

# AGENDA ITEM No. 3

## NORTH LANARKSHIRE COUNCIL

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### 1. INTRODUCTION

- 1.1 The final report prepared by the North Lanarkshire Housing Officers' Working Group identified two priority issues in relation to the Housing Capital Programme which require to be considered by the Shadow Authority :
- a) The basis on which the 1996/97 Housing Capital Programme submission to the Scottish Office is prepared and future Capital Programmes determined; and
  - b) The detail of the 1996/97 Capital Programme and Annual Policy Statement to be submitted to the Scottish Office later this year.
- 1.2 The purpose of this report is to examine both of these issues as they relate to the HRA Capital Programme and outline appropriate proposals for consideration by the Shadow Authority.

### 2. 1996/97 CAPITAL PROGRAMME SUBMISSION - BASIS OF PREPARATION

- 2.1 Very shortly the Scottish Office will issue to each of the new unitary Councils details of the Resource Planning Assumptions on which Capital Programmes and Annual Policy Statement submissions should be made by sometime in November/December. Following consideration of these submissions the Scottish Office will early in 1996 announce details of the final capital allocation comprising a defined limit of borrowing consent and a capital receipt target for income from house sales and the disposal of land and other housing assets.

- 2.2 To avoid disruption to existing major capital improvement and repair programmes the Housing Officers' Working Group recommended that future capital budgets should be prepared based on a continuation of existing financial arrangements and identified investment priorities within each of the merging authorities.

To achieve this it will be necessary to agree a basis on which firstly the Resource Planning Assumption is distributed across the existing authorities, and thereafter for each of the existing authorities to prepare programmes based on these resource assumptions before finally consolidating all of these programmes in a comprehensive document to the Scottish Office.

- 2.3 The simplest and more importantly the fairest way in which to distribute the Resource Planning Assumption would be on the basis of previously determined figures issued by the Scottish Office as illustrated in Table 1 below :-

<u>Central Resource Assumption</u>	<u>Motherwell</u>		<u>Monklands</u>		<u>Cumbernauld &amp; Kilsyth</u>		<u>Strathkelvin (Part)</u>		<u>Total</u>	
	£000	%	£000	%	£000	%	£000	%	£000	%
1995/96	16,100	51.4	12,200	39.0	1,600	5.1	1,404	4.5	31,304	100
1996/97	16,200	51.6	12,200	38.8	1,600	5.1	1,404	4.5	31,404	100
1997/98	16,200	52.1	12,000	38.6	1,500	4.8	1,377	4.5	31,077	100
1998/99	16,200	52.1	12,000	38.6	1,500	4.8	1,377	4.5	31,077	100
1999/00	16,200	52.1	12,000	38.6	1,500	4.8	1,377	4.5	31,077	100
	<u>80,900</u>	<u>51.9</u>	<u>60,400</u>	<u>38.7</u>	<u>7,700</u>	<u>4.9</u>	<u>6,939</u>	<u>4.5</u>	<u>155,939</u>	<u>100</u>
% Distribution		51.9		38.7		4.9		4.5		100

Table 1  
DISTRIBUTION OF CENTRAL RESOURCE ASSUMPTIONS 1995/96 -> 1999/00

- 2.4 The figures included in the above Table for Strathkelvin have been calculated based on the percentage of total housing stock being transferred to North Lanarkshire (27%) against the resource assumption determined for that authority as a whole in recent years.
- 2.5 Table 2 illustrates how these figures could be used to distribute the resource assumption once this is announced by the Scottish Office using an amount of £31m as an example.

	<u>% Distribution per Table 1</u>	<u>Distribution £000</u>
Motherwell	51.9	16,089
Monklands	38.7	11,997
Cumbernauld & Kilsyth	4.9	1,519
Strathkelvin (Part)	4.5	1,395
Total	<u>100</u>	<u>31,000</u>

Table 2  
ILLUSTRATION OF DISTRIBUTION OF CENTRAL RESOURCE ASSUMPTION

### 3. FINANCING FUTURE CAPITAL PROGRAMMES

3.1 The preceding section of the report has outlined the recommended way in which the Scottish Office Resource Planning Assumption should be distributed for the purpose of preparing spending proposals to be submitted to the Scottish Office. It will also be necessary to agree the basis on which future capital programmes will actually be financed after the capital allocation is determined by the Scottish Office.

3.2 The resource planning assumption incorporates allowances for borrowing consent and capital receipts which are the two main elements of the final capital allocation. Another major source of capital funding outwith the aforementioned is any contribution to the capital programme from the Housing Revenue Account which is mainly financed from housing rent income i.e. Revenue Contribution to Capital.

