

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 25 JANUARY 2006

HOUSING INVESTMENT PROGRAMME 2005/2006

Joint Report by the Executive Director of Neighbourhood Services and Executive Director of Development and Property Services

1. PURPOSE OF REPORT

- 1.1 To advise members of the current status of projects within the Housing Investment Programme 2005/2006 and to set out the current position in relation to financial monitoring and physical progress.
- 1.2 To advise members of the initiatives taken to commit currently identified savings upon the Housing Investment Programme 2005/2006, and to seek authority to enter into extended Contractual arrangements.

2. BACKGROUND

- 2.1 At the special meeting on 20th April 2005, Housing Committee approved the Housing Investment Programme identified against a number of budgetary categories, which took account of the projected income at £12.427m.
- 2.2 As the financial year has progressed, there have been a number of changes to the Capital Programme, and these have been reported to Committee in the normal manner.

3. CURRENT STATUS OF THE 2005/2006 PROGRAMME

- 3.1 The following table shows in detail the current status of the programme for 2005/2006.

SERVICE	Budget 2005/06	Actual Expenditure to Date	Projected Expenditure 2005/06	Variance Projected/ Budget
	£	£	£	£
Asbestos	120,000	58,158	106,998	-13,002
Energy Efficiency	910,000	634,460	991,692	81,692
Efficient Heating	2,606,000	1,131,682	2,565,078	-40,922
External Envelope Enhancement	1,640,000	461,047	1,256,578	-383,422
Modern Facilities & Services	5,760,000	3,324,474	5,865,461	105,461
Neighbourhood Improvements *	241,000	164,162	297,050	56,050
Safe & Secure Neighbourhood	550,000	175,314	549,931	-69
Sheltered Housing Safety & Improvement	600,000	175,685	627,271	27,271
Total Capital Expenditure	12,427,000	6,124,982	12,260,060	-166,940
Source of Financing				
Capital Financed From Current Revenue	3,561,000	0	3,561,000	0
Capital Receipts Applied	8,000,000	7,825,906	9,511,324	1,511,324
Other Grants & Income	0	0	0	0
	11,561,000	7,825,906	13,072,324	1,511,324
Required Borrowing	866,000	-1,700,924	-812,264	-1,678,264

3.2 The current estimated expenditure is £12.260m, which represents an under commitment of £ 0.167m. This is consistent with the figures that are now being presented to the Budget Scrutiny Group, subject to modification for the effects of matters which may be decided upon at this Committee.

3.3 Initiatives are identified to seek to fully commit the Housing Investment Programme, and at this time promote a modest level of over commitment, to allow for anticipated reduction as a result of individuals not choosing to take up options which are offered to them. It is further anticipated that there may be some element of change or slippage, particularly upon those projects which can be affected by inclement weather. The normal process of managing such change is ongoing, and the results will be reported to this Committee as the financial year progresses.

4 DETAILS OF MODIFICATION TO THE HOUSING INVESTMENT PROGRAMME

4.1 Energy efficiency

The cost of these works currently represents an increase of £0.082m against the original budget, as a result of 180 No. additional addresses being committed under the door replacement programme.

4.2 Modern Facilities and Services

The cost of these works currently represents an increase of £0.105m against the original budget, as a result of 59 No. additional addresses being committed under the kitchen, rewiring and bathroom upgrades.

4.3 Neighbourhood Improvements

The original budget of £0.241m for neighbourhood improvement comprised:-

<u>Category</u>	<u>Budget</u>
Tenement Upgrading	£0.100m
Demolitions and External Works	£0.071m
Timber Clad Houses	<u>£0.070m</u>
	<u>£0.241m</u>

The cost of these works currently represents an increase of £0.056m against the original budget as a result of revisions to the scope of works to tenement upgrades to include replacement of the communal lighting, together with modest increases in the projected cost of repairs to houses within the Timber Clad Houses and Painterwork programme.

4.4 Sheltered Housing Safety and Improvement Initiative

The cost of these works currently represents an increase of £0.027m against the original budget, as a result of the increased cost of works to Hamilton Gardens, Stewarton which was reported to Housing Committee on 18th May 2005, together with an appraisal of the work content at Rowantree Court, Drongan to provide for carrying out the works in phases which take account of the needs of the occupants.

5. EXTENSION TO EXISTING CONTRACTS

5.1 In order to expedite further schemes with regard to the limited time available to carry out work during the current financial year, it is recommended that existing Contracts be extended based upon existing rates and conditions, and subject to satisfactory negotiation and agreement with the relevant Contractors, rather than enter into fresh competitive tendering. Fresh competitive tendering at this time would not achieve any significant amount of site progress and hence expenditure. Extension of existing contracts is now critical in committing currently available funds, thereby seeking to prevent any potential under spend.

5.2 Proposals to extend an existing Contract are listed hereunder:-

CONTRACT	CONTRACTOR	PROPOSED EXTENSION (NR.)	PROPOSED EXTENSION VALUE	ANTICIPATED OVERALL EXPENDITURE 2005/2006
Installation of Gas Central Heating to 250 No. Houses, 2005/06 Programme, Phase 1	Campbell Construction Group Ltd	150	£403,480.00	£168,257.73
			TOTAL	£168,257.73

6. FURTHER ADJUSTMENT OF THE HOUSING INVESTMENT PROGRAMME

6.1 In the event that any further under commitment is identified upon the Housing Investment Programme during the currency of the financial year, authority is sought to enter into extension to existing Contracts, where it is prudent to do so, based upon existing rates and conditions, and subject to satisfactory negotiation and agreement with the relevant Contractor. The extent of any such extension will be subject to the approval of the Executive Director of Neighbourhood Services following consultation with the Chair of the Housing Committee, and the details to be reported to the Housing Committee at a future date.

7. LEGAL AUTHORITY/IMPLICATIONS

7.1 The Council has a statutory and contractual duty towards its tenants in respect of the maintenance of its housing stock.

- 7.2 The Housing Investment Programme enables the Council to carry out its statutory and contractual responsibilities towards its tenants.
- 7.3 This report is presented in terms of paragraph 9(3) of the Council's current Standing Orders Relating to Contracts (negotiation and/or extension of contracts).

8. POLICY IMPLICATIONS

- 8.1 The Council is committed to improve its housing stock to meet the Scottish Housing Quality Standard as provided for in its Local Housing Strategy as submitted to Communities Scotland in accordance with Committee Authority. Delivery of the Housing Investment Programme to the Council housing stock supports the strategic objectives set out in the East Ayrshire Community Plan.

9. FINANCIAL IMPLICATIONS

- 9.1 The programme fully commits funds which are available to the Council by way of income.

10. CONCLUSION

- 10.1 The outcome of the approved position will enable the Council to meet its commitment in respect of the approved Housing Investment Programme.

11. RECOMMENDATIONS

- 11.1 The Committee are asked to:

- i. Approve the modifications to the Housing Investment Programme as detailed in paragraph 4;
- ii. Approve the extension of the existing contract as listed at paragraph 5.2;
- iii. Approve the procedure for possible extension of contracts as listed at paragraph 6.1; and
- iv. Otherwise note the current position in relation to the Housing Investment Programme 2005/2006.

William Stafford
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Neighbourhood Services

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23 December 2005

LIST OF BACKGROUND PAPERS

Nil

For further information please contact Alan Paterson, Principal Quantity Surveyor on 01563 555249.

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