

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 26 JANUARY 2005

HOUSING INVESTMENT PROGRAMME 2004/2005

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 2004/2005 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 2004/2005, and to seek authority to enter into extended Contractual arrangements.

2. BACKGROUND

- 2.1 At the meeting on 21 April 2004, Housing Committee approved the Housing Investment Programme identified against a number of budgetary categories, which took account of the projected income at £11.702m.
- 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.

SERVICE	Budget 2004/05	Actual Expenditure to Date	Projected Expenditure 2004/05	Variance Projected/ Budget
	£	£	£	£
Asbestos	108,000	87,729	179,554	71,554
Energy Efficiency	1,260,000	421,308	957,900	-302,100
Efficient Heating	2,363,000	518,895	2,543,398	180,398
External Envelope Enhancement	1,572,000	516,506	1,356,835	-215,165
Information Technology	150,000	2,491	150,000	0
Modern Facilities & Services	4,203,000	1,032,061	3,879,308	-323,692
Neighbourhood Improvements	796,000	479,269	1,093,828	297,828
Office Accommodation	100,000	0	100,000	0
Safe & Secure Neighbourhood	550,000	165,225	613,117	63,117
Sheltered Housing Safety & Improvement	600,000	334,534	599,278	-722
Total Capital Expenditure	11,702,000	3,558,018	11,473,218	-228,782
Source of Financing				
Capital Financed From Current Revenue	3,561,000	0	3,561,000	0
Capital Receipts Applied	2,000,000	0	2,000,000	0
Other Grants & Income	0	0	0	0
	5,561,000	0	5,561,000	0
Required Borrowing	6,141,000	0	5,912,218	-228,782

3. CURRENT STATUS OF THE 2004/2005 PROGRAMME

3.1 The above table sets out the current status of the programme for 2004/2005. In total the current estimated expenditure is £11.473m, which represents an under commitment of £0.228m. 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.

3.2 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 choosing not to take up options which are offered to them. It is further anticipated that there may be some element of change or slippage, particularly with regard to 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 Asbestos Sampling and Removal

Modification of this category was previously reported to Committee on 8 September 2004, whereby provision was made to deal with a number of asbestos lined water storage tanks that were identified during the course of carrying out routine survey and testing works to addresses within the gas heating and modern facilities and services programmes. The cost of these works together with the survey and testing works currently commissioned represent an increase of £0.071m against the original budget.

4.2 Efficient Heating

Modification of this category was previously reported to Committee on 3 November 2004, whereby provision was made to deal with the increased number of addresses committed this financial year against the gas heating budget. The number of gas installations programmed is now 609 for the year. The cost of these works together with the I.L.M energy efficiency works committed through the Wise Group and set against this budget currently represents an increase of £0.180m against the original budget.

4.3 Neighbourhood Improvements

4.3.1 The original budget of £0.796m for neighbourhood improvement comprised:-

<u>Category</u>	<u>Budget</u>
Area Initiatives	£0.300m
Tenement Upgrading	£0.100m
Demolitions	£0.130m
Environmental Works	£0.200m
Timber Clad Houses	<u>£0.066m</u>
	<u>£0.796m</u>

4.3.2 Tenement Upgrading

The Tenement Upgrading programme for the current year has been augmented by works to an additional 30 addresses (approximate, dependant upon block sizes). The cost of these works currently represents an increase of £0.018m against the original budget.

4.3.3 Demolitions

Modification of this category was previously reported to Committee on 8 September 2004 and 3 November 2004, whereby provision was made to deal with the increased number of addresses committed this financial year together with completion of the former years demolition programme which was delayed as a result of the instances of asbestos containing material found to be present in a number of properties, which delayed the progress of the works. The cost of these works currently represents an increase of £0.245m against the original budget.

4.3.4 Timber Clad Houses, Painterwork

Modification of this category was previously reported to Committee on 8 September 2004 and 3 November 2004, whereby provision was made to deal with the effects of the changes in the mix of house types from those carried out in the previous financial year. The cost of these works currently represents an increase of £0.034m against the original budget.

4.4 Safe and Secure Neighbourhood

Modification of this category was previously reported to Committee on 3 November 2004, whereby provision was made to deal with the completion of the former year's door entry programme. The cost of these works currently represents an increase of £0.063m against the original budget.

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 existing Contracts are listed hereunder:-

CONTRACT	CONTRACTOR	PROPOSED EXTENSION (NR.)	PROPOSED EXTENSION VALUE	ANTICIPATED OVERALL EXPENDITURE 2004/2005
Installation of Gas Central Heating to 200 No. Houses, 2004/05 Programme, Phase 2	Campbell Construction Group Ltd	60	£191,768.00	£209,236.95
External Cladding to B.I.S.F. Houses, Samson Avenue, Kilmarnock	Caledonian All Trades Ltd	5	£120,650.09	£49,779.25
			TOTAL	£259,016.20

6. FURTHER ADJUSTMENT OF THE HOUSING INVESTMENT PROGRAMME

6.1 In the event that any further under commitment is identified within 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 Councils current Standing Orders Relating to Contracts (negotiation and/or extension of contracts).

8. POLICY

8.1 The Council is committed to improve its housing stock to meet the Scottish Housing Quality Standard as provided for in the Local Housing Strategy.

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 existing contracts 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 2004/2005.

William Stafford
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6 January 2005

LIST OF BACKGROUND PAPERS

Nil

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

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