



Report

Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	29 October 2020
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget Monitoring 2020/2021 - 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 2020 to 14 August 2020.

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 14 August 2020 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. Update to 2020/21 Programme

4.1. As noted in the last report to this Forum (20 August 2020), the starting budget for the 2020/2021 Housing Capital Programme, including carry forward, is £97.303 million. The two main elements of this capital programme were the continuation to plan and undertake the works needed to keep Council homes to the SHQS and improve the quality of housing for tenants in line with the requirements of EESSH (£26.537 million) and a significant work stream to increase the supply of Council housing (£70.766 million).

4.2. As well as the delays in projects caused by lock down, it is also anticipated that there will be protracted timescales for projects while works are subject to the social distancing regime and a potential increase in costs associated with new working practices.

4.3. For the Housing Capital Programme, current estimates from Housing and Technical Resources estimate an **outturn of circa £48.172 million**.

4.4. This figure includes a revised forecast for increasing the supply of Council housing of £30.039 million, based on a combination of delayed or interrupted site start dates and elongated work delivery schedules as a result of Covid-19. This will therefore require

£40.727 million to be carried forward into future financial years to complete the original plans. This figure does not include any potential increase in costs associated with new working practices as a result of Covid-19. Any impact of this will require to be incorporated into the revised thirty year HRA business plan.

- 4.5. The revised forecast for the remaining planned expenditure of £26.537 million has been reduced to £13.268 million, in line with the current Building Services expectations on the revenue repairs programme of being able to deliver 6 months of the originally planned workload during 2020/21. This is an ambitious goal for the service and detailed plans are continuing to be developed and adapted as further government guidance is provided.
- 4.6. In addition to the planned works, there will be higher costs incurred. For HRA capital this is estimated at around £4.865 million at present. This is included in the revised programme of £48.172 million.
- 4.7. **2020/21 Funding:** As noted above the revised overall expenditure requires a revised funding package to match the £48.172 million expenditure planned.
- 4.8. A key element of this year's funding package was Scottish Government grant – Additional Council Houses to deliver the Scottish Government's increased supply targets. A revised forecast based on the revised plans should allow for grant of £19.924 million to be achieved. This is continuously monitored as part of regular meetings with the Scottish Government. The balance of £4.722 million will slip into future financial years.
- 4.9. The remaining slippage in funding is in relation to planned borrowing (£43.095m) and CFCR (£1.314m) for 2020/21 totalling £44.409m and reflects the impact of 4.6 noted above.

5. Employee Implications

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

6. Financial Implications

- 6.1. Appendix A summarises the position on the Housing programme. As detailed in Section 4 above the revised capital programme for the year is £48.172 million. Programmed funding for the year also totals £48.172 million.
- 6.2. Appendix A also shows the spend position on the Housing Programme as at 14 August 2020 totalling £8.991 million.
- 6.3. As at 14 August 2020, actual funding of £8.991 million has been received.

7. Climate Change, Sustainability and Environmental Implications

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

8. Other Implications

- 8.1. 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.
- 8.2. There are no implications for sustainability in terms of the information contained in this report.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. 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.
- 9.2. 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)

13 October 2020

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective and Efficient and Transparent

