

North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref GT/AN

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HRA Capital Monitoring Report – 1 April to 4 January 2019

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Executive Summary

The purpose of this report is to review progress towards agreed spending plans within the 2018/19 HRA capital programme and seeks to realign the programme to reflect slippage.

Recommendations

It is recommended that Committee:

1. Notes the financial position of the 2018/19 HRA Capital Programmes

Supporting Documents

Council business plan to 2020 Improve the Council's resource base.

Appendix 1 2018/19 HRA Capital Programme - Mainstream Budget
Monitoring Report Period 10

Appendix 2 2018/19 HRA Capital Programme – New Build / Council Buy
Back Scheme Budget Monitoring Report Period 10

1. Background

1.1 Mainstream Working Programme

- 1.1.1 The Enterprise and Housing Committee, on 15 February 2018, approved an outline mainstream programme for 2018/19 based on targeted expenditure of £50.9m, supplemented by additional revenue funding of £0.410m approved within the HRA Revenue Budget for 2018/19. Taking into account slippage of £5.6m, this amounts to a working programme of £56.9m, made up as follows:

	£000
Prudential Borrowing	28,013
Capital Funded from Current Revenue (CFCR)	23,297
Total projected resources	<u>51,310</u>
Slippage allowance	5,600
Working programme	<u>56,910</u>

1.2 New Build Programme

- 1.2.1 The 2018/19 working programme for the new build programme is £16.5m, with 156 completions expected for the year and is funded as follows:

	£000
Prudential Borrowing	10,374
Capital Funded from Current Revenue (CFCR)	4,670
Scottish Government Grant	1,455
Total projected resources	<u>16,499</u>

1.3 Council Buy Back Schemes

- 1.3.1 As part of the 2018/19 Revenue Estimates, Committee approved the application of £0.750m of growth to enhance the current Empty Homes Purchase Scheme (EHPS), allowing 32 properties to be brought back into Council use.

- 1.3.2 In addition, approval was given to set aside funding as part of the Economic Regeneration Delivery Plan to expand the Buy Back Scheme by a further 100 houses per year through an Open Market Purchase Scheme (OMPS).

- 1.3.3 Approved funding for the Council Buy Back Schemes are made up as follows:

	EHPS £000	OMPS £000	TOTAL £000
Prudential Borrowing	0	9,770	9,770
CFCR	1,630	0	1,630
Scottish Government Grant	960	240	1,200
Affordable Housing Policy	600	0	600
Total	<u>3,190</u>	<u>10,010</u>	<u>13,200</u>
Number of Houses	32	100	132

- 1.3.4 The Scottish Government has confirmed that grant is currently available for 40 properties, this will be monitored throughout the year. If more grant funding is made available, additional properties will be included within the scheme.
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2. Report

2.1 Budget Monitoring Report

2.1.1 A summary of the mainstream working programme and actual spend to 4 January 2019 (Period 10) is included within Appendix 1, highlighting that at this stage in the financial year:

- £50.468m (88.7% of the working programme) had been legally committed; and
- £33.203m (58.3% of the projected resources) had been spent.

2.1.2 Both spend and legal commitments to date are largely in line with previous years. The remainder of the programme is on target to fully spend.

2.1.3 The Council's Right to Buy application process ceased on 31 July 2016, however due to the vast number of applications, a small carry forward of sales will fall into 2018/19. Any additional income generated from sales will result in a slight reduction in borrowing this financial year.

2.2 Budget Virement

2.2.1 Budget virements were approved at the Enterprise and Housing Resources Committee on 14 November 2018 and are reflected in this report.

2.3 New Build

2.3.1 A summary of projected spend on the new build programme is contained within Appendix 2. Projected spend currently totals £14.496m and is funded by CFCR, Prudential Borrowing and Scottish Government Grant

2.3.2 To date 633 new build homes have been completed as part of the Council's ambitious new supply programme of 5,000 new homes. It is currently expected that 143 homes will complete during 2018/19 with 110 homes currently under construction

2.3.3 Sites have been identified and approved at Committee for a further 835 homes across 20 Council owned sites, with site investigations, title checks and design development on these sites progressing. In addition, the Council has approved the acquisition of 51 homes from private developers at three locations.

2.3.4 The Council has appointed a design team who are progressing layouts and designs for a number of sites, and site investigations are also underway. Discussions are underway with contractors to obtain prices for the next phase of the programme using the SPA Framework, and the outcome of the first phase of this process was approved at Committee in November.

2.4 Council Buy Back Schemes

2.4.1 A summary of the projected spend on the Council Buy Back Schemes is also contained within Appendix 2. Projected spend currently totals £13.2m. Jointly between the Empty Homes and Open Market Purchase Schemes, it is anticipated that all funding streams will be utilised during the year, allowing approximately 150 properties being brought back into use. As at Period 10, 105

properties have been purchased with a further 15 in progress. This will equate to a potential drawdown of £0.530m in 2019/20 from the £2.292m set aside for "Our Ambition"

3. Equality and Diversity

3.1 Fairer Scotland

There are no specific impacts on Fairer Scotland.

