

EAST RENFREWSHIRE COUNCILCABINET24 March 2022Report by the Chief Financial Officer and Director of EnvironmentHOUSING CAPITAL PROGRAMME**PURPOSE OF REPORT**

1. The purpose of this report is to monitor expenditure as at 31 December 2021 (Quarter 3) against the approved Housing Capital Programme 2021/22 and to recommend adjustments where necessary.

**RECOMMENDATIONS**

2. The Cabinet is asked to:-
  - note and approve the current movements within the programme;
  - note the shortfall of £0.160m and that income and expenditure on the programme will be managed and reported on a regular basis; and
  - agree to recommend to the Council that the movements within the programme be approved

**BACKGROUND**

3. This report is presented in relation to the following:
  - Adjustments to the approved 2021/22 programme, reflecting timing movements and re-phasing of 2021/22 expenditure were approved by Cabinet on 25 November 2021.
  - A revised Housing Capital Programme for the period 2022/23 to 2031/32 was approved by Council on 3 March 2022. New build housing total costs on this report reflect the revised totals for the new build programme.

**CURRENT POSITION**

- |    |  |                  |
|----|--|------------------|
| 4. | Total anticipated expenditure (Appendix A) | £ 12.922m        |
|    | Total anticipated resources (Appendix B)   | £ <u>12.762m</u> |
|    | Shortfall                                  | £ <u>0.160m</u>  |

Market uncertainties including Covid-19 continue to have an impact on the timing and cost of housing capital projects and some further rescheduling is required with increased tender costs also experienced.

## EXPENDITURE

5. The total estimated expenditure for 2021/22 has reduced by £2.616m. A combination of Covid-19 and disruption to the supply chain & logistics, has resulted in increased demand, labour and materials shortages which has delayed tendering and increased lead in times resulting in later start / re-start dates across the internal works programme.
- Internal Element renewals (£0.410m) –government restrictions delayed these works and while work is progressing, much of the internal elements will now take place in 2022/23.
  - Sheltered Housing (reduced by £0.347m) – internal works have been delayed to ensure they can be carried out safely and minimise any risk to residents. Majority of work will now take place in 2022/23 following revised tender process.
  - IT Systems (reduction of £0.053m) – the final element of this will now take place in 2022/23.
  - Capital New Build Phase 1 (increase of £0.126m in 2021/22) – work is progressing at Balgraystone Road however increased costs are being experienced. An increase of £0.321m was approved as part of the 2022-2032 Housing Capital Programme, which will be offset by additional Scottish Government Grant funding and use of commuted sums and council tax from second homes.
  - Capital New Build Phase 2 (reduction of £1.932m in 2021/22) – Delays with completion of first batch of units at Maidenhill Area 5 has reduced 2021/22 expenditure with all units expected to transfer in Q1 of 2022/23. There is an overall increase in Phase 2 costs of £8.182m as approved as part of the 2022-2032 Housing Capital Programme. As above this will be managed through increased Scottish Government new build grant and use of commuted sums and council tax from second homes.

The total estimated expenditure has been reduced to £12.922m with revised existing build works subject to further change dependent on progress in final period of the financial year. Actual Expenditure to date (31 December) is £11.521m of which £9.144m was on the new build programme.

## INCOME

6. Resources to support the Housing Capital Programme have been adjusted to reflect the above changes
- A delay in the handover of the Maidenhill A5 site, coupled with the procurement method has resulted in a reduction in the grant available for 2021/22. This will be available to claim in 2022/23 against the cost of the project.
  - Borrowing – Reflecting lower revised outturn position, borrowing has been reduced by £2.207m in 2021/22. This will remain available to support the continuation of works in 2022/23.

## COMMENT

7. The projected shortfall of £0.160m represents 1.25% of the resources available and is within manageable limits.

**PARTNERSHIP WORKING**

8. This report has been prepared following consultation with appropriate staff from Housing Services.

**RECOMMENDATIONS**

9. The Cabinet is asked to:-
- note and approve the current movements within the programme;
  - note the shortfall of £0.160m and that income and expenditure on the programme will be managed and reported on a regular basis; and
  - agree to recommend to the Council that the movements within the programme be approved

Further information is available from Mark Waugh, Principal Accountant – Capital, telephone 0141 577 3123.

Margaret McCrossan  
Head of Accountancy Services (Chief Financial Officer)  
MMcC/MW  
19 April, 2022

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Appendix A

**HOUSING CAPITAL PROGRAMME**

**PROGRESS REPORT**

**2021/2022 QUARTER 3 (31/12/21)**

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 25/11/21	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE TO 31/12/21		SPENT PRIOR TO 31.03.21	PREVIOUS TOTAL COST	REVISED TOTAL COST
835000002	Renewal of Heating Systems	580	580	237	Work in progress	0	613	613
832000001	Rewiring (including smoke/carbon monoxide detectors)	664	664	463	Work in progress	0	751	751
831000002	External Structural Works	1,630	1,630	1,184	Work in progress	0	1,987	1,987
835000008	Estate Works	150	150	147	Work in progress	0	171	171
835000006	Energy Efficiency (Including Cavity Wall Insulation)	30	30	5	Work in progress	0	508	508
835000009	Aids and Adaptations	322	322	140	Work in progress	0	327	327
831500001	Internal Element Renewals (including kitchens, bathrooms and doors)	775	365	178	Work in progress	0	1,657	1,657
835000005	Communal Door Entry Systems	0	0	0	Delayed to 2022/23	0	79	79
835000012	Sheltered Housing	370	23	23	Work to commence in early 2022/23	0	1,383	1,383
830500003	Purchase of Property (CPO/Mortgage to Rent Acquisition)	0	0	0	No purchases planned	0	74	74
835000003	IT Systems	53	0	0		200	253	253
Grouped	Capital New Build Phase 1	3,934	4,060	4,060	Work at Balgraystone Road ongoing. 3 other sites complete	9,149	14,561	14,882

**HOUSING CAPITAL PROGRAMME**

**PROGRESS REPORT**

**2021/2022 QUARTER 3 (31/12/21)**

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 25/11/21	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE TO 31/12/21		SPENT PRIOR TO 31.03.21	PREVIOUS TOTAL COST	REVISED TOTAL COST
Grouped	Capital New Build Phase 2	7,020	5,088	5,084	First units at Maidenhill transferred into Council ownership Work ongoing here and other sites	202	39,469	47,651
N/A	Retentions	10	10	0		0	10	10
		<b>15,538</b>	<b>12,922</b>	<b>11,521</b>		<b>9,551</b>	<b>61,843</b>	<b>70,346</b>

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**HOUSING CAPITAL PROGRAMME 2021/22**  
**PROGRESS REPORT TO 31/12/2021**

Appendix B

**RESOURCES**

	21/22 Revised <b>£'000</b>
Borrowing	7,549
Commuted Sums - New Build	795
Grant - New Build Phase 1	1,414
Grant - New Build Phase 2	2,301
Recharges to Owner Occupiers (including HEEPS grant)	703
Rental off the Shelf (ROTS)	-
<b>Total</b>	<b><u>12,762</u></b>

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