Previous References

- Executive Committee, 23 September 2020

List of Background Papers

- Capital Ledger prints to 14 August 2020

Contact for Further Information

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

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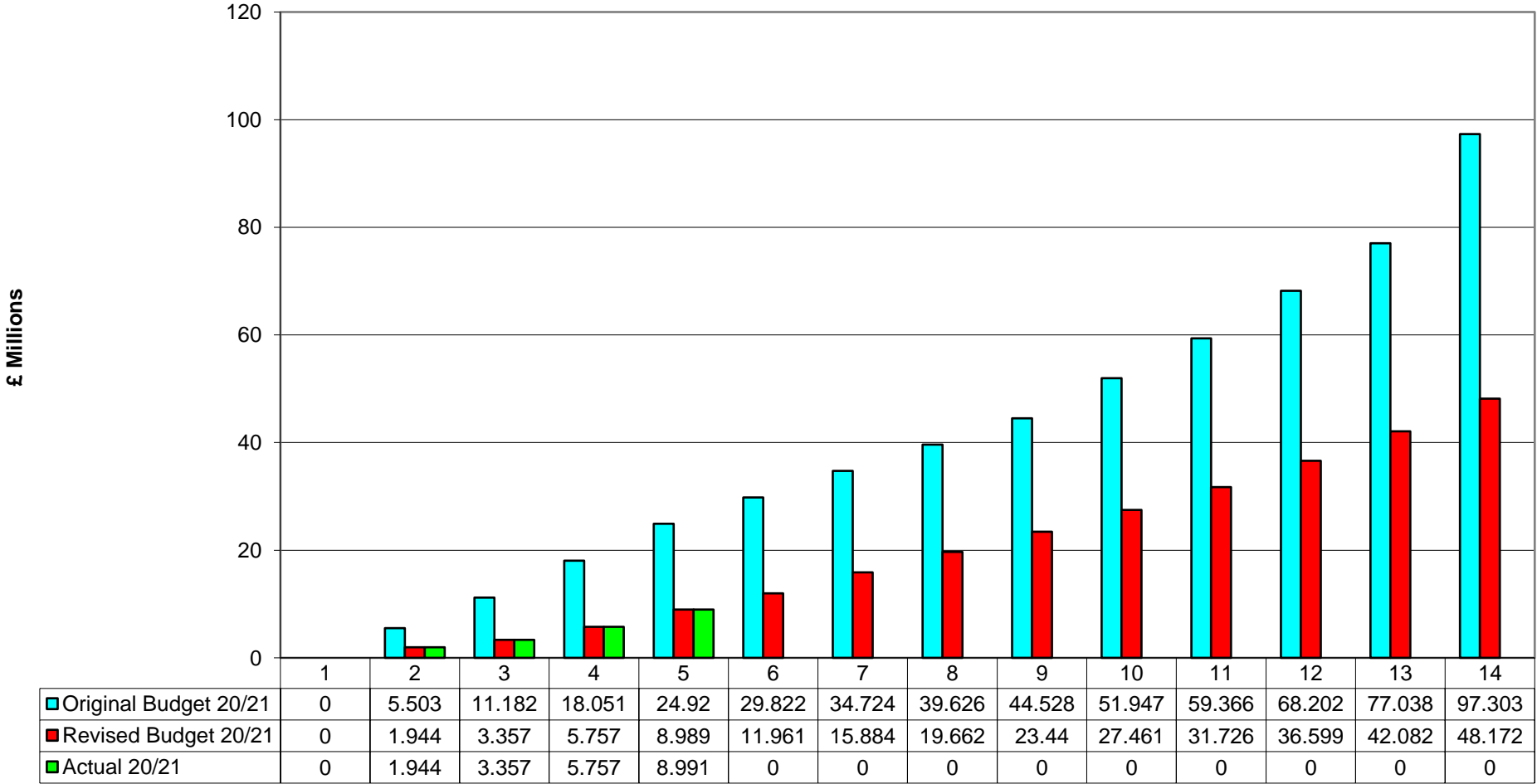
SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/21
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 14 AUGUST 2020

Appendix A

	<u>2020/21</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2020/21</u> <u>Budget to</u> <u>14/08/20</u> <u>£m</u>	<u>2020/21</u> <u>Actual to</u> <u>14/08/20</u> <u>£m</u>
Expenditure			
2020/2021 Budget	48.172	8.989	8.991

Income	<u>2020/21</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2020/21</u> <u>Actual to</u> <u>14/08/20</u> <u>£m</u>
Capital Funded from Current Revenue	18.134	8.991
Prudential Borrowing	9.994	0.000
Specific Grant		
- Scottish Government – New Council House	18.124	0.000
- Scottish Government – Open Market Purchase Scheme	1.800	0.000
- Scottish Government – Mortgage to Rent	0.120	0.000
	48.172	8.991

HRA Capital Expenditure Profile Graph 20/21



Housing Capital Programme 2020/21

Build Variance Explanations

<u>Project Name</u>	<u>Status</u>	<u>Variance Explanation</u>
Kyle Court, Cambuslang - Upgrade of Communal Areas	Behind Programme	Tender to be re-issued due to Covid-19 guidelines.
Various Houses and Blocks - Carluke - Newlands Terrace & Hozier Street, Carluke	Behind Programme	Tender to be re-issued due to Covid-19 guidelines.
East Kilbride Package 98 - External Fabrics	Behind Programme	Delay with surveys and design due to Covid-19.
Springhall External Fabric Repairs Phase 2	Behind Programme	Delay due to exceptionally wet weather and Covid-19.
Cairns, Cambuslang - External Fabric Repairs	Behind Programme	Delay due to exceptionally wet weather and Covid-19.
Kilncroft Terrace, Douglas – Fencing	Behind Programme	Delayed due to Covid-19.
Newlandsmuir, East Kilbride - Re-roofing	Behind Programme	Delayed due to Covid-19.
Ladybank Sheltered Housing Complex - Internal Common Area Upgrade	Behind Programme	Delayed due to Covid-19.
John Smith Sheltered Housing Complex - Common Area Upgrade	Behind Programme	Delay due to exceptionally wet weather affecting external works and Covid-19.