

EAST RENFREWSHIRE COUNCILCabinet14 December 2023Report by the Chief Financial Officer and Director of EnvironmentHOUSING CAPITAL PROGRAMME**PURPOSE OF REPORT**

1. The purpose of this report is to monitor both income and expenditure as at 30 September 2023 against the approved Housing Capital Programme and to recommend adjustments where required.

RECOMMENDATIONS

2. The Cabinet is asked to recommend that Council:-
 - note and approve the movements within the programme; and
 - note the shortfall of £0.097m and that income and expenditure on the programme will be managed and reported on a regular basis.

BACKGROUND

3. The Housing Capital Programme for 2023-2033 was approved by Council on 1 March 2023.
4. Movements on the 2023/24 programme were approved by Council on 28 June 2023 and Cabinet on 5 October 2023, including a number of changes resulting from the finalisation of the outturn position for the previous financial year.
5. This report updates project costs and phasings based on progress to date and anticipated to 31 March 2024.
6. As highlighted in previous reports, in general, construction costs are rising faster than general inflation due to shortages of materials and labour and also due to bidders factoring in additional risk in their pricing.
7. Consequently, 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

- | | | |
|----|--|-----------------|
| 8. | Total anticipated expenditure (Appendix A) | £ 5.790m |
| | Total anticipated resources (Appendix B) | £ <u>5.693m</u> |
| | Deficit | £ <u>0.097m</u> |

EXPENDITURE

9. The estimated expenditure has reduced by £2.011m below the level reported to Council on 5th October 2023. The main expenditure movements are as follows:-

External Structural Works

As previously reported to Cabinet, works issued as part of this project are subject to a revised procurement process, with the design phase completed in advance of the tender for the main construction work being issued. There has been a delay issuing contracts while the revised process was finalised with a knock on impact on the site start date. Further assessment on the viability of the work is being undertaken. Expenditure in the current financial year has been reduced by £1.0m.

Aids and Adaptations

The main purpose of this budget is to help older residents to stay in their homes for a longer period of time. It is a statutory service which must be provided to tenants who meet the assessment criteria. As a result of increased demand for this service, expenditure in the current year has been increased by £0.100m.

Sheltered Housing

This project covers a range of works at various sheltered complexes including lift replacement, warden call systems and central heating systems. As previously reported to Cabinet only essential energy efficiency type works are being progressed and less urgent works deferred while the Council await revised energy efficiency guidance from the Scottish Government. Revised guidance may be some months away. No significant investment in central heating replacement is anticipated until there is clarity on this issue. The warden call system forms part of the wider Telecare project being implemented across the Council, while the first phase of these works is complete, the system requires a period of time to become fully established and effective. Consequently, the sheltered housing element is now scheduled for the early part of 2024/25. Expenditure in the current financial year had been reduced by a further £0.750m.

IT Systems

The new Housing management system is operational and further development work will be progressed which will deliver further benefits to the Housing service. However, like all major change projects, it presents numerous challenges and requires a period of time to become fully established and effective due to the need to integrate with other corporate systems. Consequently, the next major phase of development work will not progress until next year and expenditure in the current year has been reduced by £0.140m.

New Build Phase 2

This project has also been subjected to a revised procurement process with separate tenders being issued for the design and build elements. Consequently, the works at the Barrhead Road development are likely to be held back until spring 2024 with costs in the current financial year limited to initial design fees. Similarly, expenditure for the Commercial Road development is likely to relate solely to initial fees. Expenditure in the current year has been reduced by £0.212m.

INCOME

10. Resources to support the programme have been adjusted as follows:-

Recharges to Owner Occupiers

In light of the revised expenditure on the External Structural Works project the associated income from owners has been reduced by £0.120m.

Borrowing

In response to the expenditure and income movements outlined above the planned use of borrowing during the year has been reduced by £1.800m.

COMMENT

11. The projected shortfall of £0.097m represents 1.7% of the resources available and is within manageable limits.

PARTNERSHIP WORKING

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

RECOMMENDATIONS

13. The Cabinet is asked to recommend that Council:-

- note and approve the movements within the programme; and
- note the shortfall of £0.097m and that income and expenditure on the programme will be managed and reported on a regular basis.

Further information is available from Paul Parsons, Principal Accountant – Capital, telephone 07741 701 451.

Margaret McCrossan
Head of Accountancy Services (Chief Financial Officer)
MMcC/PP
22 February, 2024

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COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 05.10.23	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE TO 30.09.23		EXPENDITURE PRIOR TO 31.03.23	PREVIOUS TOTAL COST	REVISED TOTAL COST
83500002	Renewal of Heating Systems	350	350	115	Work in progress	0	1,010	1,010
83200001	Rewiring (including smoke/carbon monoxide detectors)	385	385	72	Work in progress	0	602	602
83100002	External Structural Works	1,852	852	150	Phase 1 - work in progress. Phase 2 - work programmed, revised procurement arrangements in place.	0	2,602	2,602
83500008	Estate Works	100	100	5	Work in progress	0	123	123
83500006	Energy Efficiency (Including Cavity Wall Insulation)	75	75	0	Work in progress	0	575	575
83500010	Aids and Adaptations	200	300	3	Work in progress	0	200	300
83150001	Internal Element Renewals (including kitchens, bathrooms and doors)	972	972	428	Work in progress	0	972	972
83500005	Communal Door Entry Systems	250	250	133	Work in progress	0	250	250
83500012	Sheltered Housing	1,102	352	134	Work in progress	0	1,702	1,702
83050003	Purchase of Property (Mortgage to Rent Acquisition)	155	155		In progress, grant support confirmed	0	155	155
83500003	IT Systems	159	19		Work in progress	297	456	456
Grouped	Capital New Build Phase 1	229	220		Complete - payments outstanding	14,550	14,779	14,770
Grouped	Capital New Build Phase 2	1,962	1,750	1,464	Work in progress	11,629	45,321	45,321
N/A	Retentions	10	10			0	10	10
		7,801	5,790	2,504		26,476	68,757	68,848

EAST RENFREWSHIRE COUNCIL
HOUSING CAPITAL PROGRAMME 2023/24

PROGRESS REPORT

RESOURCES

	£'000
Borrowing	4,432
Commuted Sums - New Build	70
Grant - New Build Phase 2	751
Grant - Scottish Housing Net Zero Fund	218
Recharges to Owner Occupiers (including HEEPS grant)	120
Capital Receipts	0
Purchase of Property (Mortgage to Rent Acquisition)	102
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Total	5,693