that the Council intends to close down the existing district heating system serving Council properties and owners. The date of closure will be determined once a programme for the provision of new individual systems is agreed, and following a period of notice to the owners of no less than 6 months, during which time the Council will offer to install and commission a new system at no cost to the owner based on the funding package outlined within this report.
 - 2.5 agree to the one off provision of funding to assist owners with the installation of new individual gas central heating systems, as a consequence of the replacement of the Council owned District Heating to a maximum of £150,000, under the power of well-being as provided by the Local Government in Scotland Act 2003. Funding will be subject to approval of additional contributory funding by the Scottish Government, estimated at £270,000 through the 2015/2016 Home Energy Efficiency Programme for Scotland: Area Based Schemes (HEEPS:ABS), the subject of which is contained within a separate report to this Board.
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3. **Background**

- 3.1. Private Sector Housing Grant (PSHG) supports a range of services to private sector homeowners. This includes Disabled Adaptation grants, support costs for Care & Repair Renfrewshire, and support for homeowners involved in Council Investment Programmes, including common works carried out as part of continuing Scottish Housing Quality Standard requirements.
- 3.2. Appendix 1 sets out the proposed programme for 2015/2016 to 2017/2018 showing proposed expenditure based on present resource availability of £3.066M as approved by the Council on 12 February 2015. Expenditure for the latter two years of the programme is subject to review as part of the future consideration of the Council's budget in each of these financial years.
- 3.3. The key elements of the proposed programme are as follows:-

(i) Adaptation Grants (Assistance to older and disabled owners)

The Council provides grant to assist owners with adaptations to make dwellings suitable for a member of the household who is disabled. Responsibility for determining the strategy for support for disabled adaptations across all tenures will transfer to the new Health and Social Care Partnership with effect from 1 April 2016. There has been an increasing demand for grant support from owners within the private sector over recent years, and therefore future allocations will require to carefully balance demand against identified needs and resource availability from within Council budgets. Given constraints on resources a review of eligibility criteria, or consideration of alternative means of funding private sector adaptations, such as the recently approved Scottish Government pilot linked to equity release (in which Renfrewshire Council is participating) may be more appropriate for some applicants, may allow a more equitable distribution of scarce resources elsewhere, and are therefore worthy of further investigation. It is expected that future support for adaptation programmes will be a key element for consideration between the Council and the new Partnership over the coming 12 months.

An annual allowance of £400,000 for 2015/16 and 2016/17 has been included in the budget meantime, which will be subject to review in consultation with the Health and Social Care Partnership. Further reports will be brought to Board as required.

(ii) Care & Repair Renfrewshire

Bridgewater Housing Association was successful in securing a three year joint contract with East Renfrewshire and Renfrewshire Councils in November 2012 to deliver the Care & Repair Renfrewshire project which includes the management of all disabled adaptations in the private sector for both Councils. The contract therefore concludes on 31 October 2015. There is provision within the contract to negotiate an extension for a period of up to a further two years.

Following discussions with East Renfrewshire Council, and taking account of the role of Care and Repair Renfrewshire in managing the adaptations programme for owners, it is proposed that both Councils enter into negotiations to extend the contract for 18 months, representing the maximum timescale open to the Council relative to current resource availability. This will allow the service to be maintained whilst giving both Councils and their respective Health and Social Care Partnerships the opportunity to fully consider delivery of adaptation services in the future.

A revenue allowance of £155,000 (reflecting the annual figure for each of the three years of the contract to date) is included in the budget projections for 2015/2016 to 2016/17. Only the part year for the 6 months from 1 April 2015 to 31 October 2015 is presently committed with the balance for the following 18 months being subject to successful negotiation of an extension of the existing contract to the satisfaction of both Councils. The outcome of the negotiation, and any adjustments required to budgeted allowances, will be reported to the Procurement sub Committee. Should the negotiation be unsuccessful a further report will be brought to this Board, in liaison with the Health and Social Care Partnership, setting out options for delivery of the Care and Repair service and the private sector disabled adaptations programme.

