

# North Lanarkshire Council

## Report

### Communities and Housing Committee

approval  noting

Ref GT/AN

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### HRA Capital Monitoring Report – 1 April to 31 March 2019 – Provisional Outturn

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#### Executive Summary

The purpose of this report is to advise Committee of the provisional outturn on the 2018/19 HRA capital programmes.

The year-end provisional outturn position on the Mainstream Programme is an overspend of £2.423m. The programme has been successfully delivered and proactively accelerated during the year to offset any uncertainty surrounding the procurement of the tower safety programme.

The New Build Programme provisional outturn highlights overall slippage of £1.878m with some sites now due for completion in early 2019/20.

The Council Buy Back Scheme brought 130 properties back into use during the year with overall costs lower than anticipated due to lower costs per property and additional Scottish Government grant. This has resulted in a reduction in borrowing of £2.376m.

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#### Recommendations

It is recommended that Communities and Housing Committee:

- (1) Notes the financial position of the 2018/19 HRA Capital Programmes

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#### Supporting Documents

<b>Council business plan to 2020</b>	Improve the Council's resource base.
<b>Appendix 1</b>	2018/19 HRA Capital Programme - Mainstream Budget Monitoring Report Period 13
<b>Appendix 2</b>	2018/19 HRA Capital Programme – New Build / Council Buy Back Scheme Budget Monitoring Report Period 13

## 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	<u>5,600</u>
Working programme	<u>56,910</u>

### 1.2 New Build Programme

- 1.2.1 The 2018/19 working programme for the new build programme was £16.5m, with 156 completions expected for the year and was 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 is made up as follows, this was updated in Period 13 to reflect additional Scottish Government grant of £2.580m:

	EHPS £000	OMPS £000	TOTAL £000
Prudential Borrowing	0	7,045	7,045
CFCR	1,630	0	1,630
Scottish Government Grant	1,530	2,250	3,780
Affordable Housing Policy	745	0	745
Total	<u>3,730</u>	<u>9,295</u>	<u>13,200</u>

- 1.3.4 The Scottish Government previously confirmed that grant was available for 40 properties. Further confirmation was received that a further 86 properties will be eligible for the £0.030m per property funding support, adding £2.580m to the current grant allocation.
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## **2. Report**

### **2.1 Budget Monitoring Report**

- 2.1.1 The provisional outturn on the mainstream working programme is acceleration of £2.423m. Throughout the financial year, the profiling of procurement and activity in relation to the tower safety programme has been uncertain so, to ensure delivery of the overall capital programme, the Service has proactively accelerated works in areas such as energy efficiency, kitchens and bathrooms.
- 2.1.2 Although right to buy has now ceased there were a few houses still to settle during 2018/19 resulting in additional capital receipts of £0.315m. A further three properties may settle in 2019/20. This is reflected in the position shown in Appendix 1.

### **2.2 New Build**

- 2.2.1 A summary of the provisional outturn spend on the new build programme is contained within Appendix 2. Year-end expenditure totalled £14.621m and is funded by CFCR, Prudential Borrowing and Scottish Government Grant. This represents slippage on the programme as the completion of some sites will now happen in early 2019/20.
- 2.2.2 To date 633 new build homes have been completed as part of the Council's ambitious new supply programme of 5,000 new homes. 116 homes were completed during 2018/19 and it is projected that 149 will complete in 2019/20, with 128 homes currently under construction
- 2.2.3 Sites have been identified and approved at Committee for a further 851 homes across 23 Council owned sites, with site investigations, title checks and design development on these sites progressing. In addition, the Council has approved the acquisition of 33 homes from private developers at three locations.
- 2.2.4 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.

### **2.3 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. Actual spend totals £10.825m and it is projected that a similar spend will occur during 2019/20. Jointly between the Empty Homes and Open Market Purchase Schemes, all funding streams were utilised during the year, allowing 130 properties being brought back into use. The final cost of borrowing will equate to a potential drawdown of £0.262m in 2019/20 from the £2.292m set aside for "Our Ambition"
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### **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.

