

EAST RENFREWSHIRE COUNCILCabinet7th March 2024Report 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 31 December 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 £0.100m and that this will be managed and reported within the final accounts for the year.

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 and 14 December 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) | £ 5.609m |
| | Total anticipated resources (Appendix B) | £ <u>5.509m</u> |
| | Deficit | £ <u>0.100m</u> |

EXPENDITURE

9. The estimated expenditure has reduced by £0.181m below the level reported to Council on 14 December 2023. The main expenditure movements are as follows:-

Communal Doors

Expenditure on this project has reduced by £0.049m. This reflects the reduced number of owners agreeing to participate in the project.

IT Systems

Phase 1 of the new Housing Management system was launched during April 2023. The system required a period of time to become fully established and effective. The next phase of the project was not due to commence until 2024/25 and as such the forecast spend was previously reporting as £0.019m for the current year. However, following a review of the project milestones, the next phases are progressing and this forecast spend for has been revised to £0.076m, an increase of £0.057m. A separate report was submitted to Cabinet 22nd February, 2024 detailing these works.

New Build Phase 1

Anticipated 2023/24 expenditure has been reduced by £0.090m. This represents a saving on the project following completion of the works.

New Build Phase 2

Work on all the approved sites is continuing and further additions to the socially rented housing stock will be delivered in future years. However, further expenditure during the current year will be limited to initial fees such as design and site investigation. As a result, it is anticipated that costs in the current financial year will reduce by £0.089m.

INCOME

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

Commuted sums

Additional commuted sums will be used to fund the initial works on approved new build sites and the contribution during the current year has been increased by £0.211m.

Recharges to Owner Occupiers

In light of the revised expenditure on the Communal Door Entry project and the levels of owner participation the estimated income from owners has been reduced by £0.020m.

Capital Receipts

Following the transfer of land from the Housing Revenue Account to the Council's General Fund as part of a major road improvement project, a capital receipt of £0.350m has been added to the programme.

Borrowing

In response to the expenditure and income movements outlined above the planned use of borrowing during the year has been reduced by £0.725m.

COMMENT

11. The projected shortfall of £0.100m represents 1.8% 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 £0.100m and that this will be managed and reported within the final accounts for the year.

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
17 April, 2024

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EAST RENFREWSHIRE COUNCIL**HOUSING CAPITAL PROGRAMME****PROGRESS REPORT****2023/24**

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 14.12.23	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE TO 31.12.23		EXPENDITURE PRIOR TO 31.03.23	PREVIOUS TOTAL COST	REVISED TOTAL COST
835000002	Renewal of Heating Systems	350	350	197	Work in progress	0	1,010	1,010
832000001	Rewiring (including smoke/carbon monoxide detectors)	385	385	144	Work in progress	0	602	602
831000002	External Structural Works	852	852	287	Phase 1 - work in progress. Phase 2 work programmed, revised procurement arrangements in place.	0	2,602	2,602
835000008	Estate Works	100	100	5	Work in progress	0	123	123
835000006	Energy Efficiency (Including Cavity Wall Insulation)	75	75	0	Work in progress	0	575	575
835000010	Aids and Adaptations	300	300	25	Work in progress	0	300	300
831500001	Internal Element Renewals (including kitchens, bathrooms and doors)	972	972	639	Work in progress	0	972	972
835000005	Communal Door Entry Systems	250	201	137	Work in progress	0	250	201
835000012	Sheltered Housing	352	352	139	Work in progress	0	1,702	1,702
830500003	Purchase of Property (Mortgage to Rent Acquisition)	155	155	0	Complete - payments outstanding	0	155	155
835000003	IT Systems	19	76	0	Work in progress	297	456	456
Grouped	Capital New Build Phase 1	220	130	6	Complete - payments outstanding	14,550	14,770	14,680

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COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 14.12.23	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE TO 31.12.23		EXPENDITURE PRIOR TO 31.03.23	PREVIOUS TOTAL COST	REVISED TOTAL COST
Grouped	Capital New Build Phase 2	1,750	1,661	1,494	Work in progress	11,629	45,321	45,321
N/A	Retentions	10	0	0		0	10	10
		5,790	5,609	3,073		26,476	68,848	68,709

EAST RENFREWSHIRE COUNCIL
HOUSING CAPITAL PROGRAMME 2023/24

PROGRESS REPORT

RESOURCES

	£'000
Borrowing	3,707
Commuted Sums - New Build	281
Grant - New Build Phase 2	751
Grant - Scottish Housing Net Zero Fund	218
Recharges to Owner Occupiers (including HEEPS grant)	100
Capital Receipts	350
Purchase of Property (Mortgage to Rent Acquisition)	102
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Total	5,509

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