REPORT TO: COMMUNITIES COMMITTEE ON 21 JUNE 2011

SUBJECT: HOUSING INVESTMENT 2010/11

BY: HEAD OF HOUSING AND PROPERTY

1. REASON FOR REPORT

1.1 This report informs the Communities Committee of the unaudited position to 31 March 2011 for the Housing Investment Programme for 2010/11.

1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to the maintenance of the Council's housing stock.

2. RECOMMENDATION

2.1 It is recommended that the Communities Committee:-

(i) considers the unaudited position as at 31 March 2011 with regards to the Investment Programme for 2010/11; and

(ii) agrees the revisions to individual budgets within the Housing Investment Programme for 2011/12.

3. BACKGROUND

3.1 The HRA Income

3.1.1 **APPENDIX VI** compares the level and value of Council House Sales for 2010/11 with the same period last year. In comparison with the previous financial year the total number missives concluded was 9 lower in the period to 31 March 2011, and the average selling price per property was £7,669 lower. **APPENDIX VI** also shows the number and location of properties sold during March 2011.

3.2 Investment Programme

3.2.1 **APPENDIX I** shows the total income and expenditure within the Investment Programme for 2010/11. Budget figures were revised as agreed at Communities Committee on 8 June 2010 (paragraph 15 of the Minute refers). Spend of £8.721m was achieved to 31 March 2011, and represents 89% of the agreed programme level. There were however some variation in levels of expenditure within the individual programmes, and these are discussed in paragraphs 3.2.2 to 3.2.6 below.

3.2.2 **APPENDIX I** also includes additional Ad hoc expenditure which has been incurred under the heading of capital costs (construction and fees etc) for Phase 1 New Build at Linkwood, Elgin, Phase 2 New Build Elgin, and Buckie site infrastructure**.**

3.2.3 **APPENDIX II** shows expenditure on Response and Void Repairs for 2010/11. Spend was £2.276m up to 31 March 2011, and represents a 16% overspend of the agreed budget. It has been the case for a number of previous years that the Response Repairs budget has been under pressure due to a variety of reasons, and this trend has continued during the 2010/11 financial year. The main areas within this budget which have led to the overspend during 2010/11 are high levels of expenditure on void properties, due in part to the poor condition of some properties when vacated, and also to higher overall numbers of void houses. Part of the overspend also relates to the repair of damaged rainwater goods caused during the period of particularly bad weather which was experienced last winter. Overspend within this budget is offset by underspend elsewhere within the Investment Programme.

3.2.4 **APPENDIX III** shows expenditure on Estate Works for 2010/11. Spend was £621k up to 31 March 2011, and represents 93% of the agreed programme level. A proportion of underspend within the budget for Estate Works is slippage, and it is proposed that £42k be carried forward to 2011/12.

3.2.5 **APPENDIX IV** shows expenditure on Cyclic Maintenance for 2010/11. Spend of £1.110m was achieved up to 31 March 2011, and represents 89% of the agreed programme level. A small proportion of underspend within the budget for Cyclic Maintenance is also slippage. It is proposed that £10k be carried forward to 2011/12.

3.2.6 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments for 2010/11. Spend of £4.714m was achieved up to 31March 2011, and represents 79% of the agreed programme level.

3.2.7 In terms of the Planned Maintenance (Revenue) budget, a proportion of the underspend is also slippage. It is proposed that a total of £270k be carried forward to 2011/12.

3.2.8 In total therefore a sum of £322k in Revenue funding is proposed to be carried forward to 2011/12 as slippage, all as detailed in paragraphs 3.2.4, 3.2.5 and 3.2.7 above. The financial impact of this proposed slippage is considered in the Housing Budget Monitoring Report elsewhere on the Committee Agenda.

3.2.9 A proportion of underspend within the Planned Maintenance (Capital) budget is also slippage. It is proposed that £470k be carried forward to 2011/12. Balanced over financial years 2010/11 and 2011/12, overall borrowing levels for funding of capital projects will match what was originally envisaged for this period.

3.2.10 As part of the DBS initiative, work is under way to improve the way in which the Investment programme is delivered, both through new ways of working, and the use of IT systems to streamline processes. It is envisaged that these improvements will allow closer monitoring of programme progression and mean that in future years, levels of final out-turn expenditure will be nearer the agreed budget.

3.3 Income and Expenditure for Private Sector Housing

3.3.1 **APPENDIX VII** shows the position with income and expenditure for Private Sector Housing Grant for 2010/11 to 31 March 2011. To ensure parity of reporting with Financial Services and to match past year end Scottish Government reports, figures now include previous years committed figures.

3.3.2 The legally committed figure to 31 March was £1.273m, and the spend figure was £979k, which represents 80.05% of the forecast spend. This is due to a reduction in the numbers of grant applications being submitted, the winding down of certain PSHG categories, and the budget savings required for 2011/12. The budget for 2011/12 was agreed by Committee on 26 April 2011 (paragraph 4 of the Minute refers)

4 SUMMARY OF IMPLICATIONS

(a) Single Outcome Agreement/Service Improvement Plan

This proposal relates to:

(i) Local Priority 4 – Housing/Homelessness

(ii) the Service Improvement Plan priorities 2.3 - Improving housing quality, and 2.4 – Improving housing service quality

(b) Policy and Legal

Maintenance and Improvement works are carried out in order to meet statutory legal requirements and in accordance with current relevant policies.

(c) Financial implications

The financial implications associated within this report are dealt with in paragraphs 3.1 to 3.3 above. There are no European funding implications.

(d) Risk implications

Failure to expend agreed budgets may affect the Council's ability to meet the Scottish Housing Quality Standard by 2015. Budget Managers are aware of their responsibilities for managing budget allocations and approval for variance will be sought from Committee in line with the Financial Regulations.

(e) Staffing

There are no staffing implications associated with this report.

(f) Property

The improvement and maintenance of the housing stock will ensure that it remains sustainable in the longer term both physically and environmentally.

(g) Equalities

There are no equalities issues associated with this report.

(h) Consultations

Consultations have taken place with the Director of Community Services, Head of Housing & Property, Property Resources Manager, Aileen Scott - Principal Solicitor (Commercial and Conveyancing), Deborah O'Shea – Principal Accountant and the Private Sector Housing Officer, who agree with the sections of the report relating to their areas of responsibility.

5. CONCLUSION

5.1 Housing Investment for both the Council's housing stock and the private sector enables the Council to address the identified priorities to improve the quality of housing stock in Moray. Specifically, investment in the Council's housing stock enables the Council to achieve the Scottish Housing Quality Standard by 2015, as required by the Scottish Executive.

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Background Papers: Held on file by the Asset Manager
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