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### **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.

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### **5. Measures of success**

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

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**Robert Steenson**  
**Executive Director (Enterprise and Communities)**

2018/19 HRA CAPITAL PROGRAMME  
Budget Monitoring Report

Appendix 1  
Provisional Outturn

MAINSTREAM PROGRAMME	Working Programme £000	Provisional Outturn £000
<b>Estate Regeneration</b>		
Estate Regeneration	360	386
<b>Sub Total</b>	<b>360</b>	<b>386</b>
<b>Energy Efficiency</b>		
Heating	12,917	10,686
Window /Door Replacement	10,010	8,682
Energy Efficiency Works	2,240	2,290
<b>Sub Total</b>	<b>25,167</b>	<b>21,658</b>
<b>Major Repairs</b>		
Major Repairs	913	1,551
Roofing/Rendering	11,988	11,367
<b>Sub Total</b>	<b>12,901</b>	<b>12,918</b>
<b>Home Safety and Security</b>		
Lead Pipe	111	36
Entry Systems	33	24
Rewiring	134	205
Security Measures	55	-
<b>Sub Total</b>	<b>333</b>	<b>265</b>
<b>Tower Strategy</b>		
Tower Strategy	3,639	2,982
Tower Strategy (Reprovisioning)	-	178
<b>Sub Total</b>	<b>3,639</b>	<b>3,160</b>
<b>Internal Upgrading</b>		
Kitchens	3,357	3,393
Bathrooms	8,273	8,505
<b>Sub Total</b>	<b>11,630</b>	<b>11,898</b>
<b>Community Care</b>		
Community Care	200	92
<b>Sub Total</b>	<b>200</b>	<b>92</b>
<b>Fees / Miscellaneous</b>		
Fees / Miscellaneous	3,030	3,441
Grants	(350)	(85)
<b>Sub Total</b>	<b>2,680</b>	<b>3,356</b>
<b>TOTAL (Mainstream Programme)</b>	<b>56,910</b>	<b>53,733</b>
<b>Financed by:</b>		
Borrowing	(28,013)	(27,698)
Capital Receipts	-	(315)
CFCR	(23,297)	(23,297)
Slippage	(5,600)	-
<b>TOTAL RESOURCES</b>	<b>(56,910)</b>	<b>(51,310)</b>
<b>Over/(underspend)</b>		<b>2,423</b>

<b>NEW BUILD PROGRAMME</b>	Working Programme £000	Provisional Outturn £000
New Build	15,449	13,448
Fees	1,000	1,173
<b>TOTAL (New Build Programme)</b>	<b>16,449</b>	<b>14,621</b>
<b>Financed by:</b>		
Borrowing	(10,374)	(8,071)
CFCR	(4,670)	(4,670)
Scottish Government New Build Grant	(1,455)	(1,880)
<b>Total</b>	<b>(16,499)</b>	<b>(14,621)</b>
<b>Over/(underspend)</b>		-

<b>Council Buy Back Schemes</b>	Programme £000	Projected Spend £000
<b>Empty Homes and Open Market</b>		
Empty Homes and Open Market	13,155	10,780
Fees / Recharges	45	45
<b>TOTAL</b>	<b>13,200</b>	<b>10,825</b>
<b>Number of Houses Brought Back to Use</b>		<b>130</b>
<b>Financed by:</b>		
CFCR	(1,500)	(1,500)
Surplus set aside from 2017/18	(130)	(130)
Scottish Government Grant	(1,200)	(3,780)
AHP (Commutated Sums)	(600)	(744)
Council Tax Levy	0	0
Borrowing	(9,770)	(4,671)
<b>Total</b>	<b>(13,200)</b>	<b>(10,825)</b>
<b>Over/(underspend)</b>		-