3.3 Given the significant differences between house rent levels within each of the merging authorities, it is recognised that rationalisation of rent levels and consolidation of Housing Revenue Accounts will be a gradual process. Consistent with this approach it would also therefore be appropriate to ring-fence the following elements of capital finance within each of the existing District Council Housing Revenue Accounts :-

- Revenue Contribution to Capital
- Capital Receipts

3.4 Such an approach would mean that the new authority would only require to decide on a basis of distributing the borrowing consent announced by the Scottish Office. This could be done in one of two ways :

#### Option 1

Based on the level of resource planning assumptions as outlined in Section 2 of this report; or

#### Option 2

Based on actual borrowing consent levels achieved over recent years within each of the merging authorities.

3.5 Since Option 1 takes account of capital receipt levels, Option 2 is preferred since it focuses purely on borrowing consent. Table 3 illustrates how this could be applied.

<u>Borrowing Consent</u>	<u>Motherwell</u>		<u>Monklands</u>		<u>Cumbernauld &amp; Kilsyth</u>		<u>Strathkelvin (Part)</u>		<u>Total</u>	
	£000	%	£000	%	£000	%	£000	%	£000	%
1992/93	6,316	61.8	2,980	29.1	630	6.2	299	2.9	10,225	100
1993/94	6,357	62.6	3,010	29.6	297	2.9	495	4.9	10,159	100
1994/95	5,212	57.7	3,052	33.8	383	4.2	382	4.3	9,029	100
1995/96	5,336	53.9	3,820	38.5	201	2.0	553	5.6	9,910	100
Total	23,221		12,862		1,511		1,729		39,323	
%Distribution		59.1		32.7		3.8		4.4		100

ILLUSTRATION OF DISTRIBUTION OF BORROWING CONSENT

TABLE 3

- 3.6 In summary future capital programmes would be financed as follows within each of the districts until such times as investment plans, revenue accounts and rent levels are rationalised.

<u>Source of Finance</u>	<u>Basis of Determination</u>
Borrowing Consent	Distributed in accordance with the percentages detailed in Table 3.
Capital Receipts	Actual level of receipts generated within the district.
Revenue Contribution	Actual level of contribution financed from revenue account and more specifically rent income.

- 3.7 A similar approach could also be adopted for the Non HRA Capital Programme.

#### 4. COMPOSITION OF FUTURE CAPITAL PROGRAMMES

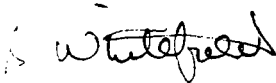
- 4.1 As previously stated it will be necessary for the new Council's Capital Programme to be initially determined and managed in accordance with the existing District Council areas, merging to form the new authority. It is recognised that this approach is not a feasible long term solution which will require to take account of :

- any change in housing management arrangements e.g. area office and divisional structures
- any change in Committee structures with responsibility for resource allocation e.g. Area Committees
- the relative needs of the merging areas and the possible need to more effectively target resources to address strategic priorities.

- 4.2 In the meantime the main task will be to aggregate each of the plans already set out by the four authorities in their Housing Plan submissions last year and as adjusted to reflect any changes identified or required in the intervening period. A copy of the Motherwell, Monklands, Cumbernauld & Kilsyth and Strathkelvin programmes is attached at Appendix 1 to 4 respectively, whilst Appendix 5 illustrates how these programmes could be combined within one programme for the purpose of the Scottish Office submission. It must be stressed that the figures contained within each of the programmes in the appendices are only for illustration at this stage and will be subject to further revision prior to submission to Committee later this year. Further work will also be required to consolidate other items to be set out in the Policy Statement such as capital programme summary, output targets and the progress review for 1995/96.

5. SUMMARY AND RECOMMENDATIONS

- 5.1 With ever increasing pressure on diminishing capital resources set aside by Central Government for housing it is imperative that the new Council is in a position to submit a high quality Annual Policy Statement and effectively targeted capital programmes. It is fortunate that all merging authorities have well defined programmes already in place to tackle the identified housing problems within each of their areas, and this makes the foregoing task much easier.
- 5.2 This report has set out various proposals to enable the new authority to maintain the current momentum in so many key aspects of housing investment which are crucial in meeting the expectations of many residents of the area. In summary it is recommended that :
- a) In the short term the capital programmes as they relate to each existing authority continue, financed as far as possible within the resources available in each of the areas.
  - b) Resource Planning Assumptions established by the Scottish Office should be distributed as outlined in paragraph 2.3 of this report for the purpose of drawing up capital programme submissions.
  - c) Each merging authority be requested to prepare capital programmes to correspond with the allocation of resources at (b) and that these programmes be combined for the purpose of the submission to the Scottish Office as illustrated at Appendix 5.
  - d) Future HRA capital programmes be financed as outlined at paragraph 3.5 until such times as programmes and revenue financing arrangements are rationalised across the new authority.
  - e) Budgetary and financing arrangements for the Non HRA Capital Programme be on the same basis as for those recommended above for the HRA Capital Programme.



