



REPORT TO: COMMUNITIES COMMITTEE ON 6 JUNE 2017

SUBJECT: HOUSING INVESTMENT 2016/17

**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 2017 for the Housing Investment Programme for 2016/17.
- 1.2 This report is submitted to Committee in terms of Section III G (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 2017 with regards to the Housing Investment Programme for 2016/17.**

3. BACKGROUND

- 3.1 HRA Income
APPENDIX VI compares the level and value of council house sales for 2016/17 with the previous year. In comparison with the previous financial year the total number of missives concluded is 32 higher and the average selling price per property was £5,372k higher. There have been 62 properties sold during the financial year, with 7 having been sold during March 2017. There are currently only 3 applications remaining to be dealt with following the withdrawal of the Right to Buy legislation.
- 3.2 Investment Programme
APPENDIX I shows income and expenditure for 2016/17. Spend of £10.470m was achieved to 31 March 2017, which represents 95% of the agreed programme. Details of the level of expenditure within the individual budget headings which make up the programme are shown in paragraphs 3.3 to 3.6 below. The final expenditure figure represents all payments which have progressed through the finance system to 31 March 2017.
- 3.3 **APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £3.109m to 31 March 2017 and represents 99% of the agreed programme.

3.4 **APPENDIX III** shows expenditure on Estate Works. Spend of £309k was achieved to 31 March 2017 and represents 47% of the agreed programme level. The major areas of variance are:

- Garage Upgrades – underspend due to lack of identified projects and the delay to the demolition of garages at South Lesmurdie, Elgin because of the difficulties in establishing the ownership of some of the private garages in the location.
- Asbestos – underspend due in the main to technical issues including programming of contracts.
- Estates/Forum projects – underspend due to lack of identified projects. This position should be resolved during 2017/18 following adoption of the new estates Policy which was agreed at Communities Committee on 8 November 2016 (paragraph 9 of the minute refers)
- Miscellaneous – lower extent of unforeseen works which are normally funded from this budget.

3.5 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £1.411m was achieved to 31 March 2017. This represents an overspend of 9% of the agreed programme level. The projected overspend on this budget had previously been advised to Committee and as envisaged, the overspend has been contained within the overall repairs and maintenance budget. The main areas of variance relate to:

- Smoke Detector Servicing – overspend due to continuing higher than expected numbers of smoke detectors which have reached the end of their remaining life.
- Air Source Heat Pump Servicing – increased numbers of this type of heating system reaching their first servicing cycle.
- Gas Servicing – overspend due to increased number of system parts and boilers requiring replacement during servicing.

3.6 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £5.641m was achieved to 31 March 2017 and represents 96% of the agreed programme level. Major areas of variance relates to:

- Central Heating – Increased costs for heating replacements due to the use of external contractors to deal with DLO resourcing issues.
- Doors and Windows – Contract delays due to issues with the window supplier.
- External Wall Insulation – Expenditure on this budget which was previously categorised as revenue expenditure has now been re-categorised as capital expenditure following discussion with accountancy. Although no capital budget was allowed for within the original 2016/17 budget, the expenditure has been accommodated within existing funding levels. The expenditure will be reduced on receipt of grant monies from the Scottish Government amounting to £161k.

- Plumbing Upgrades – overspend due to significant numbers of heating systems requiring immediate upgrade due to system failures.
- Safety & Security – lack of projects identified.
- Common Stairs – delayed due to programming issues and asbestos materials removals/treatment.
- Sheltered Housing – Works delayed on sprinkler system due to specification and design issues.
- Shower Installations – overspend due to a proportion of works being carried forward from previous year.

3.7 General Programme Updates

A total of 39 properties have had asbestos tanks, associated debris or other asbestos containing materials (ACM's) removed during the financial year. This total includes properties in Lossiemouth and Elgin where tanks are being removed in advance of heating and kitchen replacements. The presence of asbestos continues to impact on some of the Council's planned maintenance works.

- 3.8 The latest phase of External Wall Insulation (EWI) works in Milton Drive, Buckie is now complete with 44 properties having been improved. This leaves 50 houses to be completed in this area in subsequent phases. The remaining properties are located in Milton Drive (34 properties) and Brodie Avenue (16 properties). The Service has recently appointed Scottish & Southern Energy (SSE) to carry out EWI works to 12 council owned properties in the Forres area in conjunction the Private Sector Grants section who are arranging works in the private sector under the HEEPS:ABS scheme. Works to the Council properties will be funded from the 2017/18 Housing Investment Programme allowing the Council to progress towards meeting the Energy Efficiency Standard for Social Housing (ESSH) 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 2016/17 to 31 March 2017. The legally committed figure of £622k represents an over commitment of 4% on the allocated budget. Spend to 31 March 2017 was £564k which represents 94% of the allocated budget. There has also been £30k repaid which has impacted on the legally committed and spend figures.

4. SUMMARY OF IMPLICATIONS

(a) **Moray 2026: A Plan for the Future and Moray Corporate Plan 2015-2017**

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 3.8 above, with details of the Council house new build programme now being the subject of a separate monitoring report.

(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, Property and Contracts (Kathryn Macpherson), Principal Accountant (Deborah O'Shea), Committee Services Officer (Caroline Howie) and the Home Improvement Services Manager, 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 both the Moray Standard and the Energy Efficiency Standard for Social Housing.**

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Background Papers: Held on file by the Asset Manager
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