(iii) Tenement Improvement Schemes

The Council continues to work with registered social landlords and the Scottish Government to examine the potential for delivery of a tenement rehabilitation project at 3-9 Orchard Street, and 31–33 Causeyside Street, Paisley. Projects such as this require grant support over several years, and the allowances within appendix 1 have been reviewed to allow sufficient flexibility to achieve this – provisional allowances have been included meantime within financial years 2016/2017 and 2017/2018 to meet the cost of grants to participating owners and for general common environmental works. These grants would support an estimated £3.235M investment in the project from the affordable housing programme as set out within the Council's Strategic Housing Investment Plan (SHIP) reported to this Board on 20 January 2015. Further reports will be brought to the Board as the project develops.

(iv) SHQS and other projects

All of the Council's housing stock is expected to meet the Scottish Housing Quality Standard by 1 April 2015, except where approved abeyances apply in relation to lack of access, or agreement with private owners to participate in common works. The PSHG programme supports SHQS works through the provision of grants to owners who are asked to participate in works to blocks in common ownership. The bulk of the SHQS common works programme is being delivered during financial year 2014/2015 and the latter phases of this programme contain the highest proportion of owners, including blocks where the Council has managed to secure participation despite being a minority owner. Contracts are in place to deliver these common programmes although completions in a small number of phases will run into financial year 2015/2016. Preparation of final accounts with contractors, and the consequential apportionment of costs to individual owners across all of the phases, is expected to take several months to conclude and therefore the owners' grant element cannot be applied until these contracts are agreed and signed off. Accordingly provision requires to be made within the 2015/16 budget for the payment of the bulk of grants to owner who participated in SHQS works in previous months. An allowance of £1.600m has been made, and will be subject to review as final accounts are prepared and the impact of support funding under the Energy Company obligation (ECO) for qualifying measures is applied.

As noted within this report, uncertainties around the exact timing of projects and the application of grants to owners will require programme flexibility to be maintained within and between financial years. No provision at present is made for grants to owners in SHQS catch up programmes beyond current committed phases.

(v) George Street District Heating

The PSHG programme also has the potential to support a range of emerging area based regeneration projects including common heating initiatives. One such project is the replacement of the existing district heating system in the George Street area of Paisley which serves 137 Council and 181 privately owned properties (see appendix 2). The Council is the owner of the existing district heating system which is served from seven individual boilers spread across the complex, and is distributed within each house by a single pipe system which dates back to the construction of the blocks, provides only partial home heating, is very inefficient and expensive to maintain, and has a significant consequential impact on fuel poverty in the area.

As such the existing system is unique within Renfrewshire. A number of possible replacement options have been investigated, including replacement with a new district based system, but taking account of environmental impact, tenure mix, and the availability of financial support to both the Council and owners to deliver a viable alternative, it is proposed that the Council gives notice to all owners and tenants that the existing system will be closed down, as allowed for in the Deed of Declaration of Conditions. Instead, and in advance of the proposed closure date, the Council will provide to owners and Council tenants an alternative whole house heating system within each property comprising a gas combination heat and hot water boiler supplying domestic hot water, and heat to radiators in all rooms. This provision should significantly reduce individual fuel costs to residents especially when combined with other energy efficiency and insulation measures already provided to many of the blocks.

Funding for the proposal would come from a number of sources and it is therefore not possible to commit to the project in full until each funding stream has been confirmed. The present position is set out below:

Funding Source	Utilisation	Current Status	Outcome Expected	Budget Cost
Housing Revenue Account	Provision of individual gas central heating systems to 137 Council Properties, and allowances for the decommissioning of the redundant plant and equipment owned by the Council	Approved by Council as part of HRA programme review – 12 February 2015	Approved 12 February 2015	£411,000
Home Energy Efficiency Programme for Scotland: Area Based Schemes (HEEPS:ABS)	Part funding of individual gas central heating systems to 181 owners	Included within bid submitted to Scottish Government on 20 February 2015 for 2015/16 HEEPS:ABS programme (see separate report to this Board)	Late March 2015	Bid value - £270,000
Private Sector Programme – General Services	Residual funding of individual gas central heating systems to 181 owners	To be considered by this Board	To be considered by this Board	Balance of owners costs up to a maximum of £150,000

Scottish Gas Network (SGN)	Provision of gas infrastructure and individual supplies to all properties	Agreed pending confirmation of remainder of installation programme	Late March 2015	Provided at no cost to Council or owners by SGN
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Based on the estimated costs for the project the anticipated award of support through the Private Sector programme represents approximately 18% of the total project costs (and would reduce further if the costs of providing the gas supply to each property, which are not commercially available, were taken into account).