G Whitefield

Appendix 1

<u>MOTHERWELL</u>		
<u>1996/97 HRA Capital Programme</u>		
<u>Estate Regeneration</u>	£000	£000
Gowkthrapple	200	
Jewel Scheme	50	
Tannochside	1,500	
Muirhouse	1,500	
North Forgewood	400	
North Motherwell	200	
	-----	3,850
<u>Energy Efficiency</u>		
Heating ad-hoc	600	
Heating	1,400	
Heating Grants	20	
Insulation Schemes	200	
Tower Block Refurbishment	1,900	
Window Replacement	2,100	
	-----	6,220
<u>Major Repairs &amp; Environmental</u>		
Lift Replacement	200	
Major Repairs	1,000	
Misc/Pilot	30	
Modernisation/Envs	300	
Non Traditional Houses	200	
Rosemary Roof Tiles	320	
Re-Roofing (Flat Roofs)	1,000	
Water Mains	0	
	-----	3,050
<u>Home Safety and Security</u>		
Door Entry/CCTV	50	
Rewiring	600	
	-----	650
<u>Community Care</u>		
Community Alarms	50	
Aids & Adaptations	200	
Special Needs	100	
	-----	350
<u>Homeless Initiatives</u>		200
<u>Housing Management</u>		
Computer Development	100	
Decentralisation	20	
	-----	120
<u>Miscellaneous</u>		
Decoration Allowances	200	
Home Loans	20	
Professional Fees	1,540	
	-----	1,760
		<u>16,200</u>

Appendix 2MONKLANDS1996/97 HRA Capital Programme

	£000
Land Acquisition	25
New Build - Special Needs Learning	400
- Dementia	400
- Very Sheltered	34
Conversion/Adaptations - Disabled	50
Aids - Disabled	20
Alarms	50
Homelessness	57
Structural Repairs	350
Roof Repair/Renewal	1,225
External Fabric Repair	150
Window Replacement	800
Central Heating	250
Insulation - Floors/Roof	300
Rewiring	600
Environmental Works	100
Towers overcladding	2,302
Shop Improvements	100
Refuse Disposal	20
Asbestos Removal	50
Lead Plumbing	20
Concierge to High Rise	325
Home Security	20
Door Entry	117
Mortgage Lending	121
Demolition	100
Urban Regeneration - Metal Fences	109
Urban Regeneration - External Painterwork/R/Cost	300
Old Monklands	200
Holehills	100
Joint Housing Venture	1,100
Disturbance Payments	200
Professional Services/Fees	1,600
Energy Advice/Dev	250
Emergency Lighting	80
House Sales Admin	75
Housing Office HQ	50
Miscellaneous Expenditure C/F	150
	<hr/>
	12,200
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CUMBERNAULD & KILSYTH1996/97 HRA CAPITAL PROGRAMME

	£000
Acquisition of Dwellings	35
Disabled Conversions	40
Community Alarms	4
Roof Renewal	80
Window Replacement	1,161
Environmental Improvements	50
Heating - Replace Obsolete Systems	50
Door Entry Systems	15
Fees	125
Retention Payments	75
	<u>1,635</u>

N.B. Programme takes no account of acquisition costs etc for Development Corporation stock should transfer proceed during October 1996. The Scottish Office has confirmed that supplementary comment will be provided to meet acquisition costs.



Appendix 4

STRATHKELVIN  
1996/97 HRA CAPITAL PROGRAMME

	<u>£000</u>	<u>27%</u> <u>£000</u>
New Build - Sheltered Housing	1,485	401
- Medium Dependency	90	24
- Disabled	90	24
Conversion - Disabled	15	4
Roof Repair/Renewal Painterwork	1,220	329
External Fabric Repair	400	108
Window Replacement	250	68
Bathroom/Kitchen Renewal	200	54
Central Heating	100	27
Rewiring	1,000	270
Environmental Works	300	81
Smoke Detectors	5	1
	<u>5,155</u>	<u>1,391</u>
		(Note 1)

Note 1 Proportion allocated to NLC based on percentage of housing stock transferring (27%). Actual amounts allocated against each programme heading will however vary depending on the locations of some of the major programmes e.g. Sheltered Housing. The detail of this allocation is currently being examined within Strathkelvin D.C.

