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**REPORT TO: COMMUNITIES COMMITTEE ON 21 JUNE 2016**

**SUBJECT: HOUSING INVESTMENT 2015/16**

**BY: 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 2016 for the Housing Investment Programme for 2015/16.
- 1.2 This report is submitted to Committee in terms of Section III F (3) of the Council's Scheme of Administration relating to the maintenance of the Council's housing stock.

**2. RECOMMENDATION**

- 2.1 **It is recommended that the Communities Committee considers and notes the unaudited position as at 31 March 2016 with regards to the Housing Investment Programme for 2015/16.**

**3. BACKGROUND**

**3.1 HRA Income**

- 3.1.1 **APPENDIX VI** compares the level and value of council house sales for 2015/16 with 2014/15. In comparison with the previous financial year the total number of missives concluded is 2 higher and the average selling price per property was just over £3k lower. There were 25 properties sold during the financial year with 7 properties having been sold during March 2016.

**3.2 Investment Programme**

- 3.2.1 **APPENDIX I** shows income and expenditure for 2015/16. Spend of £9.768m was achieved to 31 March 2016, which represents 94% of the agreed programme. The level of expenditure within the individual budget headings which make up the overall programme are shown in paragraphs 3.5 to 3.7 below. The final expenditure figure represents all payments which have progressed through the finance system as at 31 March 2016. The Housing Investment Programme in the main continues to reflect the elements of investment required to maintain the housing stock at the Scottish Housing Quality Standard (SHQS) and replace life expired elements such as kitchens, heating and windows.

- 3.3 **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

All Phase 4 projects are now complete. Apart from Dufftown, final accounts and outturn costs for all projects are within budget. Dufftown, which was completed in March 2016, is over budget due mainly to higher than anticipated groundwork and infrastructure costs. The Council's consultants are currently negotiating the final costs for Dufftown with the contractor. Despite this cost increase, it is anticipated that, with savings achieved on other projects, the overall outturn cost of the Phase 4 programme will be within budget. Confirmation of the outturn cost of Phase 4 will be reported to Committee once the consultants have agreed the Dufftown final account.

Phase 5 projects

The projects at Corries Way, Forres (8 units) and Linkwood East, Elgin (18 units) were completed in December 2015 and are expected to be within budget. The project at Alexandra Road, Keith (6 units) was completed in March 2016 and is expected to come in within budget. The project at Barhill Road, Buckie (29 houses) is programmed to complete in July 2016. It is anticipated that the project at Burdshaugh, Forres (16 units) will start on site in June 2016, once planning conditions have been purified, with the major part of project costs being expended during 2016/17.

Phase 6 Projects

The projects at Strathcona Drive (12 units), Ferrylea, Forres (20 units), Barhill Road, Buckie and Linkwood, Elgin (27 units) are programmed to start on site later in 2016/17. Details of the programming of these projects will be confirmed to this Committee in September 2016.

- 3.4 **APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £2.995m to 31 March 2016 and represents 97% of the agreed programme level. Although the Area Office response repairs budgets have overspent by 9% this has been offset by an underspend in the voids budget due to measures introduced to control void expenditure.
- 3.5 **APPENDIX III** shows expenditure on Estate Works. Spend of £500k was achieved to 31 March 2016 and represents 75% of the agreed programme level. The major areas of variance are:
- Garage Upgrades – Underspend due to projects identified for this budget being delayed or carried out at a lower cost.
  - Miscellaneous – lower volume of unforeseen or unprogrammed works which normally form the bulk of this expenditure.
- 3.6 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £1.448m was achieved to 31 March 2016 and represents an overspend of 16% of the agreed programme level. This major areas of variance relate to:

- Smoke Detector Servicing – overspend due to high numbers of smoke detector replacements, where these detectors have reached the end of their remaining lifecycle.
- Solid Fuel Servicing – overspend due to payment for late invoices for uncharged items from the appointed sub-contractor.
- PPR & External Painterwork – overspend due to additional volumes of PPR works.

3.7 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £4.825m was achieved to 31 March 2016 and represents 90% of the agreed programme level. Overspends within some individual budget heads have been balanced out by savings or reprogramming within other areas resulting in this overall position. The major areas of variance relates to:

- Plumbing Upgrades – overspend due to significant numbers of heating systems requiring immediate upgrading works due to system failures
- Shower Installation Programme – overspend due to works carried forward from the previous year due to programming delays
- Roof and Fabric Repairs – overspend due to carry forward from the previous financial year and additional works required on some 2015/16 contracts.
- Rainwater goods – underspend due to contractual and programming delays
- Electrical Upgrades – underspend due to changes in the approach to the identification of work type/content carried out under this budget
- Sheltered Housing – underspend due to the reprogramming of proposed sprinkler system to 2016/17 to avoid clashing with the kitchen replacement programme being carried out in the Larch Court complex during 2015/16

### 3.8 Programme Updates

3.8.1 The programme to remove asbestos from tenant's homes continues with a total of 33 properties having had asbestos tanks or debris removed during 2015/16. As noted in earlier reports the presence of asbestos in our housing stock is having a negative impact on the Council's ability to complete some types of planned maintenance works within normal timescales.

3.8.2 The second phase of External Wall Insulation (EWI) works in Milton Drive, Buckie, has now been completed in conjunction with Scottish & Southern Energy (SSE). The works were carried out under the 'HEEPS: Cashback scheme' and were fully funded by a grant from the Scottish Government. It is proposed that a further phase of EWI works will be undertaken during 2016/17, and will be funded through the Council's own Housing Investment Strategy. If further Government grants are made available during 2016/17 Officers will take the opportunity of applying for funding to carry out works to a further phase of houses in this locality. These works will assist the Council in progress towards meeting the Energy Efficiency Standard for Social Housing (EESH) by 2020, as required by the Scottish Government.

### 3.9 Income and Expenditure for Private Sector Housing

**APPENDIX VII** shows the position with regard to grant expenditure for Private Sector Housing Grant for 2015/16 to 31 March 2016. The legally committed figure of £672k represents 89% of the allocated budget. The adjusted budget of £758k includes £145k carry forward from 2014/15. Spend to 31 March 2016 was £462k which represents 61% of the allocated budget. This is due to a number of factors including difficulties recruiting a Technical Officer post which was eventually filled in August 2015 and staffing shortages within the Occupational Therapy service which has resulted in an inconsistent flow of requests. There has also been £49k repaid during the last quarter which has impacted on both the legally committed and spend figures.

## 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 3.2 to 3.9 above.

### (d) **Risk implications**

Failure to expend agreed budgets may affect the Council's ability to maintain its stock at the Scottish Housing Quality Standard, replace life expired elements and attain the Energy Efficiency Standard for Social Housing . 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 as it is to inform the Committee on budget monitoring.

**(h) Consultations**

Consultations have taken place with the Head of Housing and Property, Property Resources Manager, Building Services Manager, Senior Solicitor (Paul Nevin), 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, the investment in the Council's housing stock enables it to be maintained at the Scottish Housing Quality Standard, allows for replacement of life expired elements and makes progress towards the attainment of the Energy Efficiency Standard for Social Housing.**

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Background Papers:	Held on file by the Asset Manager
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