Removal and replacement with modern individual systems, which will be maintained by each of the owners, will benefit the Council in terms of the removal of the obligation to maintain a poorly performing and inefficient common system, and will have clear benefits in terms of fuel poverty, with an estimated reduction in fuel costs of around 35%. Additionally owners would no longer be required to pay for their share of maintenance of the common system.

It is proposed that the Council contribution to the provision of individual systems for owners, representing the balance of costs only after an award of funding through the Scottish Government HEEPS:ABS programme for 2015/2016, and up to a maximum figure of £150,000, is made in terms of the Council's general powers on the advancement of well-being as set out within Section 20 of Part 3 of the Local Government Scotland Act 2003.

As such the new systems would be provided to the owners at no cost to them once the HEEPS:ABS element is also factored in, and the Council can proceed with removal of its redundant old system thereafter. The additional benefits to the Council of proceeding in this way can be summarised as follows:

- The closure of the existing Council owned heating system and provision of replacement systems would be delivered within a single project, to be coordinated and delivered by the Council, rather than on an individual grant basis involving individual works applications from 181 separate owners. This allows the project to be properly coordinated and reduces the risk of vulnerable residents being deprived of heat and hot water when the existing system is closed down.
- The potential Scottish Government contribution if approved must be delivered in 2015/2016. There are significant management, grant processing, legal and administration savings to the Council by proceeding in this manner, and, critically, it is unlikely that the more complex and extended administration involved in delivering through an individual owner application basis would allow the

project to be completed within the timescales required by the other funders.

- If the project cannot be delivered during 2015/2016 then resources may not be available thereafter, with a continuing impact on fuel poverty for residents.

Private owners would be required to enter into a formal agreement with the Council to allow a new system to be installed within their property, which would incorporate the contractual, financial, insurance liability and future ownership and maintenance obligations associated with the provision of a new heating system. Should owners not wish to accept the offer of the new system from the Council, the Council would still proceed with the closure and decommissioning of the existing system following the notice period and once all participating residents were connected to new systems. Owners would be entitled to fit their own heating and hot water systems, but would not benefit from the bulk procurement available to the Council, and would also not be eligible for financial support from the Council and HEEPS:ABS which is contingent on the holistic approach to replacement systems through participation in the Council project.

Residents were originally lettered on proposals, and invited to attend a consultation forum, on the replacement of the district heating system on July 2013. 85% of those attending the forum were in favour of moving to individual systems. It is anticipated that all funding streams, if approved, should be in place by the end of March 2015, allowing consultation with residents to continue thereafter based on commencement of installation of the gas infrastructure over the spring and early summer of 2015, and individual installations commencing in late summer to meet the requirements of the Scottish Government HEEPS:ABS funding, should this be granted. Members will be advised of progress within future reports to this Board.

(vi) Salaries

Salaries for staff engaged on private sector investment within the Owner Services Team are funded through this budget. An annual allowance of £91,000 is included, reflecting the structure within the staff grouping responsible for delivery of the programme.

Renfrewshire Council continues to jointly fund a pilot project in partnership with Shelter Scotland and West Dunbartonshire Council to participate in an Empty Homes Initiative which, within Renfrewshire, focuses on making contact with owners who have longer term vacant property to investigate the reasons behind the property lying empty and consider strategies to bring these properties back into use. An allowance of £15,000 has been included to part fund a post of Empty Homes Officer until 31 March 2016.

Support to the Private Rented Sector /Miscellaneous Fees

An allowance is included to fund the Private Rented Landlords' Forum and fees associated with the Council's partnership with Landlord Accreditation Scotland who provide training for private landlords and letting agents throughout the year and other related miscellaneous events.

- 3.4 The nature of the Private Sector Housing Investment Programme means that flexibility is required to adjust spend between projects during the financial year (e.g. because of differences between the estimated and actual grant required once the test of resources is applied to individual owners, slippage in projects, difficulties securing the participation of some owners etc.) to ensure that full spend is achieved and thus best use is made of the resources available.

