

EAST RENFREWSHIRE COUNCILCABINET25 November 2021Report 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 September 2021 (Quarter 2) against the approved Housing Capital Programme 2021/22 and to recommend adjustments where necessary.

**RECOMMENDATIONS**

2. The Council is asked to:-
  - note and approve the current movements within the programme;
  - note the shortfall of £0.160m 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:
  - Adjustments to the approved 2021/22 programme, reflecting timing movements resulting from the finalisation of the previous year's programme and re-phasing of 2021/22 expenditure were approved by Council on 30 June 2021 with a further update presented to Cabinet on 26 August 2021.

**CURRENT POSITION**

4.	Total anticipated expenditure (Appendix A)	£ 15.538m
	Total anticipated resources (Appendix B)	£ <u>15.378m</u>
	Shortfall	£ <u>0.160m</u>

COVID-19 and other market uncertainties continue to have an impact on the timing and cost of housing capital projects and some rescheduling is now required with an increase in tender costs also anticipated as we move forward.

Officers will continue to review the position and will provide further updates as part of the regular reporting process.

**EXPENDITURE**

5. The total estimated expenditure for 2021/22 has reduced by £3.029m due to the following changes in respect of timing of expenditure and other adjustments. A combination of Covid-19, Brexit, disruption to the supply chain & logistics, has resulted

in increased demand, labour and materials shortages which has delayed tendering and increased lead in times resulting in later start / re-start dates across the internal works programme.

- Renewal of Heating Systems (reduced by £0.033m) – A later start date will result in an element of this work falling into 2022/23.
- Rewiring (reduced by £0.087m) – works will continue into 2022/23
- External Structural Works (reduced by £0.357m) – A later start date will result in some of this work falling into 2022/23
- Energy Efficiency (reduced by £0.478m) – assessment of revised standards and requirements has resulted in a later tender process which will result in the majority of this work falling into 2022/23
- Internal Element renewals (£0.882m) – a delayed tender process and government restrictions has delayed these works and much of the internal work will now take place in 2022/23
- Communal Door Entry (reduced by £0.079m to zero) – delayed due to restrictions and the need to reach agreement with occupiers, this now won't go ahead until next year.
- Sheltered Housing (reduced by £1.013m) – internal works have been delayed to ensure they can be carried out safely and minimise any risk to residents. Majority of work will now take place in 2022/23 following revised tender process.
- Purchase of Property (CPO/MTR/ROTS) (Reduced from £0.074 to zero) – no purchases are planned in the current year. An element of this line was held for upgrades to recently acquired Rental off the Shelf units however the work has completed within other existing build allocations.

At this stage the total estimated expenditure has been reduced to £15.538m however as noted above there is an expectation that some further impact on timing and cost will be experienced. Actual Expenditure to date (30 September) is £6.737m of which £4.859m was on the new build programme which is continuing to progress well.

## **INCOME**

6. Resources to support the Housing Capital Programme have been adjusted to reflect the above changes
  - Purchase of Property (ROTS) grant – with no planned purchases, grant available to support this has been reduced to zero (from £0.025m). This is expected to remain available should an opportunity arise.
  - Borrowing – Reflecting lower revised outturn position, borrowing has been reduced by £3.004m in 2021/22. This will remain available to support the continuation of works in 2022/23.

## **COMMENT**

7. The projected shortfall of £0.160m represents 1.04% 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;
- note the shortfall of £0.160m 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  
9 December, 2021

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Appendix A

**HOUSING CAPITAL PROGRAMME**

**PROGRESS REPORT**

**2021/2022**

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 26.08.21	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.21	PREVIOUS TOTAL COST	REVISED TOTAL COST
835000002	Renewal of Heating Systems	613	580	170	Work in progress	0	613	613
832000001	Rewiring (including smoke/carbon monoxide detectors)	751	664	311	Work in progress	0	751	751
831000002	External Structural Works	1,987	1,630	1,180	Work in progress	0	1,987	1,987
835000008	Estate Works	171	150	116	Work in progress	0	171	171
835000006	Energy Efficiency (Including Cavity Wall Insulation)	508	30	5	Work in progress	0	508	508
835000009	Aids and Adaptations	327	322	73	Work in progress	0	327	327
831500001	Internal Element Renewals (including kitchens, bathrooms and doors)	1,657	775	0	Work programmed	0	1,657	1,657
835000005	Communal Door Entry Systems	79	0	0	Delayed to 2022/23	0	79	79
835000012	Sheltered Housing	1,383	370	23	Work in progress	0	1,383	1,383
830500003	Purchase of Property (CPO/Mortgage to Rent Acquisition)	74	0	0	No purchases planned	0	74	74
835000003	IT Systems	53	53	0		200	253	253
Grouped	Capital New Build Phase 1	3,934	3,934	2,815	Work at Balgraystone Road ongoing. 3 other sites complete	9,149	14,561	14,561
Grouped	Capital New Build Phase 2	7,020	7,020	2,044	First units at Maidenhill transferred into Council ownership Work ongoing here and other sites	202	39,469	39,469

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Appendix A

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**2021/2022**

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT
		CURRENT YEAR APPROVED AT 26.08.21	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	
N/A	Retentions	10	10	0	
		<b>18,567</b>	<b>15,538</b>	<b>6,737</b>	

TOTAL COST £'000		
SPENT PRIOR TO 31.03.21	PREVIOUS TOTAL COST	REVISED TOTAL COST
0	10	10
9,551	61,843	61,843

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**HOUSING CAPITAL PROGRAMME 2021/22**

Appendix B

**PROGRESS REPORT**

**RESOURCES**

	21/22 Revised <b>£'000</b>
Borrowing	9,756
Commuted Sums - New Build	795
Grant - New Build Phase 1	1,414
Grant - New Build Phase 2	3,110
Recharges to Owner Occupiers (including HEEPS grant)	303
Rental off the Shelf (ROTS)	-
<b>Total</b>	<b><u>15,378</u></b>

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