

EAST RENFREWSHIRE COUNCILCABINET23 March 2017Report 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 1 March 2017 against the approved Capital Programme for 2016/17 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 £26,000 and that this will be managed and reported within the final accounts for the year.

CURRENT POSITION

	£
3. Total anticipated expenditure (Appendix A)	4,803,000
Total anticipated resources (Appendix B)	<u>4,777,000</u>
Shortfall	<u>26,000</u>

INCOME MOVEMENTS

4. Estimated capital receipts from right-to-buy sales have been increased by £300,000 above the level reported to Cabinet on 1 December 2016. This increase reflects both experience to date and the anticipated year-end position.

5. Scottish Government grant income of £450,000 and a drawdown of £300,000 from commuted sums (2nd homes council tax discount) have been added to the programme to fund the purchase of additional "rented off the shelf" dwellings. This amendment was reported to Cabinet on 26 January 2017.

6. As reported to Cabinet on 1 December 2016 the Housing service has secured grant of £318,000 from the Scottish Government's capital acceleration programme to fund central heating improvements. This income has been added to the programme resources.

7. The purchase of the "off the shelf properties" referred to in paragraph 4 required increased borrowing of £150,000. The decision to increase borrowing was homologated by Cabinet on 26 January 2017. However in response to the increased level of capital receipts from right-to-buy sales and the overall reduced level of estimated expenditure during the current financial year borrowing has been reduced by £1.625m. The net reduction is £1.475m.

EXPENDITURE MOVEMENTS

8. Expenditure has reduced by £101,000 below the level approved by Cabinet on 1 December 2016. The main expenditure movements are:-

Increases

- i. Renewal of Heating Systems – following the award of grant from the Scottish Government’s capital acceleration programme and in line with the report submitted to Cabinet on 1 December 2016 planned expenditure during the current financial year has been increased by £318,000.
- ii. Purchase of Property (Rental off the Shelf) – in line with the decision homologated by Cabinet on 26 January 2017 a provision of £900,000 has been added to the programme for the purchase of additional “rented off the shelf” dwellings.

Revised Project Timing

- iii. External Structure Works – this project has not progressed as originally expected and planned expenditure during the current financial year has been reduced by £1.059m. This project encompasses a number of contracts and the reduced level of expenditure is for a number of reasons:-
 - External wall insulation work under the Scottish Government home energy efficiency programme (HEEPS) valued at £530,000 required the appointment of an external consultant to prepare the tender documentation. The overall process from appointment of the consultant to completing the tender documentation took much longer than estimated. The contract for the structural work was awarded at the end of February and will continue until June 2017.
 - Procurement regulations prevented the Council from issuing further work valued at £270,000 to the existing 2016/17 roof and render contract. The planned work will now be issued under the 2017/18 contract.
 - As a result of extensive unforeseen works at Gilmour Street and Montgomery Court planned structural improvements of £100,000 will continue into 2017/18.
 - The balance of £159,000 represents re-phasing of expenditure on a number of smaller structural improvement works including gutter/fascia/soffit replacement, resolution of dampness related issues, investigations into structural cracking and works to resolve them. These works have been rescheduled to 2017/18.
- iv. Rewiring – planned expenditure has been reduced by £64,000 during the current financial year. In the main this is a result of close rewires being rescheduled to 2017/18.

- v. Energy Efficiency – it was originally intended to use this budget to fund central heating and insulation improvements. Following the successful bid for grant funding to cover some of these costs expenditure of £75,000 will be transferred to the next financial year to fund further energy efficiency improvements.

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

COMMENT

- 9. The projected shortfall of £26,000 represents 0.5% 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 £26,000 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 I. McAlpine, Convener for Corporate Services Tel. 0141 638 3860

Margaret McCrossan
Head of Accountancy Services (Chief Financial Officer)
MMcC/PP
9 March, 2017

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Appendix A
1 March 2017

HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2016/2017

COST CODE	PROJECT NAME	LEG COMM	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
			CURRENT YEAR APPROVED 29.09.16	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.16	PREVIOUS TOTAL COST	REVISED TOTAL COST
9487	Rewiring (including smoke/carbon monoxide detectors)	Y	322	258	180	Work in progress	900	1,222	1,222
9530	External Structural Works	Y	2,549	1,490	1,155	Work in progress	4,923	7,747	7,747
9486	Estate Works	Y	110	100	57	Work in progress	0	110	110
9483	Energy Efficiency (Including Cavity Wall Insulation)	Y	125	50	7	Work in progress	0	125	125
9447	Aids and Adaptations	Y	274	250	180	Work in progress	0	274	274
9227	Renewal of Heating Systems	Y	643	961	461	Work in progress	1,541	2,184	2,502
9447	Internal Element Renewals (including kitchens, bathrooms and doors)	Y	588	588	248	Work in progress	0	688	688
9480	Communal Door Entry Systems	Y	67	20	20	Complete for 2017/18	38	105	105
	Sheltered Housing		55	15	0	Work to be programmed	0	235	235
9491	Mobile/Agile Working	Y	21	21	21	Complete	142	163	163
9495	Divernia Way - CPO & Restoration Works		65	65	7	Ongoing	0	65	65
9496	Purchase of Property (Mortgage to Rent Acquisition)		65	65	62	Complete - payments outstanding	0	65	65
9493	Purchase of Property (Off-the-Shelf Rental)		0	900	73	Amendment to programme reported to Cabinet 26 January and Council 9 February 2017	0	0	900
	Retentions		20	20	1		0	20	20

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HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2016/2017

Appendix A
 1 March 2017

COST CODE	PROJECT NAME	LEG COMM	ANNUAL COSTS £'000			COMMENT
			CURRENT YEAR APPROVED 29.09.16	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	
			4,904	4,803	2,472	

TOTAL COST £'000		
SPENT PRIOR TO 31.03.16	PREVIOUS TOTAL COST	REVISED TOTAL COST
7,544	13,003	14,221

HOUSING CAPITAL PROGRAMME 2016/17

Appendix B
1 March 2017

PROGRESS REPORT

RESOURCES

	£'000
Borrowing	2,017
Receipts From Sale of Council Houses	1,100
Commuted Sums - Divernia Way CPO	65
Commuted Sums - 2nd Homes Council Tax Discount (Mortgage to Rent Acquisition)	31
Commuted Sums - 2nd Homes Council Tax Discount (Off-the-Shelf Purchases)	300
Grant (Mortgage to Rent Acquisition)	34
Grant (Off-the-Shelf Purchases)	450
Grant (Central Heating)	318
Recharges to Owner Occupiers	462
Total	<u>4,777</u>

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