

EAST RENFREWSHIRE COUNCILCabinet1 September 2022Report by the Chief Financial Officer and Director of EnvironmentHOUSING CAPITAL PROGRAMME**PURPOSE OF REPORT**

1. The purpose of this report is to recommend adjustments to the 2022/23 Housing Capital Programme, approved on 3 March 2022, resulting from the finalisation of the previous year's programme and in light of subsequent information.

**RECOMMENDATIONS**

2. The Cabinet is asked to:-
  - note and approve the current movements within the programme;
  - note the shortfall of £0.159m and that income and expenditure on the programme will be managed and reported on a regular basis.

**BACKGROUND**

3. This report is presented in relation to the following:
  - A revised Housing Capital Programme for 2022-2032, reflecting changes to the programme detailed in the updated Strategic Housing Investment Programme (SHIP) was approved by Council on 3 March 2022.
  - At that point, expenditure on the 2021/22 programme had not been finalised and this report now adjusts 2022/23 project budgets to allow for outstanding works at year end to be completed in the current year.
  - The report also updates project costs and phasings to reflect impacts of the covid pandemic, rising inflation, and ongoing labour and material shortages.
  - In general, construction costs are rising faster than general inflation due to shortages of materials and labour and to bidders factoring in additional risk in their pricing. Across Scotland, many authorities are reporting costs increases of 20% to 50% on some projects.
  - We have revised the phasings of our projects to reflect delays already experienced due to COVID and we are constantly monitoring project expenditure so that additional cost pressures on key projects can be covered by deferring or reducing other projects to compensate.

**CURRENT POSITION**

4.	Total anticipated expenditure (Appendix A)	£ 19.268m
	Total anticipated resources (Appendix B)	£ 19.109m
	Shortfall	<u>£ 0.159m</u>

The impact of COVID-19 continues to have a significant effect on the timing and cost of projects. The Council's capacity to deliver planned projects in the current year remains under review and a degree of rescheduling may be required. The next capital report will provide an update of the position as matters become clearer.

## **FINALISATION OF THE 2021/22 PROGRAMME**

5. The finalisation of the previous year's capital programme has cash flow implications for the 2022/23 programme.
6. Appendix A shows the effect of this cash flow adjustment on the expenditure. This is not new or additional expenditure but simply an adjustment to reflect revised timing of expenditure.

## **EXPENDITURE**

7. The programme approved in March 2022 has increased from £16.790m to £19.268m for purely cash flow reasons between 2021/22 and 2022/23.
  - This in the main reflects timing variations across the existing stock programme totalling £0.739m, and variations on the new build programme of £1.739m as a result of the timing of the transfer of completed affordable housing units at the Maidenhill sites.

## **INCOME**

8. Resources to support the Housing Capital Programme have been adjusted to reflect the changes noted above.
  - Borrowing for the year has been adjusted upwards to reflect timing variation of spend and resources. This is not additional borrowing and reflects the borrowing unused in 2021/22.

## **COMMENT**

9. The projected shortfall of £0.159m represents 0.83% of the resources available and is within manageable limits.

## **PARTNERSHIP WORKING**

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

## **RECOMMENDATIONS**

11. The Cabinet is asked to:-

- note and approve the current movements within the programme;
- note the shortfall of £0.159m and that income and expenditure on the programme will be managed and reported on a regular basis

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  
1 September, 2022

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**HOUSING CAPITAL PROGRAMME**

**PROGRESS REPORT**

**2022/2023 QUARTER 1 (30/06/22)**

Appendix A

COST CODE	PROJECT NAME	35	36	38	41	43	44	45
		2022/23 opening and cashflow adjustments				TOTAL COST £'000		
		2022/23 (Opening, per 2022- 2032 programme)	Total (ADJUSTED FOR 2021/22 CASHFLOW)	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL SPEND TO 30 JUNE 2022	SPENT PRIOR TO 31/03/22	PREVIOUS TOTAL COST	REVISED TOTAL COST
835000002	Renewal of Heating Systems	601	799	799	51	-	799	799
832000001	Rewiring (including smoke/carbon monoxide detectors)	337	470	470	17	-	470	470
831000002	External Structural Works	2,329	1,899	1,899	695	-	1,899	1,899
835000008	Estate Works	121	116	116	2	-	116	116
835000006	Energy Efficiency (Including Cavity Wall Insulation)	778	803	803	-	-	803	803
835000009	Aids and Adaptations	205	250	250	5	-	250	250
831500001	Internal Element Renewals (including kitchens, bathrooms and doors) 2018/19	1,392	1,878	1,878	14	-	1,878	1,878
835000005	Communal Door Entry Systems	99	99	99	-	-	99	99
835000012	Sheltered Housing	2,130	2,417	2,417	216	-	2,417	2,417
830500003	Purchase of Property (CPO/Mortgage to Rent Acquisition)	100	100	100	-	-	100	100
835000003	IT Systems	53	53	53	-	200	256	256
Grouped	Capital New Build Phase 1	2,890	2,730	2,730	980	13,285	14,325	16,015
Grouped	Capital New Build Phase 2	5,745	7,644	7,644	3,882	5,324	41,454	48,010
N/A	Retentions	10	10	10	-	-	10	10

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<b>COST CODE</b>	<b>PROJECT NAME</b>	<b>2022/23 (Opening, per 2022- 2032 programme)</b>	<b>Total (ADJUSTED FOR 2021/22 CASHFLOW)</b>	<b>PROJECTED OUTTURN FOR CURRENT YEAR</b>	<b>ACTUAL SPEND TO 30 JUNE 2022</b>	<b>SPENT PRIOR TO 31/03/22</b>	<b>PREVIOUS TOTAL COST</b>	<b>REVISED TOTAL COST</b>
		16,790	19,268	19,268	5,862	18,809	64,876	73,122

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**HOUSING CAPITAL PROGRAMME 2022/23**  
**PROGRESS REPORT TO 30/06/2022**

Appendix B

**RESOURCES**

	22/23 Revised <b>£'000</b>
Borrowing	9,965
Commuted Sums - New Build	711
Grant - New Build Phase 1	-
Grant - New Build Phase 2	8,143
Recharges to Owner Occupiers (including HEEPS grant)	240
Capital Receipts	
Rental off the Shelf (ROTS)	50
<b>Total</b>	<b><u>19,109</u></b>

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