

EAST RENFREWSHIRE COUNCILCABINET27 August 2020Report 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 30 June 2020 (Quarter 1) against the approved Capital Programme for 2020/21 and to recommend adjustments where necessary.

**RECOMMENDATIONS**

2. The Cabinet is asked to:-
  - note and approve the current movements within the programme; and
  - note the shortfall of £0.135m 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 2020-2025, reflecting changes to the programme detailed in the Strategic Housing Investment Programme (SHIP), particularly in relation to new build projects, was approved by Council on 27 February 2020.
  - Adjustments to the 2020/21 programme, reflecting timing movements resulting from the finalisation of the previous year's programme were approved by Council on 24 June 2020.

**CURRENT POSITION**

4.	Total anticipated expenditure (Appendix A)	£ 12.914m
	Total anticipated resources (Appendix B)	£ <u>12.779m</u>
	Shortfall	£ <u>0.135m</u>

**EXPENDITURE**

5. The total estimated expenditure for 2020/21 has reduced by £4.843m due to the following changes in respect of timing of expenditure and other adjustments.

## Building Works Programme – Existing Stock

The impact of COVID-19 resulted in a pause to much of the works in the early part of the financial year with expenditure to date of £0.115m (30/06/2020). No adjustments to projected outcomes have been made at this stage as officers begin to assess whether the existing stock programme remains achievable however there are likely to be some timing adjustments as work is progressed.

## Capital New Build – Phase 1 and 2

Within Phase 1 the construction at Fenwick Drive, Robertson Street and Blackbyres Road is complete. The remainder of the Phase 1 programme in 2020/21 includes Balgraystone Road., The Phase 2 sites include Commercial Road, Barrhead; Barrhead Road, Newton Mearns; and the first two sites at Maidenhill, Newton Mearns. An allocation for retention payments for the completed sites is included in the projected outturn (£0.133m)

The impact of COVID-19 has had a significant effect on the timing and cost of projects due to market forces, inflation and new safe ways of working. Progress has been delayed at all sites as a result of the difficulty to obtain tenders from sub-contractors, inability to undertake site investigations and the requirement to follow government guidance in order to safely mobilise site starts.

- **Balgraystone Road, Barrhead**  
Due to delays noted above, 2020/21 outturn for the project is likely to be £1.053m lower than the approved budget with some works now falling into future years. There has been a change to the housing mix to include some smaller flatted units which will reduce costs however, there are also likely to be additional costs as a result of COVID-19 related health and safety measures and other abnormal costs associated with this development. Officers will assess whether additional grant is available to cover these costs however at this stage the existing cost variations can be managed within the approved budget.
- **Barrhead Road, Newton Mearns**  
Some planning and site investigation now expected this year however main works will not commence until 2021/22. This has resulted in a total of £0.020m of the approved budget being brought forward to 2020/21.
- **Commercial Road, Barrhead**  
Some planning and site investigation now expected this year however main works will not commence until 2021/22. This has resulted in a total of £0.030m of the approved budget being brought forward to 2020/21.
- **The Maidehill site in Newton Mearns has 6 sites identified as Area 1 – Area 6 for the provision of affordable housing. The first two sites commencing development are Area 5 and Area 6.**
- **Maidenhill Area 5**  
Officers are hopeful that costs will remain in line with the Area 6 site below and a site start later in 2020 should be possible however no expenditure is anticipated in 2020/21 due to the acquisition basis and will now fall into 2021/22. Outturn for 2020/21 has been reduced from £2.160m to zero.

- Maidenhill Area 6  
Now on site but delays will result in a reduction in 2020/21 expenditure of £1.680m with the remaining works falling into 2021/22.

The impact of any changes will be reflected in the Housing Services 30 year Business Plan which is independently reviewed to ensure the programme remains affordable.

## INCOME

6. Resources to support the Housing Capital Programme have been adjusted to reflect the changes noted above.
  - Scottish Government New Build Grant – Revised timing of spend across the new build sites will result in a reduction of grant available in year of £1.720m.
  - Borrowing – Changes noted above in respect of project timing movements has resulted in a net reduction in borrowing of £3.123m for 2020/21.

## COMMENT

7. The projected shortfall of £0.135m represents 1.1% 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; and
  - note the shortfall of £0.135m 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  
12 August, 2020

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**EAST RENFREWSHIRE COUNCIL**

**HOUSING CAPITAL PROGRAMME**

**PROGRESS REPORT**

**2020/2021**

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
835000002	Renewal of Heating Systems	872	872	61	Work in progress	0	872	872
832000001	Rewiring (including smoke/carbon monoxide detectors)	938	938	5	Work in progress	0	938	938
831000002	External Structural Works	1,657	1,657	5	Work in progress	0	1,657	1,657
835000008	Estate Works	97	97	0	Work in progress	0	97	97
835000006	Energy Efficiency (Including Cavity Wall Insulation)	476	476	20	Work in progress	0	476	476
835000009	Aids and Adaptations	234	234	1	Work in progress	0	234	234
831500001	Internal Element Renewals (including kitchens, bathrooms and doors)	1,403	1,403	5	Work in progress	0	1,403	1,403
835000005	Communal Door Entry Systems	59	59	0	Work in progress	0	59	59
835000012	Sheltered Housing	978	978	18	Work in progress	0	978	978
N/A	Purchase of Property (CPO/Mortgage to Rent Acquisition)	25	25	0	Balance of ROTS budget approval - to be used to bring properties to higher standard	0	25	25
835000003	IT Systems	110	110	19	Work in progress	143	253	253
Grouped	Capital New Build Phase 1	5,232	4,179	99	First three sites complete with work in progress on remaining site	6,995	14,747	14,747
Grouped	Capital New Build Phase 2	5,666	1,876	19	Work in progress on first site	69	22,401	22,401

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**PROGRESS REPORT**

**2020/2021**

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	
N/A	Retentions	10	10	0	
		17,757	12,914	252	

TOTAL COST £'000		
SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
0	10	10
7,207	44,150	44,150

HOUSING CAPITAL PROGRAMME 2020/21PROGRESS REPORTRESOURCES

	21/21 Revised £'000
Borrowing	9,520
Grant - New Build Phase 1	2,000
Grant - New Build Phase 2	826
Recharges to Owner Occupiers (including HEEPS grant)	433
<b>Total</b>	<b><u>12,779</u></b>

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