

EAST RENFREWSHIRE COUNCILCABINET4 March 2021Report by Head of Accountancy (Chief Financial Officer) and Director of EnvironmentHOUSING CAPITAL PROGRAMME**PURPOSE OF REPORT**

1. The purpose of this report is to monitor expenditure as at 31 December 2020 (Quarter 3) 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:
 - The Housing Capital Programme for 2020-2025 was approved by Council on 27 February 2020.
 - Adjustments to the 2020/21 programme, reflecting timing movements across the new build programme, were approved by Council on 26 November 2020.
 - An update of the Strategic Housing Investment Programme (SHIP) was approved by Cabinet on 3 December 2020.

CURRENT POSITION

4.	Total anticipated expenditure (Appendix A)	£ 7.262m
	Total anticipated resources (Appendix B)	£ <u>7.127m</u>
	Shortfall	£ <u>0.135m</u>

EXPENDITURE

5. The total estimated expenditure for 2020/21 has reduced by £2.697m due to the following changes in respect of timing of expenditure and other adjustments.

Building Works Programme – Existing Stock

The impact of COVID-19 has resulted in delays to much of the planned works. Government restrictions on activity, revised working practices to enable works to be

carried out safely for both council staff and residents, and restricted access to properties have resulted in the following timing adjustments across the existing stock programme.

- Estate Works – reduction of £0.072m
- Energy Efficiency – reduced by £0.150m
- Aids & Adaptations – reduced by a further £0.050m
- Internal Element renewals (£0.718m reduction) – a delayed tender process and government restrictions has resulted in a later than envisaged start date
- Communal Door Entry – reduced by £0.020m to zero in the current year
- Sheltered Housing – reduced by a further £0.017m

Final outturn on these and the other lines may be negatively impacted by the timing of anticipated changes to current COVID-19 restrictions and any further safe working measures imposed.

Capital New Build – Phase 1 and 2

With construction at Fenwick Drive, Robertson Street and Blackbyres Road complete, the programme in 2020/21 includes Balgraystone Road, and the Phase 2 sites at Commercial Road, Barrhead; Barrhead Road, Newton Mearns; and the first two sites at Maidenhill. An allocation for retention payments for the completed sites is included in the projected outturn (£0.134m)

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. Further restrictions have resulted in the following adjustments to 2020/21 outturn:

- Balgraystone Road, Barrhead
The project started on site in late 2020 however progress has been delayed as a result of the above issues and outturn for 2020/21 has been reduced by £0.609m to £2.111m.
- Maidenhill Area 6
Work is underway on this site with the first batch of units in progress. A revised outturn of £0.910m in the current year is now expected (a decrease in previous estimates of £0.990m) for Area 6. Initial fees and site investigation for the other Phase 2 projects at Barrhead Road and Commercial Road make up the total projected outturn of £0.966m

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 – additional grant has been secured to assist with COVID-19 health and safety measures and some of the abnormal site costs identified at Balgraystone Road however grant drawn

down in the current year will reflect revised expenditure on this site. A reduction in grant drawn down also applies with regard to the reduced outturn for Maidenhill A6, resulting in a total decrease in grant of £1.022m. This will be drawn down to support spend in future years.

- Borrowing – Changes noted above in respect of project timing movements, transfers and grant adjustments has resulted in a net reduction in borrowing of £1.675m for 2020/21.

COMMENT

7. The projected shortfall of £0.135m represents 1.9% 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
11 March, 2021

BLANK PAGE

HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 26.11.20	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	446	446	0	Work in progress	0	872	872
832000001	Rewiring (including smoke/carbon monoxide detectors)	1,097	1,097	402	Work in progress	0	1,097	1,097
831000002	External Structural Works	1,833	1,833	509	Work in progress	0	1,833	1,833
835000008	Estate Works	97	25	7	works ongoing, delayed due to covid-19	0	97	97
835000006	Energy Efficiency (Including Cavity Wall Insulation)	300	150	56	works ongoing, delayed due to covid-19	0	300	300
835000009	Aids and Adaptations	100	50	14	works ongoing, delayed due to covid-19	0	234	234
831500001	Internal Element Renewals (including kitchens, bathrooms and doors)	1,076	358	77	works ongoing, delayed due to covid-19	0	1,244	1,244
835000005	Communal Door Entry Systems	20	0	0	works delayed due to covid-19	0	59	59
835000012	Sheltered Housing	35	18	18	works ongoing, delayed due to covid-19	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	39	39	First element complete, remainder will take place in 2021/22	143	253	253
Grouped	Capital New Build Phase 1	2,854	2,245	542	First three sites complete with work in progress on remaining site	6,995	14,747	14,747
Grouped	Capital New Build Phase 2	1,956	966	86	Works progressing at Maidenhill Area 6	69	22,401	22,401

38
EAST RENFREWSHIRE COUNCIL

Appendix A

HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT
		CURRENT YEAR APPROVED AT 26.11.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	
N/A	Retentions	10	10	0	
		9,959	7,262	1,750	

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

39
EAST RENFREWSHIRE COUNCIL
HOUSING CAPITAL PROGRAMME 2020/21

Appendix B

PROGRESS REPORT

RESOURCES

	20/21 Revised £'000
Borrowing	4,170
Grant - New Build Phase 1	2,111
Grant - New Build Phase 2	413
Recharges to Owner Occupiers (including HEEPS grant)	433
Total	<u>7,127</u>

BLANK PAGE