



Report

Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	30 September 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget Monitoring 2021/2022 - Housing Capital Programme
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1. Purpose of Report

1.1. The purpose of the report is to:

- ♦ update members of the Financial Resources Scrutiny Forum of progress on the Council's Housing Capital Programme for the period covering 1 April 2021 to 13 August 2021.

2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation:

- (1) that the physical and financial progress of the Housing Capital Programme be noted.

3. Background

3.1. The Capital reports attached provide detail on the position as at 13 August 2021 from both a financial and physical perspective.

3.2. Appendix A shows the financial position of the Housing Capital Programme, with the physical progress detailed in Appendix B.

4. Housing Capital Programme 2021/2022

4.1. **2021/22 Budget:** The revised Housing Capital Programme for the year was £94.360 million, as approved by the Executive Committee on 23 June 2021.

4.2. As advised previously, the New Build Housing Programme has now been reviewed and it is proposed that projects totalling £14.720 million move into financial year 2022/23. This reflects revised timescales and estimated completion dates across a number of sites including: the former Craighbank Primary (£6m) which has experienced planning delays due to Nature Scotland objections; Kirk Street, Strathaven (£1m), East Kilbride Community Growth Area (£1m) and East Whitlawburn, Regeneration HUB South West (£3m) where negotiations and legal discussions have resulted in delays; and finally, the Bent Hall Farm, Shields Road site (£3m) where a fire affected 4 units on the site and caused delays to the construction programme.

4.3. Funding totalling £14.720 million for these projects will also move into 2022/2023 being borrowing (£12.478m) and government grant (£2.242m).

- 4.4. As a result, a revised programme of £79.640 million was approved by the Executive Committee on 22 September 2021. Programmed funding for the year also totals £79.640 million. The funding sources are also detailed in Appendix A.
- 4.5. Given the ongoing issues around material shortages and steep price increases, the timescales for the Housing Investment Programme (HIP) are now also being considered and a revised position will be presented to a future meeting of the Executive Committee for approval, if required.
- 4.6. **Period 5 Position:** Appendix A also shows the position on the Housing Programme as at 13 August 2021. Budget for the period is £26.079 million and spend to 13 August 2021 amounts to £26.065 million.
- 4.7. Programmed funding for the year totals £79.640 million. As at 13 August 2021, actual funding of £26.065 million had been received.

5. Contract Prices

- 5.1. As with the General Services Capital Programme, the construction materials supply chain for the Housing Programme has been subject to the same unprecedented disruption due to the Coronavirus (COVID-19) Pandemic, with the risk of significant impact on the delivery of the Housing capital and maintenance / repair programmes.
- 5.2. As reported previously, recent experience is that tenders have been submitted significantly above our expectations, especially in relation to the Housing Fabric programme. As noted at section 4.5, Housing and Technical Resources are currently reviewing whether this work should continue in the short term, knowing that these prices will be inflated and materials difficult to source.
- 5.3. Further updates will be provided in the coming months with any significant increases in contract values for the Housing Programme being brought to members' attention.

6. Employee Implications

- 6.1. There are no employee implications as a result of this report.

7. Financial Implications

- 7.1. The financial implications are detailed in section 4 of this report.

8. Climate Change, Sustainability and Environmental Implications

- 8.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

9. Other Implications

- 9.1. The main risk associated with the Council's Capital Programme is an overspend. The risk has been assessed as low given the detailed project management plans prepared and monitored for each project. The risk of overspend is managed through four weekly Investment management meetings.
- 9.2. As noted at Section 5, the Coronavirus (COVID-19) Pandemic has led to material shortages, longer lead times and steep price increases and this will continue to impact the supply chain for the foreseeable future. The impact of this will be monitored through the four weekly investment management meetings. Further updates will be reported in the coming months with any significant increases in contract values being brought to members' attention.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and therefore no impact assessment is required.
- 10.2. There was also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

14 September 2021

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective and Efficient and Transparent

