

EAST RENFREWSHIRE COUNCILCABINET25 October 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 7 September 2018 against the approved Capital Programme for 2018/19 and to recommend adjustments where necessary.

RECOMMENDATIONS

2. The Cabinet is asked to:-

- (a) approve the transfer of £90,000 from the Communal Door Entry Systems project to Estate Works;
- (b) note and approve the movements within the programme; and
- (c) note the shortfall of £85,000 and that this will be managed and reported on a regular basis.

CURRENT POSITION

3.	Total anticipated expenditure (Appendix A)	£ 10,316,000
	Total anticipated resources (Appendix B)	<u>10,231,000</u>
	Shortfall	<u>85,000</u>

EXPENDITURE MOVEMENTS

4. Expenditure has reduced by £2.193m below the level approved by Council on 27 June 2018. The main expenditure movements are:-

Revised Project Timing

- i. Rewiring including Smoke Detectors – this budget includes £171,000 to fund the installation of smoke detectors in line with new legislation and/or guidance expected from the Scottish Government. This guidance, originally expected during September 2018, has been delayed and is not now expected until January 2019. It is considered prudent not to procure this contract until it is clear what the requirements will be and as a consequence planned expenditure of £171,000 has been deferred until 2019/20.

- ii. External Structure Works – this project encompasses a number of contracts including structural improvement works at 31 mixed tenure properties in Barnes Street, Barrhead and external wall insulation work under the Scottish Government home energy efficiency programme (HEEPS).

As reported to Cabinet at its meeting on 1 December 2016 the structural improvement works originally planned for the properties at Barnes Street, Barrhead are more complex and costly than originally anticipated. The works were deferred until a more detailed option appraisal exercise was undertaken. While the procurement exercise for this contract is expected to conclude this financial year the works are not expected to start on site before February 2019. The work is scheduled to continue into 2019/20 and planned expenditure during the current financial year has been reduced by £440,000.

The HEEPs programme provides grant assistance towards the cost of external wall insulation work for private owners. It has taken longer than originally anticipated to consult with owners and identify those willing to participate in the scheme this financial year. Procurement regulations required the tender documents to be amended in line with the revised address list and consequently a start on site is not expected before February 2019. The work is scheduled to continue into 2019/20 and planned expenditure during the current financial year has been reduced by £250,000.

The combined expenditure reduction during the current financial year resulting from both Barnes Street and HEEPs works is £690,000.

- iii. Sheltered Housing – the option appraisal exercise instructed to determine how best to progress central heating renewal in three complexes over a 4 to 5 year period is now complete and the consultant's report has been received. Consultation with tenants is required before progressing with the procurement exercise and as a consequence planned expenditure of £465,000 has been deferred until 2019/20.
- 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 projects at Robertson Street and Fenwick Road are both on site and expected to be completed this financial year. However the works at Blackbyres Court are now scheduled to start on site during October/November 2018 and continue into next financial year. The site start at Balgraystone Road is scheduled for autumn 2019. Planned expenditure during the current financial year has been reduced by £935,000.

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

Budget Transfer

- v. The Communal Door Entry Systems project requires the agreement of owners before the installation of close door and/or door entry systems. Following consultation we cannot proceed with as large a programme as originally envisaged. There is ongoing pressure on the budget for estate

works which funds the renewal of retaining walls, fencing, paths, bin stores, etc. This work is both needed and is valued by tenants. It is therefore recommended that £90,000 is transferred from the Communal Door Entry Systems project to Estate Works.

INCOME MOVEMENTS

5. In response to the reduced level of expenditure on new builds the related grant and commuted sums income for these projects has been reduced by £444,000 and £85,000 respectively.
6. Following the award of additional grant the Warm Homes Fund has been increased by £68,000.
7. In response to the reduced level of expenditure on external structural works the related income from owner occupiers has been reduced by £252,000.
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 £1.480m. This resource remains available to support the expenditure transfer to 2019/20.

COMMENT

9. The projected shortfall of £85,000 represents 0.8% of the resources available and is within manageable limits.

RECOMMENDATIONS

10. The Cabinet is asked to:-
 - (a) approve the transfer of £90,000 from the Communal Door Entry Systems project to Estate Works;
 - (b) note and approve the movements within the programme; and
 - (c) note the shortfall of £85,000 and that this will be managed and reported on a regular basis.

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
24 October, 2018

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HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2018/2019

COST CODE	PROJECT NAME	LEG COMM	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
			CURRENT YEAR APPROVED 27.06.18	PROJECTED OUTFURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.18	PREVIOUS TOTAL COST	REVISED TOTAL COST
9487	Rewiring (including smoke/carbon monoxide detectors)	Y	426	255	44	Work in progress	314	740	740
9530	External Structural Works	Y	2,962	2,272	862	Work in progress	2,338	5,300	5,300
9486	Estate Works	Y	150	240	0	Ongoing - recommended £90k is transferred from Communal Door Entry Systems	0	150	240
9483	Energy Efficiency (Including Cavity Wall Insulation)	Y	300	300	43	Work in progress	0	300	300
	Aids and Adaptations	Y	198	198	0	Ongoing	0	198	198
9227	Renewal of Heating Systems	Y	1,028	1,096	349	Work in progress - £68k increase funded by grant income	806	1,834	1,902
9447	Internal Element Renewals (including kitchens, bathrooms and doors) 2018/19	Y	898	898	0	Work in progress	0	898	898
9480	Communal Door Entry Systems		140	50	0	Work to be programmed - recommended £90k transferred to Estate Works	0	140	50
9489	Sheltered Housing	Y	562	97	10	Work to be programmed	213	775	775
9496	Purchase of Property (CPO/Mortgage to Rent Acquisition)		75	75	0	Work to be programmed	0	75	75
9499	Capital New Build Phase 1	Y	5,500	4,565	1,045	Work in progress	544	14,400	14,400
	Capital New Build Phase 2		250	250	0	Work to be programmed	0	16,200	16,200
	Retentions		20	20	0		0	20	20

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HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2018/2019

Appendix A
 7 September 2018

COST CODE	PROJECT NAME	LEG COMM	ANNUAL COSTS £'000			COMMENT
			CURRENT YEAR APPROVED 27.06.18	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	
			12,509	10,316	2,353	

TOTAL COST £'000		
SPENT PRIOR TO 31.03.18	PREVIOUS TOTAL COST	REVISED TOTAL COST
4,215	41,030	41,098

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HOUSING CAPITAL PROGRAMME 2018/19

Appendix A
7 September 2018

PROGRESS REPORT

RESOURCES

	£'000
Borrowing	6,870
Receipts From Sale of Council Houses	196
Commuted Sums - New Build Phase 1	417
Grant - New Build Phase 1	2,166
Grant - Warm Homes Fund	151
Recharges to Owner Occupiers (including HEEPS grant)	431
Total	<u>10,231</u>

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