3.2 Equality Impact Assessment

There are no specific Equality Impact Assessments to note.

4. Implications

4.1 Financial Impact

The financial impact is contained within the body of the report.

4.2 HR/Policy/Legislative Impact

There are no HR/Policy/Legislative impacts.

4.3 Environmental Impact

There are no environmental impacts.

4.4 Risk Impact

4.4.1 All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy (September 2012), Services manage these as part of their overall corporate and service planning processes. The current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.

4.4.2 To minimise risk this report has been prepared by service based Financial Solutions personnel in consultation with budget managers, in accordance with Financial Regulations.

5. Measures of success

5.1 The successful delivery of the HRA capital programmes, providing high quality housing stock.



Robert Steenson
Executive Director (Enterprise and Communities)

**2018/19 HRA CAPITAL PROGRAMME
Budget Monitoring Report**

Period 10 Summary

MAINSTREAM PROGRAMME	Working Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000
Estate Regeneration					
Estate Regeneration	360	379	(19)	379	379
Sub Total	360	379	(19)	379	379
Energy Efficiency					
Heating	12,917	10,202	2,715	5,872	10,365
Window/Door Replacement	10,010	8,578	1,432	5,910	8,578
Energy Efficiency Works	2,240	2,557	(317)	2,221	2,557
Sub Total	25,167	21,337	3,830	14,003	21,500
Major Repairs					
Major Repairs	913	1,050	(137)	607	1,306
Roofing/Rendering	11,988	11,094	894	7,417	11,097
Sub Total	12,901	12,144	757	8,024	12,403
Home Safety and Security					
Lead Pipe	111	100	11	-	100
Entry Systems	33	35	(2)	23	35
Rewiring	134	87	47	37	82
Security Measures	55	55	-	-	80
Sub Total	333	277	56	60	297
Tower Strategy					
Tower Strategy	3,639	2,661	978	2,055	3,034
Sub Total	3,639	2,661	978	2,055	3,034
Internal Upgrading					
Kitchens	3,357	3,059	298	2,568	2,982
Bathrooms	8,273	7,793	480	5,925	7,793
Sub Total	11,630	10,852	778	8,493	10,775
Community Care					
Community Care	200	78	122	78	78
Sub Total	200	78	122	78	78
Fees / Miscellaneous					
Fees / Miscellaneous	3,030	2,767	263	142	2,976
Grants	(350)	(27)	(323)	(31)	(132)
Sub Total	2,680	2,740	(60)	111	2,844
TOTAL (Mainstream Programme)	56,910	50,468	6,442	33,203	51,310
					65%
Financed by:					
Borrowing	(28,013)			-	(27,880)
Capital Receipts	-			(230)	(133)
CFCR	(23,297)			-	(23,297)
Slippage	(5,600)			-	-
TOTAL RESOURCES	(56,910)			(230)	(51,310)
Over/(underspend)					
				32,973	-

NEW BUILD PROGRAMME	Working Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000
New Build	15,449	13,496	1,953	9,887	13,496
Fees	1,000	-	1,000	-	1,000
TOTAL (New Build Programme)	16,449	13,496	2,953	9,887	14,496
Financed by:					
Borrowing	(10,374)	.	.	-	(8,371)
CFCR	(4,670)	.	.	-	(4,670)
Scottish Government New Build Grant	(1,455)	.	.	(800)	(1,455)
Total	(16,499)			(800)	(14,496)
Over/(underspend)					
				-	-

EMPTY HOMES PURCHASE SCHEME	Programme £000	Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000
Empty Homes Purchase Scheme	3,190	3,524	(334)	2,527	3,190
Fees / Recharges	-	-	-	-	-
TOTAL	3,190	3,524	(334)	2,527	3,190
Number of Houses Brought Back to Use					
	50	41	9	34	50
Financed by:					
CFCR	(1,500)	.	.	0	(1,500)
Surplus set aside from 2017/18	(130)	.	.	0	(130)
AHP / Commuted Sums	(600)	.	.	0	(600)
Scottish Government Grant	(960)	.	.	0	(960)
Total	(3,190)			0	(3,190)

OPEN MARKET PURCHASE SCHEME	Programme £000	Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000
Open Market Purchase Scheme	9,965	6,686	3,279	5,361	9,965
Fees / Recharges	45	-	45	-	45
TOTAL	10,010	6,686	3,324	5,361	10,010
Number of Houses Brought Back to Use					
	100	80	20	71	100
Financed by:					
CFCR	0	.	.	0	0
Surplus set aside from 2017/18	0	.	.	0	0
Scottish Government Grant	(240)	.	.	0	(240)
AHP (Commuted Sums)	0	.	.	0	0
Council Tax Levy	0	.	.	0	0
Borrowing	(9,770)	.	.	0	(9,770)
Total	(10,010)			0	(10,010)