**NORTH LANARKSHIRE COUNCIL**  
**1996/97 HOUSING CAPITAL PROGRAMME**  
**Based on Central Resource Assumptions**

Appendix 5

PROJECT	Motherwell £000	Monklands £000	C K D C £000	Strathkelvin £000	TOTAL £000
<b>ESTATE REGENERATION</b>					
Gowkthrapple	200	0	0	0	200
Jewel Scheme	50	0	0	0	50
Tannochside	1500	0	0	0	1500
Muirhouse	1500	0	0	0	1500
North Forgewood	400	0	0	0	400
North Motherwell	200	0	0	0	200
Old Monklands	0	200	0	0	200
Holehills	0	100	0	0	100
Joint Housing Venture	0	1100	0	0	1100
<b>Sub Total</b>	<b>3850</b>	<b>1400</b>	<b>0</b>	<b>0</b>	<b>5250</b>
<b>ENERGY EFFICIENCY</b>					
Heating Ad-Hoc	600	0	50	0	650
Heating	1400	250	0	27	1677
Heating Grants	20	0	0	0	20
Insulation Schemes	200	0	0	0	200
Tower Block Refurbishment	1900	2302	0	0	4202
Window Replacement	2100	800	1161	68	4129
Energy Advice / Dev	0	250	0	0	250
Insulation - Floors / Roof	0	300	0	0	300
<b>Sub Total</b>	<b>6220</b>	<b>3902</b>	<b>1211</b>	<b>95</b>	<b>11428</b>
<b>MAJOR REPAIRS &amp; ENVIRONMENTALS</b>					
Lift Replacement	200	0	0	0	200
Major Repairs	1000	500	0	108	1608
Misc/Pilot	30	300	0	0	330
Modernisation/Envs	300	100	50	81	531
Non-Traditional Houses	200	0	0	0	200
Rosemary Roof Tiles	320	0	0	0	320
Re-Roofing (Flat Roofs)etc	1000	1225	80	329	2634
Water Mains	0	20	0	0	20
Shop Improvements	0	100	0	0	100
Refuse Disposal	0	20	0	0	20
Bathroom/Kitchen Renewal	0	0	0	54	54
Urban Regeneration - Metal Fences	0	109	0	0	109
External Painterwork / Roughcast	0	300	0	0	300
<b>Sub Total</b>	<b>3050</b>	<b>2674</b>	<b>130</b>	<b>572</b>	<b>6426</b>

	Motherwell £000	Monklands £000	C K D C £000	Strathkelvin £000	TOTAL £000
<b>HOME SAFETY &amp; SECURITY</b>					
Door Entry / CCTV	50	117	15	0	182
Rewiring	600	600	0	270	1470
Vandalism	0	0	0	0	0
Concierge to High Rise	0	325	0	0	325
Home Security	0	20	0	1	21
Emergency Lighting	0	80	0	0	80
<b>Sub Total</b>	<b>650</b>	<b>1142</b>	<b>15</b>	<b>271</b>	<b>2078</b>
<b>COMMUNITY CARE</b>					
Community Alarms	50	50	4	0	104
Aids & Adaptations	200	70	0	0	270
Special Needs	100	0	40	4	144
New Build - Special Needs Learning etc	0	400	0	48	448
New Build - Dementia	0	400	0	0	400
New Build - Sheltered Housing	0	34	0	401	435
<b>Sub Total</b>	<b>350</b>	<b>954</b>	<b>44</b>	<b>453</b>	<b>1801</b>
<b>HOMELESS INITIATIVES</b>					
Homelessness	200	57	0	0	257
Acquisition of Dwellings	0	0	35	0	35
<b>Sub Total</b>	<b>200</b>	<b>57</b>	<b>35</b>	<b>0</b>	<b>292</b>
<b>HOUSING MANAGEMENT</b>					
Computer Development	100	0	0	0	100
Decentralisation	20	50	0	0	70
<b>Sub Total</b>	<b>120</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>170</b>
<b>MISCELLANEOUS</b>					
Decoration Allowances	200	200	0	0	400
Home Loans	20	121	0	0	141
Professional Fees	1540	1675	125	0	3340
Land Acquisition	0	25	75	0	100
<b>Sub Total</b>	<b>1760</b>	<b>2021</b>	<b>200</b>	<b>0</b>	<b>3981</b>
<b>TOTALS</b>	<b>16200</b>	<b>12200</b>	<b>1635</b>	<b>1391 *</b>	<b>31426</b>

NB All figures based on 1996/97 estimates contained in Capital Programme submissions to the Scottish Office made in October 1994. Figures at this stage are therefore only to illustrate concept pending accurate financial projections and work programmes being finalised in conjunction with merging authorities.

\* Includes staff costs ie. professional fees