

## EAST AYRSHIRE COUNCIL

### HOUSING COMMITTEE – 16 MARCH 2005

#### HOUSING INVESTMENT PROGRAMME 2004/2005

#### Joint report by the Executive Director of Neighbourhood Services and the 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 identified savings upon the Housing Investment Programme 2004/2005, together with the detail of 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

SERVICE	Budget 2004/05	Actual Expenditure to Date	Projected Expenditure 2004/05	Variance Projected/ Budget
	£	£	£	£
Asbestos	108,000	0	183,119	75,119
Energy Efficiency	1,260,000	0	1,165,629	-94,371
Efficient Heating	2,363,000	0	2,765,240	402,240
External Envelope Enhancement	1,572,000	0	1,240,576	-331,424
Information Technology	150,000	0	150,000	0
Modern Facilities & Services	4,203,000	0	3,490,715	-712,285
Neighbourhood Improvements *	796,000	0	1,144,676	348,676
Office Accommodation	100,000	0	50,000	-50,000
Safe & Secure Neighbourhood	550,000	0	781,476	231,476
Sheltered Housing Safety & Improvement	600,000	0	585,803	-14,197
<b>Total Capital Expenditure</b>	<b>11,702,000</b>	<b>0</b>	<b>11,557,234</b>	<b>-144,766</b>
<b>Source of Financing</b>				
Capital Financed From Current Revenue	3,561,000		3,923,950	-362,950
Capital Receipts Applied	2,000,000		2,000,000	0
Other Grants & Income	0	0	0	0
	<u>5,561,000</u>	<u>0</u>	<u>5,923,950</u>	<u>-362,950</u>
<b>Required Borrowing</b>	<b>6,141,000</b>	<b>0</b>	<b>5,633,284</b>	<b>-507,716</b>

Committee in the normal manner.

### **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 £11.557m, which represents an under commitment of £0.145m. This is consistent with the figures that are now being presented to the Budget Scrutiny Group.
- 3.2 Initiatives have been implemented to seek to commit the Housing Investment Programme, however, a nominal allowance of £0.117m (1% of the overall programme) has been allowed for within the projected out turn figures for the effect of any slippage which would lead to under expenditure. The normal process of managing such change is ongoing, and the actual out turn results will be reported to this committee in due course.

### **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<sup>th</sup> 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 represent an increase of £0.075m against the original budget.

#### **4.2 Efficient Heating**

Modification of this category was previously reported to Committee on 3<sup>rd</sup> November 2004 and 26<sup>th</sup> January 2005, whereby provision was made to deal with the increased commitment this financial year against the gas heating budget. Committee also approved the extension to Installation of Gas Central Heating to 200 Houses, 2004/05 Programme, Phase 2 with Campbell Construction Group Ltd to increase the scope of the contract by a further 60 addresses. Negotiations were satisfactorily concluded at existing rates and conditions, and addresses provided. However, the anticipated number of addresses to be completed this financial year has had to be reduced as a result of non access difficulties, in a number of cases on the proposed date of installation, which has led to loss of productivity. Delays in obtaining service supplies at the appropriate time caused further delay. These circumstances are being experienced to a lesser degree upon the other two phases being carried out by Building & Works and British Gas Plc. In order to minimise the impact of any slippage within this category and arising from other projects within the

current Housing Investment Programme, measures have been taken to ensure that all materials necessary to complete the current year's programme, together with the commencement of next year's programme, will be advanced this financial year.

In addition to gas heating works, this budget category provides for the I.L.M energy efficiency works committed through the Wise Group. Expenditure upon this project is estimated to increase from £0.250m to £0.300m. The effect of these changes currently represents an increase of £0.402m 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 Area Initiatives

The Area Initiatives programme for the current year has been augmented by committing further works to Building & Works and their various sub-contractors which advance works would otherwise have been programmed for future financial years. The estimated cost of this category, taking account of these measures is £0.377m. However, these works can be impacted by adverse weather conditions, hence, after taking account of part of the allowance for reduced expenditure referred to at paragraph 3.2, is shown as £0.327m, which represents an increase of £0.027m against the original budget.