Previous References

- Executive Committee, 23 June 2021
- Executive Committee, 22 September 2021

List of Background Papers

- Capital Ledger prints to 13 August 2021

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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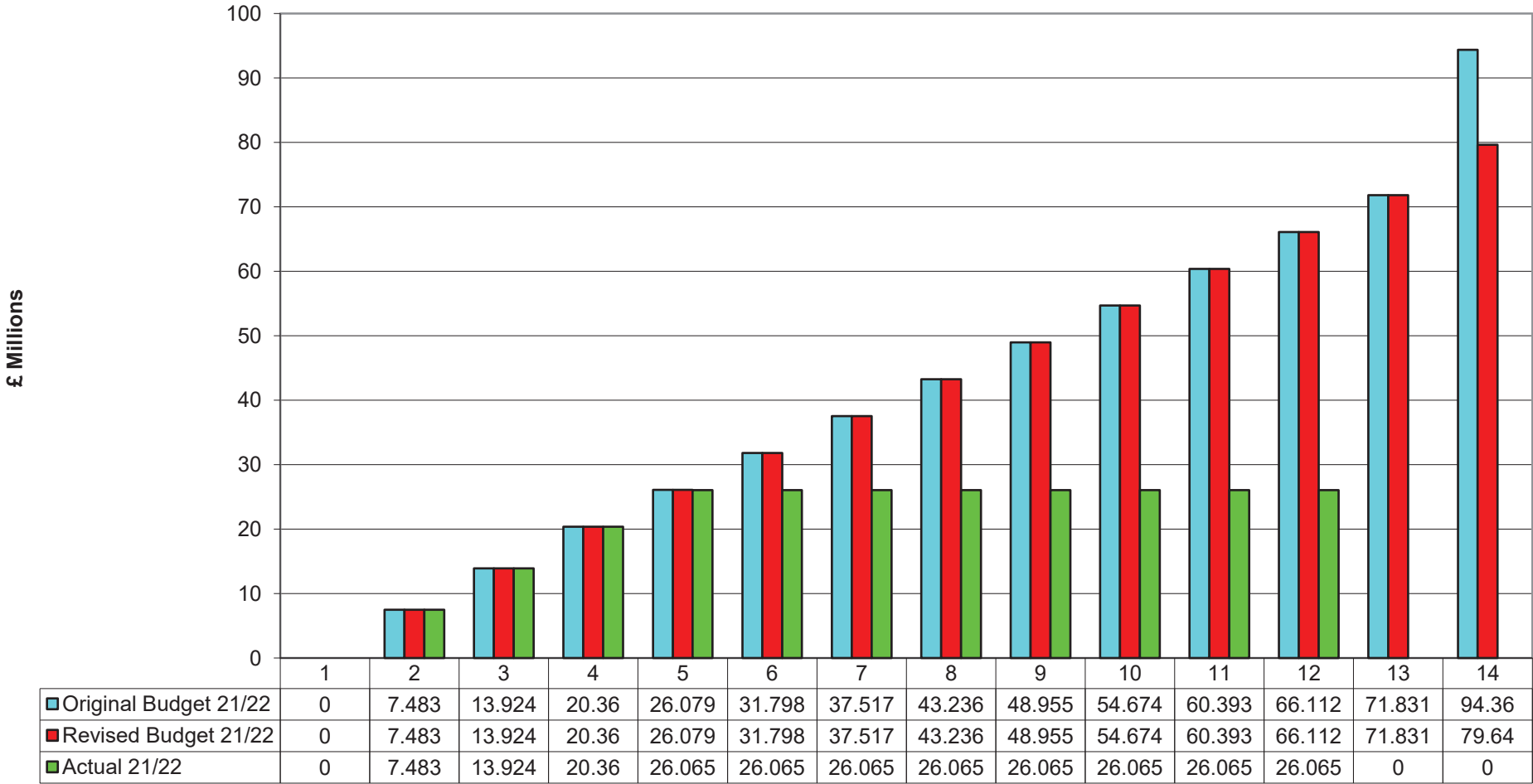
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SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2021/22
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2021 TO 13 AUGUST 2021

Appendix A

	<u>2021/22</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2021/22</u> <u>Budget to</u> <u>13/08/21</u> <u>£m</u>	<u>2021/22</u> <u>Actual to</u> <u>13/08/21</u> <u>£m</u>
Expenditure			
2021/2022 Budget	79.640	26.079	26.065
inc carry forward from 2020/21			
Income	<u>2021/22</u> <u>Annual</u> <u>Budget</u> <u>£m</u>		<u>2021/22</u> <u>Actual to</u> <u>13/08/21</u> <u>£m</u>
Capital Funded from Current Revenue	19.637		19.637
Prudential Borrowing	50.532		5.622
Scottish Government Specific Grant			
- New Build	7.191		0.806
- Open Market Purchase Scheme	2.160		0.000
- Mortgage to Rent	0.120		0.000
	79.640		26.065

HRA Capital Expenditure Profile Graph 21/22



Housing Capital Programme 2021/22

Build Variance Explanations

<u>Project Name</u>	<u>Status</u>	<u>Variance Explanation</u>
Strathcona House - Internal Area Upgrade	Behind Programme	Delays experienced with tender production.
Stonefield / Burnbrae / Kelvin Gardens - Veranda Refurbishment	Behind Programme	Delays experienced with tender production.
Various Properties Clydesdale – Window and Door Replacement	Behind Programme	Delayed due to Covid -19 related issues.
Newlandsmuir, East Kilbride – Re-roofing	Behind Programme	Completion of two properties delayed due to nesting birds/bats.
Various Properties, East Kilbride - Window and Door Replacement	Behind Programme	Delayed due to Covid -19 related issues.
Master Fire Door Replacement	Behind Programme	Project delayed due to slow progress of sub-contractor.