

EAST RENFREWSHIRE COUNCIL26 June 2019Report 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 2019/20 Housing Capital Programme, approved on 28 February 2019, resulting from the finalisation of the previous year's programme and in light of subsequent information.

RECOMMENDATIONS

2. The Council is asked to:-
 - (a) note and approve the movements within the programme; and
 - (b) note that income and expenditure on the programme will be managed and reported on a regular basis.

CURRENT POSITION

3.	Total anticipated expenditure (Appendix A)	£10.560m
	Total anticipated resources (Appendix B)	<u>£10.560m</u>
	Shortfall	<u>£ 0m</u>

FINALISATION OF THE 2018/19 PROGRAMME

4. The finalisation of the previous year's capital programme has cash flow implications for the 2019/20 programme.
5. 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 the later timing of expenditure.

EXPENDITURE MOVEMENTS

6. The programme approved in February 2019 has increased from £52.023m to £52.597m for purely cash flow reasons between 2018/19 and 2019/20.
7. The expenditure has subsequently been reduced by £0.983m in the current financial year to reflect revised timing of expenditure. The main expenditure movements are:-

Revised Project Timing

- i. External Structural Works – Later start dates caused by weather conditions and delays in scaffolding works near a railway line has resulted in some planned 2018/19 expenditure totalling £0.225m falling into 2019/20

- ii. Estate Works – A longer tender process has resulted in £0.066m planned works now taking place in 2019/29 including wall works at Crosslees/Eastwood Court.
- iii. Energy Efficiency – £0.109m of planned expenditure has been brought forward to continue work to bring houses up to the Energy Efficiency Standard for Social Housing (ESSH).
- iv. Aids & Adaptations – This is demand led and an increased number of referrals resulted in an overspend of £0.047m in 2018/19. The 2019/20 budget has been reduced by this amount however the position will be monitored closely.
- v. Renewal of Heating Systems – Access difficulties along with a delay in installation of gas supplies by Scottish Gas Networks has resulted in a carry forward of expenditure of £0.152m to 2019/20.
- vi. Internal Elements & Communal Door Entry Systems – a total of £0.145m is carried forward to continue planned works which have been delayed due to access issues and involvement of private owners.
- vii. Sheltered Housing – a small underspend of £0.022m has been carried forward to complete planned works.
- viii. Purchase of Property – No suitable properties were identified in 2018/19 therefore a total of £0.025m is carried forward to support Compulsory Purchase Orders and Mortgage to Rent purchases in 2019/20 as required.
- ix. Capital New Build – this is a major construction project across a number of sites. Construction at Fenwick Drive and Robertson Street is complete with some residual works and retention payments to follow. Work at Blackbyres Road is progressing well with some advance spend in 2018/19 and is expected to complete later in the year. The site start at Balgraystone Road is now anticipated in January 2020 and will continue into 2020/21.

As a result of these timing movements the 2019/20 allocation for phase 1 has been reduced by £1.203m to £2.843m.

Phase 2 works will include a number of sites at Maidenhill with the main works not expected to commence until 2021. However some advance spend on the Barrhead Road site is now expected late in 2019/20 and as such an allocation of £0.100m has been moved to the current financial year.

The above reductions are not savings but simply a transfer of expenditure to the next financial year.

INCOME MOVEMENTS

- 8. Planned borrowing of £0.428m not utilised during 2018/19 has been made available within the current year to support the expenditure. Borrowing has been subsequently reduced by £0.325m in response to the reduced level of expenditure on new build houses. The net increase resulting from these two movements is £0.103m.

9. Commuted sums of £0.187m not utilised during 2018/19 to fund the expenditure on new builds also remain available to support 2019/20 programme. This has been increased by £0.001m to reflect revised number of units.
10. As a result of the reduced level of expenditure on the Balgraystone Road site, Scottish Government grant for phase 1 has been reduced by £0.800m. An increase of £0.100m is included for the advance work on phase 2 resulting in a net reduction in grant of £0.700m.

RECOMMENDATIONS

11. The Council is asked to:-
 - (a) note and approve the movements within the programme; and
 - (b) note 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/PP
20 June, 2019

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HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2019/2020

COST CODE	PROJECT NAME	LEG COMM	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
			CURRENT YEAR APPROVED AT 28.02.19	ADJUSTED FOR 2018/19 CASHFLOW	PROJECTED OUTTURN FOR CURRENT YEAR		SPENT PRIOR TO 31.03.19	PREVIOUS TOTAL COST	REVISED TOTAL COST
9487	Rewiring (including smoke/carbon monoxide detectors)	Y	645	642	642	Work in progress	0	642	642
9530	External Structural Works	Y	2,671	2,896	2,896	Work in progress	0	2,896	2,896
9486	Estate Works	Y	150	216	216	Work in progress	0	216	216
9483	Energy Efficiency (Including Cavity Wall Insulation)	Y	300	409	409	Work in progress	0	409	409
9488	Aids and Adaptations	Y	200	153	153	Ongoing - increased demand from HSCP referrals in 2018/19. Will be monitored closely	0	153	153
9227	Renewal of Heating Systems	Y	1,050	1,202	1,202	Work in progress	0	1,202	1,202
9447	Internal Element Renewals (including kitchens, bathrooms and doors) 2018/19	Y	1,057	1,180	1,180	Work in progress	0	1,180	1,180
9480	Communal Door Entry Systems		20	42	42	Work in progress	0	42	42
9489	Sheltered Housing	Y	520	542	542	Work in progress	0	542	542
9496	Purchase of Property (CPO/Mortgage to Rent Acquisition)		50	75	75	No suitable properties identified at this stage. Budget required to support CPO / MTR requirements.	0	75	75
	IT Systems		250	250	250		0	250	250
	Capital New Build Phase 1	Y	4,046	3,926	2,843	Work in progress	4,991	12,921	12,921
	Capital New Build Phase 2		0	0	100	Work to be programmed	0	17,371	17,371
	Retentions		10	10	10		0	10	10
		-	10,969	11,543	10,560		4,991	37,909	37,909

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EAST RENFREWSHIRE COUNCIL
HOUSING CAPITAL PROGRAMME 2019/20

Appendix B

PROGRESS REPORT

RESOURCES

	19/20 Revised £'000
Borrowing	8,325
Commuted Sums - New Build Phase 1	220
Grant - New Build Phase 1	1,200
Grant - New Build Phase 2	100
Recharges to Owner Occupiers (including HEEPS grant)	715
Total	<u>10,560</u>

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