#### 4.3.3 Tenement Upgrading

Modification of this category was previously reported to Committee on 26<sup>th</sup> January 2005, whereby provision was made to augment the Tenement Upgrading programme for the current year by works to additional addresses. Measures have been taken to ensure that materials necessary for the commencement of next year's programme will be advanced this financial year. The cost of these works currently represents an increase of £0.026m against the original budget.

#### 4.3.4 Demolitions

Modification of this category was previously reported to Committee on 8<sup>th</sup> September 2004 and 3<sup>rd</sup> November 2004, whereby provision was made to deal with the increased number of addresses committed this financial year together with completion of the former year's 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 £0.266m against the original budget.

#### 4.3.5 Environmental Works

The Environmental Works programme for the current year has been augmented by committing further works to Building & Works and their various sub-contractors which advance works would otherwise have been programmed for future financial years. The estimated cost of this category, taking account of these measures is £0.268m. However, these works can be impacted by adverse weather conditions, hence, after taking account of part of the allowance for reduced expenditure referred to at paragraph 3.2, is shown as £0.201m, which represents an increase of £0.001m against the original budget.

#### 4.3.6 Timber Clad Houses, Painterwork

Modification of this category was previously reported to Committee on 8<sup>th</sup> September 2004 and 3<sup>rd</sup> 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<sup>rd</sup> November 2004, whereby provision was made to deal with the completion of the former year's door entry programme. Measures have been taken to ensure that door entry materials necessary for the commencement of next years programme will be advanced this financial year. The cost of these works currently represents an increase of £0.231m against the original budget.

### 5. **EXTENSION TO EXISTING CONTRACTS**

- 5.1 In order to expedite further works, Committee on 26<sup>th</sup> January 2005 approved the extension of two existing contracts, namely the Installation of Gas Central Heating to 200 Houses, 2004/05 Programme, Phase 2, as referred to at paragraph 4.2 above, and also the External Cladding to B.I.S.F. Houses, Samson Avenue, Kilmarnock. It was approved that negotiations proceed with Campbell Construction Group Ltd and Caledonian All Trades Ltd. respectively, who are currently carrying out works upon the 2004/05 programme.

- 5.2 Committee on 26<sup>th</sup> January 2005 further approved that in the event of the identification of any further under commitment upon the Housing Investment Programme during the currency of the financial year, extensions can be made 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.
- 5.3 During the course of negotiations with Caledonian All Trades Ltd, it became apparent that the prices they had submitted within their original tender were as a result of error on their part insufficient to be used as the basis of an extension to their existing contract, and in consideration of the revised proposals presented by them, it was established that better value could be achieved by extension of the existing contract for the 2003/04 financial year which had been awarded to K.G.Building and Civil Engineering Ltd., Ardrossan. This contract had been planned to be carried out over the two financial years 2003/04 and 2004/05.
- 5.4 The outcome of the negotiations with K.G.Building and Civil Engineering Ltd. is the subject of a separate report to this Committee.
- 5.5 The prices for the current works with Caledonian All Trades Ltd are unaffected by the negotiations which took place. They are contractually obliged to carry out these works at their tendered rates and conditions.

## **6. LEGAL AUTHORITY/IMPLICATIONS**

- 6.1 The Council has a statutory and contractual duty towards its tenants in respect of the maintenance of its housing stock.
- 6.2 The Housing Investment Programme enables the Council to carry out its statutory and contractual responsibilities towards its tenants.

## **7. POLICY**

- 7.1 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.

## **8. FINANCIAL IMPLICATIONS**

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

## **9. CONCLUSION**

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

## **10. RECOMMENDATIONS**

10.1 The Committee are asked to:

- i. Approve the modifications to the Housing Investment Programme as detailed in paragraph 4.
- ii. Otherwise note the current position in relation to the Housing Investment Programme 2004/2005.

William Stafford  
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Neighbourhood Services

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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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