

EAST RENFREWSHIRE COUNCILCABINET15 March 2018Report 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 20 February 2018 against the approved Capital Programme for 2017/18 and to recommend adjustments where necessary.

RECOMMENDATIONS

2. The Cabinet is asked to:-
- (a) note and approve the movements within the programme; and
 - (b) note the shortfall of £36,000 and that this will be managed and reported within the final accounts for the year.

CURRENT POSITION

	£
3. Total anticipated expenditure (Appendix A)	5,594,000
Total anticipated resources (Appendix B)	<u>5,558,000</u>
Shortfall	<u>36,000</u>

EXPENDITURE MOVEMENTS

4. Expenditure has reduced by £1.769m below the level approved by Cabinet on 30 November 2017. The main expenditure movements are:-

Revised Project Timing

- i. External Structure Works – this project encompasses a number of contracts including external wall insulation work under the Scottish Government home energy efficiency programme (HEEPS) which provides grant towards the cost for private owners. Despite extensive consultation more owners than expected refused to participate in the grant funded work and procurement regulations required the tender documents to be amended in line with the revised address list. Consequently the start on site was delayed until March 2018. The work is scheduled to continue until July 2018 and planned expenditure during the current financial year has been reduced by £493,000.

- ii. Renewal of Heating Systems – this project encompasses a number of contracts including the conversion of a number of homes from electric to gas heating under the warm homes scheme. Progress on this particular contract has been delayed because it has taken longer than anticipated for Scottish Gas Networks to connect the properties to the gas main and for tenants to arrange to get gas meters installed (which only they can do), resulting in an expenditure reduction of £100,000. Planned expenditure on other heating contracts has been reduced by £48,000 as a result of it taking longer than expected to procure the new four year central heating installation framework. In total the planned expenditure during the current financial year has been reduced by £148,000.
- iii. Internal Elements – in the main the reduced level of expenditure is a result of delays related to the procurement of a “supply and install” contract for new windows. While this contract is now in place the works will continue into the following financial year. Planned expenditure during the current financial year has been reduced by £131,000.
- iv. Capital New Build – this is a major construction project which will be progressed over the next two to three years at four sites - Robertson Street, Fenwick Road, Blackbyres Court and Balgraystone Road. The project at Robertson Street is now on site. However the works at Fenwick Road and Blackbyres Court are now scheduled to start on site during the next financial year and the site start at Balgraystone is scheduled for autumn 2019. Planned expenditure during the current financial year has been reduced by £743,000.

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

INCOME MOVEMENTS

5. In line with the HRA revenue monitoring report being submitted to this Cabinet meeting a contribution from current revenue of £315,000 has been added to the programme.

6. In response to the reduced level of expenditure on new builds and the renewal of heating systems the related grant income for these projects has been reduced by £331,000 and £50,000 respectively.

7. In response to the reduced level of expenditure on external structural works the related income from owner occupiers has been reduced by £284,000.

8. As a consequence of the overall reduced level of expenditure and the above income movements the borrowing required to support the programme has been reduced by £1.4m. This resource remains available to support the expenditure transfer to 2018/19.

COMMENT

9. The projected shortfall of £36,000 represents 0.6% of the resources available and is within manageable limits.

RECOMMENDATIONS

10. The Cabinet is asked to:-
- (a) note and approve the movements within the programme; and
 - (b) note the shortfall of £36,000 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 0141 577 3123.

Cabinet Contact: Cllr T. Buchanan, Leader of the Council

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Margaret McCrossan
Head of Accountancy Services (Chief Financial Officer)
MMcC/PP
21 March, 2018

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HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2017/2018

Appendix A
20 February 2018

COST CODE	PROJECT NAME	LEG COMM	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
			CURRENT YEAR APPROVED 30.11.17	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.17	PREVIOUS TOTAL COST	REVISED TOTAL COST
9487	Rewiring (including smoke/carbon monoxide detectors)	Y	370	310	180	Work in progress	0	370	370
9530	External Structural Works	Y	2,843	2,350	2,162	Work in progress	0	3,019	3,019
9486	Estate Works	Y	120	120	88	Ongoing	0	120	120
9483	Energy Efficiency (Including Cavity Wall Insulation)	Y	114	114	99	Work in progress	0	114	114
9447	Aids and Adaptations	Y	200	200	93	Work in progress	0	248	248
9227	Renewal of Heating Systems	Y	1,008	860	551	Work in progress	0	1,008	1,008
9447	Internal Element Renewals (including kitchens, bathrooms and doors)	Y	731	600	384	Work in progress	0	731	731
9480	Communal Door Entry Systems		95	10	0	Work to be programmed	0	95	95
9489	Sheltered Housing	Y	220	170	82	Work in progress	0	555	555
9495	Divernia Way - CPO & Restoration Works	Y	52	51	51	Complete	13	65	65
9496	Purchase of Property (CPO/Mortgage to Rent Acquisition)	Y	127	81	81	Complete	0	127	81
9499	Capital New Build	Y	1,463	720	41	Work in progress	0	14,400	14,400
	Retentions		20	8	3		0	20	20
			7,363	5,594	3,815		13	20,872	20,826

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HOUSING CAPITAL PROGRAMME 2017/18

Appendix B
20 February 2018

PROGRESS REPORT

RESOURCES

	£'000
Borrowing	2,335
CFCR (Capital Funded from Current Revenue)	315
Receipts From Sale of Council Houses	1,700
Commuted Sums - Divernia Way CPO	52
Commuted Sums - New Build	300
Grant - Mortgage to Rent Acquisition	52
Grant - New Build	324
Grant - Warm Homes Fund	40
Recharges to Owner Occupiers (including HEEPS grant)	440
Total	5,558

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