



REPORT TO: COMMUNITIES COMMITTEE ON 26 MAY 2015

SUBJECT: HOUSING INVESTMENT 2014/15

**BY: ACTING CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING AND INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 This report informs the Communities Committee of the unaudited position to 31 March 2015 for the Housing Investment Programme for 2014/15.
- 1.2 This report is submitted to Committee in terms of Section III (G) (3) 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 provisional position as at 31 March 2015 with regards to the completion of the Housing Investment Programme for 2014/15; and**
- (ii) **agrees that revisions to any individual budgets within the Housing Investment Strategy for 2015/16 will be submitted to Committee for consideration following the analysis of the position at the end of Quarter 1.**

3. BACKGROUND

3.1 HRA Income

- 3.1.1 **APPENDIX VI** compares the level and value of council house sales for 2014/15 with the same period last year. In comparison with the previous financial year the total number of missives concluded was 12 lower, and the average selling price per property was £1,080 lower. A total of 32 properties have been sold during this financial year.

3.2 Investment Programme

3.2.1 **APPENDIX I** shows income and expenditure within the Investment Programme for 2014/15. Spend of £9.549m was achieved to 31 March 2015, which represents 97% of the agreed programme. There were however some variations in the level of expenditure within the individual programmes and these are shown in paragraphs 3.2.3 to 3.2.6 below. At the present time there are no proposals to amend the previously agreed budgets for 2015/16 to allow for any slippage. Officers intend however to assess the position of any carry forward on the budget at the end of Quarter 1 of 2015/16. If considered necessary at that time Officers will seek the Committee's approval to make appropriate budget virements.

3.2.2 **APPENDIX I** includes Other Capital Expenditure which has been incurred under the heading of capital costs (construction and fees etc) for projects within the Council's new build housing programme.

Phase 4 projects

Projects at Forres, Buckie and Keith are now complete and only a small amount of residual expenditure remain to be spent. Final accounts are currently being agreed and it is expected that all projects will come in within budget.

Phase 5 projects

Projects at Elgin and Dufftown have started on site and the substantial proportion of expenditure on these projects will be incurred during 2015/16.

3.2.3 **APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £3.223m to 31 March 2015, which represents an overspend of 24%. This level of overspend is 6% lower than the level experienced during 2013/14. Overspend within this budget has been offset by underspend elsewhere within the Housing Investment Programme. Members will note that the majority of this overspend related to void properties, although there has also been an overspend on normal response repairs. Following a review of budget pressure areas carried out as part of the preparation of the 2015/16 Housing Investment Programme, both the Responsive Repairs and Voids budgets have been increased for 2015/16. Measures which were introduced during the 2014/15 financial year have contributed to better control of expenditure and these initiatives will continue into the 2015/16 financial year.

3.2.4 **APPENDIX III** shows expenditure on Estate Works. Spend of £777k was achieved to 31 March 2015, which represents a 24% overspend of the agreed programme. The overspend is mainly attributable to asbestos removals within the housing stock but also to demands on the Estates Upgrades and the Miscellaneous budget for unforeseen works. The overspend has been partially balanced out by an underspend on other areas through minor reprogramming of proposed works and also by underspend elsewhere within the Housing Investment Programme

3.2.5 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £1.143m was achieved to 31 March 2015, which represents 95% of the agreed programme level. The main areas of overspend within this budget have been External Paintwork, where high level access issues have added to the cost of carrying out works to some property types and Smoke Detector Servicing, where a higher number of smoke detectors have required to be replaced than was originally envisaged. The overspends have been contained within the overall budget through underspend in other areas.

3.2.6 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £4.406m was achieved to 31 March 2015, which represents 81% of the agreed programme level. In terms of Capital funded improvements members will note that the heating budget has overspent. This is mainly as a result of programme timing issues rolling over from previous financial year and a number of heating failures identified through the servicing programme. The overspend has however been contained within the overall Capital budget. Disabled Adaptations has underspent due to reduced pressure on this budget resulting from lower numbers of adaptation requests. In terms of Revenue funded improvements the main area of variation has been in relation to the Home Energy Efficiency Programme (HEEPS) programme and Roof and Fabric Repairs. The HEEPS underspend has arisen due to delays with Scottish & Southern Energy (SSE) commencing works on site. This project is however now on site and the first phase of 80 properties is due to complete by July 2015. The underspends on Roofing and Fabric Repairs, Rainwatergoods and the Shower budget are due to programming issues.

3.3 Programme Updates

3.3.1 A total of 248 properties have now been visited by Building Services as part of the current loft sealing contract targeted towards properties where there is either a redundant asbestos coated water tank present in the loft area or where there is evidence of asbestos debris. 197 lofts have been sealed to date. The Council has now written to the remaining 51 properties (39 non-access and 12 tenant refusals) as a final opportunity to request their permission to gain access to carry out the necessary works. Legal action will be the next step to ensure full compliance but this is clearly the last resort.

3.3.2 As noted in 3.2.6 above Scottish & Southern Energy (SSE) have now commenced External Wall Insulation (EWI) works to properties in Milton Drive, Buckie. The first phase of 80 properties will span over the end of the 2014/15 financial year into 2015/16, with a second phase to be identified for possible funding during the 2016/17 financial year. The initial phase is concentrating on electrically heated single storey homes in order to achieve the most economic level of ECO funding.

3.3.3 The Housing and Property service has also taken the opportunity to participate in the wider HEEPS projects in Moray in conjunction with the Private Sector Housing Grants section and 15 Non-Traditional council houses

located in Alves, Duffus, Elgin and Findhorn have been insulated externally as part of this initiative, with works having been completed during 2014/15.

3.4 Income and Expenditure for Private Sector Housing

APPENDIX VII shows position with income and expenditure for Private Sector Housing Grant for 2014/15 to 31 March 2015. The legally committed figure of £772k represents a 1% over-commitment of the allocated budget. Spend to 31 March 2015 was £455k which represents 74.3% of the allocated budget. The carry forward figure for 2015/16 is £158k. The underspend has been caused by a number of factors, including, an inconsistent flow of requests with a large number being received in the second and third quarters and reduced staffing resources due to a lack of suitable candidates for the vacant Technical Officers post. Although contingency measures are in place it has not been possible to make up the shortfall in approvals and corresponding expenditure. It should be noted however that demand for this service is still high with 64 requests currently awaiting approval.

4. SUMMARY OF IMPLICATIONS

(a) Moray 2023: A Plan for the Future/Service Plan

This proposal relates to:

- (i) Priority 4 – A growing and diverse economy
- (ii) Service Plan priorities 3 - Improving housing quality, and 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.

(d) Risk implications

Failure to expend agreed budgets would have affected 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 implications

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 Head of Housing and Property, Property Resources Manager, Building Services Manager, Senior Solicitor (Kathryn Macpherson), Principal Accountant (Deborah O'Shea), Committee Services Officer (Lissa Rowan) 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. More specifically, investment in the Council's housing stock has enabled 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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