

EAST RENFREWSHIRE COUNCILCabinet5th October 2023Report by the Chief Financial Officer and Director of EnvironmentHOUSING CAPITAL PROGRAMME**PURPOSE OF REPORT**

1. The purpose of this report is to monitor both income and expenditure as at 30 June 2023 against the approved Housing Capital Programme and to recommend adjustments where required.

RECOMMENDATIONS

2. The Cabinet is asked to recommend that Council:-
 - note and approve the movements within the programme; and
 - note the shortfall of £188,000 and that income and expenditure on the programme will be managed and reported on a regular basis.

BACKGROUND

3. The Housing Capital Programme for 2023-2033 was approved by Council on 1 March 2023.
4. Movements on the 2023/24 programme were approved by Council on 28 June 2023, including a number of changes resulting from the finalisation of the outturn position for the previous financial year.
5. This report updates project costs and phasings based on progress to date and anticipated to 31 March 2024.
6. As highlighted in previous reports, in general, construction costs are rising faster than general inflation due to shortages of materials and labour and also due to bidders factoring in additional risk in their pricing.
7. Consequently, we are constantly monitoring project expenditure so that additional cost pressures on key projects can be covered by deferring or reducing other projects to compensate.

CURRENT POSITION

- | | | |
|----|--|-----------------|
| 8. | Total anticipated expenditure (Appendix A) | £ 7.801m |
| | Total anticipated resources (Appendix B) | £ <u>7.613m</u> |
| | Shortfall | £ <u>0.188m</u> |

EXPENDITURE

9. The estimated expenditure has reduced by £0.600m below the level reported to Council on 28 June 2023.
10. This expenditure reduction relates solely to the Sheltered Housing works. This project covers a range of works at various sheltered complexes including lift replacement, warden call systems and central heating systems. As previously reported to Cabinet only essential energy efficiency type works are being progressed and less urgent works deferred while the Council await revised energy efficiency guidance from the Scottish Government. As a result estimated expenditure during the current financial year has been reduced by £0.600m. This is not a cost saving but simply a transfer of expenditure to a future financial year.

INCOME

11. Resources to support the programme have been adjusted as follows:-
 - Grant – Scottish Housing Net Zero Fund
The Council has secured grant support of £0.218m to undertake a pilot project to carry out fabric upgrades to 14 properties. The project aims to ensure that each property has a level B energy performance certificate following completion of the improvement works. The expenditure for this initiative is already included in the External Structural Works project.
 - Borrowing
In light of the expenditure and income movements outlined above the planned use of borrowing during the year has been reduced by £0.818m.

COMMENT

12. The projected shortfall of £0.188m represents 2.5% of the resources available and is within manageable limits.

PARTNERSHIP WORKING

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

RECOMMENDATIONS

14. The Cabinet is asked to recommend that Council:-
 - note and approve the movements within the programme; and
 - note the shortfall of £188,000 and that income and expenditure on the programme will be managed and reported on a regular basis.

Further information is available from Paul Parsons, Principal Accountant – Capital, telephone 07741 701 451.

Margaret McCrossan
Head of Accountancy Services (Chief Financial Officer)
MMcC/PP
20 September, 2023

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EAST RENFREWSHIRE COUNCIL**HOUSING CAPITAL PROGRAMME****PROGRESS REPORT****2023/24**

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 28.06.23	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE TO 30.06.23		EXPENDITURE PRIOR TO 31.03.23	PREVIOUS TOTAL COST	REVISED TOTAL COST
835000002	Renewal of Heating Systems	350	350	21	Work in progress	0	1,010	1,010
832000001	Rewiring (including smoke/carbon monoxide detectors)	385	385	14	Work in progress	0	602	602
831000002	External Structural Works	1,852	1,852	82	Work programmed, revised procurement arrangements in place.	0	2,602	2,602
835000008	Estate Works	100	100	5	Work in progress	0	123	123
835000006	Energy Efficiency (Including Cavity Wall Insulation)	75	75		Work in progress	0	575	575
835000010	Aids and Adaptations	200	200	2	Work in progress	0	200	200
831500001	Internal Element Renewals (including kitchens, bathrooms and doors)	972	972	-58	Work in progress	0	972	972
835000005	Communal Door Entry Systems	250	250	88	Work in progress	0	250	250
835000012	Sheltered Housing	1,702	1,102	111	Work in progress	0	1,702	1,702
830500003	Purchase of Property (CPO/Mortgage to Rent Acquisition)	155	155		1 property identified - progress subject to grant confirmation	0	155	155
835000003	IT Systems	159	159		Work in progress	297	456	456
Grouped	Capital New Build Phase 1	229	229		Complete - payments outstanding	14,550	14,779	14,779
Grouped	Capital New Build Phase 2	1,962	1,962	20	Work in progress	11,629	45,321	45,321
N/A	Retentions	10	10			0	10	10
		8,401	7,801	285		26,476	68,757	68,757

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