

REPORT TO: COMMUNITIES COMMITTEE ON 17 AUGUST 2010

SUBJECT: NEW BUILD COUNCIL HOUSING

BY: DIRECTOR OF COMMUNITY SERVICES

1. REASON FOR REPORT

- 1.1 This report informs the Communities Committee of the outcome of the bid submitted to the Scottish Government for financial assistance for a further phase of new build council housing. This report also provides a progress report on Phase 1 of the council house new build programme.
- 1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to its housing functions.

2. RECOMMENDATION

2.1 It is recommended that the Communities Committee:-

- (i) welcomes the funding awarded to the Council for 124 units of new build council housing;**
- (ii) notes the progress achieved on Phase 1 of the new build programme; and**
- (iii) notes that further reports on progress will be presented to the Committee.**

3. BACKGROUND

- 3.1 At its meeting on 13 April 2010, the Communities Committee approved the bid to be submitted to the Scottish Government to seek financial assistance for a further phase of council house new build (paragraph 16 of the Minute refers). The bid was submitted by the deadline of 30 April 2010. The Scottish Government announced the outcome of the bidding process on 1 July 2010.
- 3.2 The Council also has a first phase of council house new build on site.

4. OUTCOME OF BID

- 4.1 The bid submitted by the Council sought financial assistance at the maximum £30k per unit for 124 houses to be constructed in Elgin (80), Buckie (30) and Keith (14). The bid envisaged a range of house sizes and types, including a number of houses suitable for wheelchair users. The total Scottish Government assistance sought amounted to £3.720m.

- 4.2 On 28 June 2010, the Scottish Government wrote to the Council to indicate that the bid would be met in full. The Scottish Government indicated that the application clearly demonstrated local need with the designation of Pressured Areas and provided a good fit with strategic documents. It also indicated that the Council presented a strong case that the project could be delivered on time and that the proposal was financially viable.
- 4.3 The Council has fared extremely well in this latest bidding round and achieved the highest level of funding of the 22 councils where financial assistance was agreed. Over the three bidding rounds for new build council housing, this Council has received the fourth highest level of funding, which reflects recognition of the severe housing pressures that the Council faces.
- 4.4 The total cost of this further phase of council house new build was identified as £14.4m, with an average cost per unit of £116k. These costs were slightly reduced from those previously reported to Committee, as a result of a savings exercise. The costs for Barhill Road, Buckie are not yet finalised. Tender reports for these projects will be submitted to Policy and Resources Committee on 31 August 2010.
- 4.5 The costs of the new build programme will be met through:-

	£m
Scottish Government Grant	3.270
Use of Council Tax discount monies	1.110
Prudential borrowing	10.020
Total	14.400

- 4.6 The construction programme envisages that site starts will be made in October 2010 for Keith with site starts in January 2011 for Elgin and Buckie. Completion is envisaged from July 2011 through to January 2012.

5. PHASE 1 PROGRESS

- 5.1 Phase 1 works (48 houses in Elgin) are progressing well, with completion now anticipated for January 2011. Housing teams are discussing the processes to enable the smooth letting of the new build properties on a phased basis.
- 5.2 It is suggested that as these will be the first new build council houses for many years, the completion should be marked by an opening ceremony. It is suggested that the Chief Housing Officer liaises with the Chairman on the potential arrangements for this.

6. SUMMARY OF IMPLICATIONS

- (a) **Single Outcome Agreement/ Service Improvement Plan**

The Single Outcome Agreement, the Local Housing Strategy and the Service Improvement Plan all identify the provision of affordable housing as a priority in Moray.

(b) Policy and Legal

The Scottish Government has agreed criteria with CoSLA against which it considers bids for council housing new build.

(c) Financial implications

The estimated total cost of this further phase of council house new build is £14.4m. As programmes have not yet been finalised, it is not possible to apportion spend within financial years at this stage, but it is envisaged that the bulk of expenditure will be incurred in 2011/12.

The funding of the project is as set out in paragraph 4.5 of this report. The additional loan charges of £500k per annum arising from prudential borrowing will be met from the Council's Housing Revenue Account.

External Funding of £3.720m has been obtained from the Scottish Government to assist with the costs of the new build project.

(d) Risk Implications

The bid submitted to the Scottish Government included a risk assessment with mitigating actions. The potential risks identified will be reviewed throughout the project.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

There are no property implications arising from this report.

(g) Equalities

There are no issues in this case. The property mix for the new build project has been influenced by housing needs analysis work which has considered particular housing needs. The detailed proposals for properties include provision for wheelchair accessible housing.

(h) Consultations

A small group of officers from the housing, planning, property and procurement sections in the Council have worked on the development of proposals for council house new build in Moray. This report has been subject to wider consultation with the Director of Community Services, the Chief Financial Officer, the Principal Accountant (Lorraine Paisey), the Principal Solicitor (Commercial and Conveyancing) and the Housing Strategy and Policy Manager

7. CONCLUSION

- 7.1 This report has presented the outcome of the recent bidding process for Scottish Government financial assistance for council house new build. It sets out the costs and programme for a further phase of 124 new council houses, to be provided in Buckie, Elgin and Keith. It also presents progress on Phase 1 of the council house new build programme.**

Author of Report:

Jill Stewart, Chief Housing Officer

Background Papers:

Held by CHO

Ref:

CS/JS/TS – Council new build – 17 August 2010