

Governance, Risk and Best Value Committee

10.00am, Tuesday, 19 March 2019

Housing Service – Annual External Audit Follow Up

Item number	7.9
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

- 1.1 Committee is asked to note the report and arrangements to monitor progress through Housing and Economy, Finance and Resources Committees and Council.

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Housing Service – Annual External Audit Follow Up

2. Executive Summary

- 2.1 The report sets out the approach to addressing issues raised in the Committee's consideration of the report on the Annual Audit Report to the Council and the Controller of Audit at its meeting on 25 September 2018 regarding the Council's performance in achieving compliance with the Scottish Housing Quality Standard (SHQS).

3. Background

- 3.1 On the 25 September 2018, the Governance, Risk and Best Value Committee of the Council considered a report on the Annual Audit Report to the Council and the Controller of Audit. At the time the report was prepared compliance with the Scottish Housing Quality Standard was 75.7% against an average of 92.5%. Members asked for a further report to this Committee providing more information on how this was to be addressed.
- 3.2 On 30 August 2018, the Housing and Economy Committee of the Council considered a report on the Housing Revenue Account (HRA) budget strategy and agreed to seek tenants' views on the HRA budget plan for 2019/20. This is an annual report which sets out the approach to investment and service planning in the Housing Service in advance of consultation with tenants on service priorities in advance of setting the budget.
- 3.3 On 24 January 2019, the Housing and Economy Committee of the Council considered a report on the Mixed Tenure Improvement Strategy. The report set out how over half of the Council's homes were located in mixed tenure blocks in which the Council is not the majority owner and as such, required the agreement and contribution of other owners and private landlords towards investment in common parts of the building, including door entry systems.
- 3.4 On 1 February 2019, the Finance and Resources Committee of the Council considered a report, in advance of the Council budget, on the Housing Revenue Account Budget Strategy 2019-2024. The Committee noted that a progress update on the improvement plan for the Housing Service would be considered by Housing and Economy Committee in June 2019.

- 3.5 The HRA Revenue Account Budget Strategy report was referred to Council for its meeting on 21 February 2019.

4. Main report

- 4.1 At the time the Annual Audit Report was prepared compliance with the Scottish Housing Quality Standard (SHQS) was 75.7% against an average of 92.5%.
- 4.2 The reports to Finance Resources and Council advised that currently 81% of homes met the SHQS. Of the remainder, 4% of homes were assessed as exempt for technical reasons. For example, properties can be exempt if they could not be brought up to standard due to structural or specific design constraints. Of those exempted, about 1% were energy related and 3% were due to absence of secure common access doors. Each of these related to instances where technical reasons prevented the upgrade from being installed.
- 4.3 A further 15% (just under 3,000 homes) are not compliant with SHQS because they do not have an operational door entry system and are located in around 1,300 mixed tenure blocks where there are a high number of owners. The table below shows the tenure breakdown of the blocks where the Council homes are not SHQS compliant due to lack of a door entry system. All other SHQS compliance requirements are being met as these mostly apply to the internal modernisation of Council homes.
- 4.4 The Council does not have a majority of proprietries in 1,196 (93%) of the blocks 1,293 blocks that do not currently have door entry systems. In these blocks there are 2,843 Council owned properties and 5,524 homes that are either owner occupied or let by private landlords.
- 4.5 The HRA Revenue Account Budget Strategy report advised that funding to provide door entry system infrastructure in blocks over the next three years was included in the HRA business plan, including investment in 200 blocks in 2019/20. The HRA Budget was agreed by Council on 21 February 2019.

5. Next Steps

- 5.1 Progress on the delivery of the annual investment programme will be monitored internally through monthly meeting and reported to Finance and Resources Committee at Period 5 and 8. By the end of 2019/20 a further 200 blocks, subject to agreement with other homeowners and private landlords, will have door entry systems installed.
- 5.2 Subject to review of the HRA Business Plan and agreement on the capital programme in 2019, the remaining door entry systems will be installed in 2020/21 and 2021/22. This will be reported to Health and Social Care Committee, Finance and Resources Committee and Council.”

- 5.3 Progress on achieving compliance with the SHQS will be monitored through the reporting of the Housing Service Improvement Plan and Business Plan reporting at Housing and Economy Committee and through annual budget reports to Finance and Resources Committee and Council. Compliance with the SHQS is reported to the Scottish Housing Regulator annually as part of the Annual Return on the Charter.

6. Financial impact

- 6.1 The estimated full installation cost of the remaining door entry systems is just over £11.5 million. The HRA will support the main door entry infrastructure in the blocks, with owners billed for the cost of the connections to the system within their individual homes. This is expected to encourage owner agreement for the installations and for the essential access to be provided to their homes for handsets to be connected.
- 6.2 These costs are assumed in the HRA business plan over the next three years.

7. Stakeholder/Community Impact

- 7.1 Tenants are consulted on the development of the HRA budget priorities each year as part of the annual budget setting process.

8. Background reading/external references

- 8.1 [City of Edinburgh Council – 2017/18 Annual Audit Report to the Council and the Controller of Audit](#) – Governance, Risk and Best Value Committee, 25 September 2018
- 8.2 [Mixed Tenure Improvement Strategy](#) – Housing and Economy Committee, 24 January 2019
- 8.3 [Housing Revenue Account Budget Strategy 2019-20](#) – Housing and Economy Committee, 30 August 2018
- 8.4 [Housing Revenue Budget Strategy 2019-24](#) – Finance and Resources Committee, 1 February 2019 (this was also referred to Council on [21 February 2019](#))

9. Appendices

None.