

EAST RENFREWSHIRE COUNCIL28 June 2017Report by the Chief Financial Officer and Director of EnvironmentHOUSING CAPITAL PROGRAMME**PURPOSE OF REPORT**

1. The purpose of this report is to recommend adjustments to the 2017/18 Housing Capital Programme, approved on 9 February 2017, resulting from finalisation of the previous year's programme and in light of subsequent information.

RECOMMENDATIONS

2. The Council is asked to:-

- (a) note and approve the movements within the programme; and
- (b) note the shortfall of £64,000 and that this will be managed and reported on a regular basis.

CURRENT POSITION

3.	Total anticipated expenditure (Appendix A)	£ 9,876,000
	Total anticipated resources (Appendix B)	<u>9,812,000</u>
	Shortfall	<u>64,000</u>

FINALISATION OF THE 2016/17 PROGRAMME

4. The finalisation of the previous year's capital programme has cash flow implications for the 2017/18 programme i.e. any unfinished works will now be completed during 2017/18.

5. Appendix A shows the effect of this cash flow adjustment on the expenditure. This is not new or additional expenditure but simply an adjustment to reflect the later timing of expenditure.

INCOME MOVEMENTS

6. Additional resource of £1.7m representing the estimated capital receipts from right-to-buy sales during 2017/18 has been added to the programme. This increase is based on actual receipts, missives concluded and offers issued to tenants to date. Progress on right-to-buy applications is discussed further within paragraph 12 of this report.

7. The planned borrowing of £1.427m not utilised during 2016/17 has been made available within the current year to support the expenditure. In line with the approach outlined in paragraph 12 of this report, borrowing has been subsequently reduced by £1.7m in response to the increased income from right to buy sales. The net reduction resulting from these two movements is £273,000.

8. The drawdown from commuted sums of £52,000 not utilised during 2016/17 is also available within the current year to support the expenditure on the “Divernia Way – CPO Restoration Works” project.

9. Grant income of £52,000 awarded by the Scottish Government to support expenditure on a “mortgage to rent” acquisition has been added to the programme. The mortgage to rent scheme is a means by which the Council can assist homeowners who are experiencing financial difficulties and who are likely to become homeless. It provides the Council with the opportunity to purchase the property and charge rent to the existing occupiers.

EXPENDITURE MOVEMENTS

10. The programme approved in February 2017 has increased from £8.281m to £9.824m for purely cash flow reasons between 2016/17 and 2017/18.

11. In addition in line with the resource increase outlined in paragraph 8 the expenditure provision for the purchase of property (CPO/Mortgage to Rent) has been increased by £52,000.

COMMENT

12. As outlined in paragraph 6 increased resource of £1.7m representing the estimated receipts from right-to-buy sales during 2017/18 has been added to the programme. The closing date for applications under the right-to-buy scheme was 31 July 2016. The Council received a substantial increase in applications leading up to this date and there are number of applications still in progress. As reported to Cabinet 29th September, 2016 management have assessed the impact on the HRA business model and consider it prudent to reduce the level of borrowing in line with any further increases in capital receipts. The level of capital receipts and the impact on the HRA business model, including the reduced rental income, will continue to be monitored closely.

13. The projected shortfall of £64,000 represents 0.7% of the resources available and is within manageable limits.

RECOMMENDATIONS

14. The Council is asked to:-

- (a) note and approve the movements within the programme; and
- (b) note the shortfall of £64,000 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.

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

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HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2017/2018

COST CODE	PROJECT NAME	LEG COMM	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
			CURRENT YEAR APPROVED 09.02.17	ADJUSTED FOR 2016/17 CASHFLOW	PROJECTED OUTTURN FOR CURRENT YEAR		SPENT PRIOR TO 31.03.17	PREVIOUS TOTAL COST	REVISED TOTAL COST
9487	Rewiring (including smoke/carbon monoxide detectors)	Y	0	102	102	Work in progress	1,120	1,222	1,222
	Rewiring (including smoke/carbon monoxide detectors) 2017/18		268	268	268	Work to be programmed	0	268	268
9530	External Structural Works	Y	275	1,285	1,285	Work in progress	6,462	7,747	7,747
	External Structural Works 2017/18		1,734	1,734	1,734	Work to be programmed	0	1,734	1,734
9486	Estate Works	Y	120	120	120	Work to be programmed	0	120	120
9483	Energy Efficiency (Including Cavity Wall Insulation)	Y	200	314	314	Work in progress	11	325	325
9447	Aids and Adaptations	Y	230	248	248	Work in progress	0	248	248
9227	Renewal of Heating Systems	Y		56	56	Work in progress	2,446	2,502	2,502
	Renewal of Heating Systems 2017/18		569	569	569	Work to be programmed	0	569	569
9447	Internal Element Renewals (including kitchens, bathrooms and doors)	Y	100	171	171	Work in progress	517	688	688
	Internal Element Renewals (including kitchens, bathrooms and doors) 2017/18		560	560	560	Work to be programmed	0	560	560
	Communal Door Entry Systems		50	95	95	Work to be programmed	0	95	95
	Sheltered Housing		500	555	555	Work to be programmed	0	555	555
9495	Divernia Way - CPO & Restoration Works	Y	0	52	52	Ongoing	13	65	65

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EAST RENFREWSHIRE COUNCIL

Appendix A
14 June 2017

HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2017/2018

COST CODE	PROJECT NAME	LEG COMM	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
			CURRENT YEAR APPROVED 09.02.17	ADJUSTED FOR 2016/17 CASHFLOW	PROJECTED OUTTURN FOR CURRENT YEAR		SPENT PRIOR TO 31.03.17	PREVIOUS TOTAL COST	REVISED TOTAL COST
9496	Purchase of Property (CPO/Mortgage to Rent Acquisition)		75	75	127	Ongoing - increased funded by additional grant income	0	75	127
	Capital New Build		3,600	3,600	3,600	Work to be programmed	0	14,400	14,400
	Retentions		0	20	20		0	20	20
			8,281	9,824	9,876		10,569	31,193	31,245

HOUSING CAPITAL PROGRAMME 2017/18

PROGRESS REPORT

RESOURCES

	£'000
Borrowing	5,274
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	1,710
Recharges to Owner Occupiers (including HEEPS grant)	724
Total	9,812

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