

EAST RENFREWSHIRE COUNCIL

30 June 2021

Report by the Head of Accountancy (Chief Financial Officer) and Director of Environment

HOUSING CAPITAL PROGRAMME

**PURPOSE OF REPORT**

1. The purpose of this report is to recommend adjustments to the 2021/22 Housing Capital Programme, approved on 25 February 2021, resulting from the 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 current movements within the programme;
  - (b) 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:
  - A revised Housing Capital Programme for 2021-2031, reflecting changes to the programme detailed in the updated Strategic Housing Investment Programme (SHIP) was approved by Council on 25 February 2021.

**CURRENT POSITION**

4.	Total anticipated expenditure (Appendix A)	£ 18.567m
	Total anticipated resources (Appendix B)	£ <u>18.407m</u>
	Shortfall	£ <u>0.160m</u>

The impact of COVID-19 continues to have a significant effect on the timing and cost of projects. The Council's capacity to deliver planned projects in the current year remains under review and a degree of rescheduling may be required. The next capital report will provide an update of the position as matters become clearer.

**FINALISATION OF THE 2020/21 PROGRAMME**

5. The finalisation of the previous year's capital programme has cash flow implications for the 2021/22 programme.
6. 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 revised timing of expenditure.

**EXPENDITURE**

7. The programme approved in February 2021 has increased from £18.498m to £20.029m for purely cash flow reasons between 2020/21 and 2021/22.
- This in the main reflects timing variations across the existing stock programme totalling £0.601m, and variations on the new build programme of £0.924m as a result of the timing of the transfer of completed affordable housing units at the Maidenhill sites.
  - Projected outturn for the year has subsequently been revised downwards to £18.567m, reflecting the delayed progress on the various new build sites. These delays are predominantly as a result of availability of materials and labour.

**INCOME**

8. Resources to support the Housing Capital Programme have been adjusted to reflect the changes noted above.
- Borrowing for the year has been adjusted upwards to reflect timing variation of spend and resources. This is not additional borrowing and reflects the borrowing unused in 2020/21. Borrowing has been further increased to reflect revised the timing of capital grant receipts with an element of these now expected in 2022/23. This will be matched by a decrease in 2022/23 borrowing.
  - Scottish Government New Build Grant – A reduction in grant claimed in 2020/21 reflecting the timing of the handover of the first units at Maidenhill and the timing of expenditure at Balgraystone Road has been matched by an increase in 2021/22 grant. Grant has subsequently been reduced to £4.524m with grant anticipated for sites at Commercial Road and Barrhead road now expected in 2022/23.
  - Recharges to Owners – income in 2020/21 was less than budgeted and this has been matched by an increase in income in 2021/22.

**COMMENT**

9. The projected shortfall of £0.160m represents 0.81% of the resources available and is within manageable limits.

**PARTNERSHIP WORKING**

10. This report has been prepared following consultation with appropriate staff from Housing Services.

**RECOMMENDATIONS**

11. The Council is asked to:-

- (a) note and approve the current movements within the programme;
- (b) 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  
24 June, 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 27.02.21	ADJUSTED FOR 2020/21 CASHFLOW	PROJECTED OUTTURN FOR CURRENT YEAR		SPENT PRIOR TO 31.03.21	PREVIOUS TOTAL COST	REVISED TOTAL COST
835000002	Renewal of Heating Systems	600	613	613	Work in progress	0	600	613
832000001	Rewiring (including smoke/carbon monoxide detectors)	250	751	751	Work in progress	0	250	751
831000002	External Structural Works	1,769	1,987	1,987	Work in progress	0	1,769	1,987
835000008	Estate Works	172	171	171	Work in progress	0	172	171
835000006	Energy Efficiency (Including Cavity Wall Insulation)	450	508	508	Work in progress	0	450	508
835000009	Aids and Adaptations	384	327	327	Work in progress	0	384	327
831500001	Internal Element Renewals (including kitchens, bathrooms and doors)	1,776	1,657	1,657	Work in progress	0	1,776	1,657
835000005	Communal Door Entry Systems	79	79	79	Work in progress	0	79	79
835000012	Sheltered Housing	1,395	1,383	1,383	Work in progress	0	1,395	1,383
830500003	Purchase of Property (CPO/Mortgage to Rent Acquisition)	50	74	74		0	50	74
835000003	IT Systems	71	53	53		200	253	253
Grouped	Capital New Build Phase 1	5,212	5,303	3,934	Work at Balgraystone Road ongoing. 3 other sites complete	9,149	14,561	14,561
Grouped	Capital New Build Phase 2	6,280	7,113	7,020	First units at Maidenhill transferred into Council ownership in April 2021. Work ongoing here and other sites	202	39,469	39,469

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Appendix A

**HOUSING CAPITAL PROGRAMME**

**PROGRESS REPORT**

**2021/2022**

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT
		CURRENT YEAR APPROVED AT 27.02.21	ADJUSTED FOR 2020/21 CASHFLOW	PROJECTED OUTTURN FOR CURRENT YEAR	
N/A	Retentions	10	10	10	
		<b>18,498</b>	<b>20,029</b>	<b>18,567</b>	

TOTAL COST £'000		
SPENT PRIOR TO 31.03.21	PREVIOUS TOTAL COST	REVISED TOTAL COST
0	10	10
9,551	61,218	61,843

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**HOUSING CAPITAL PROGRAMME 2021/22**

Appendix B

**PROGRESS REPORT**

**RESOURCES**

	21/22 Revised <b>£'000</b>
Borrowing	12,760
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)	25
<b>Total</b>	<b><u>18,407</u></b>

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