Implications of the Report

1. **Financial** The PSHG programme totals £3.066 million over the next three years and is funded by a general capital grant allocation of £1.313 million and revenue funding of £1.753 million over the period 2015/16 - 2016/17. Additional indicative allowances are shown for the proposed tenement refurbishment project at 3-9 Orchard Street, and 31–33 Causeyside Street pending a final decision on progressing this scheme and confirmation of Council support that can be provided in future years.
2. **HR & Organisational Development** - None
3. **Community Planning** –

Community Care, Health & Well-being – Improving housing conditions and neighbourhoods

Greener - enter details or delete if not appropriate

Jobs and the Economy – investment in the refurbishment of housing stock
4. **Legal** - Agreements with each private owner currently supplied by the George Street district heating system will be required as detailed in the report.
5. **Property/Assets** – Improving the condition of private sector housing
6. **Information Technology** - None

7. **Equality & Human Rights** –The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. Some minor temporary impacts have been identified arising from the delivery of the proposed Private Sector investment Programme for 2014/15 to 2015/16. The significant investment detailed in Appendix 1 of the report will benefit owners in the long term. Equality implications will continue to be considered and mitigated as part of the implementation of the Investment Plan and these actions will be regularly reviewed and monitored.
 8. **Health & Safety** - None
 9. **Procurement** – None
 10. **Risk** - None
 11. **Privacy Impact** - None
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List of Background Papers

- (a) Background Paper 1- Report to Council on 12 February 2015 – Housing Revenue Account Budget & Rent levels 2015/16 and Housing Capital Investment Plan for 2015/16 to 2017/18.
- (b) Background Paper 2- Report to Council on 12 February 2015 – Non Housing Capital Investment Programme 2015/16 to 2017/18.
- (c) Background Paper 2 - Report to Housing & Community Safety Policy Board on 11 March 2014 – Private Sector Housing Investment Programme 2014/16.

The foregoing background papers will be retained within Development & Housing Services for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Ian Mackinnon, Mixed Tenure Manager, 0141 618 5842, ian.mackinnon@renfrewshire.gov.uk.

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PROPOSED PRIVATE SECTOR HOUSING PROGRAMME 2015/2016 – 2017/2018

APPENDIX 1

Category	2015/2016	2016/2017	2017/2018
Adaptation Grants	£400,000	£400,000	To be confirmed subject to future budget allocation
Care and Repair – Revenue Support - Contracted	£77,500	-	To be confirmed subject to future budget allocation
Care and Repair – Revenue Support – Subject to Negotiated Extension #	£77,500	£155,000	To be confirmed subject to future budget allocation
Affordable Housing Programme - Tenement Refurbishment	-	Provisional allowance of £250,000 - see paragraph 3.3 (iii)	Provisional allowance of £450,000 - see paragraph 3.3 (iii)
SHQS – Common Works Programmes – Owners Grants	£1,600,000	-	-
George Street Heating Initiative	£150,000	-	-
Capitalised Salaries	£91,000	£91,000	To be confirmed subject to future budget allocation
Empty Homes initiative	£15,000	-	-
Miscellaneous Costs (including support for the private rented sector)	£5,000	£4,000	-
Total	£2,416,000	£900,000	£450,000

Subject to final terms of negotiation of existing contract to be extended from 1 November 2015 to 31 March 2017

Appendix 2

Location of Existing District Heating System – George Street Area, Paisley

Boiler 1	7 George Street and 1 to 23 (odd numbers) Wardrop Street
Boiler 2	2 to 24 (even numbers) Wardrop Street
Boiler 3	9, 11, 13 and 15 George Street, 47B to 61B (odd numbers) Storie Street and 63A to 69B (odd numbers) Storie Street
Boiler 4	46A to 58B (even numbers) Storie Street, and 2, 4, 6, 8, 10 and 12 Canal Terrace
Boiler 5	19, 21, 23, 25 and 27 George Street and 1 to 15 (odd numbers) Barr Place
Boiler 6	1 to 13 (odd numbers) West Buchanan Place, and 2, 4 and 6 Tower Terrace
Boiler 7	91, 93 and 95 George Street and 2 to 8 (even numbers) West Buchanan Place