

North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref GT/AN

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HRA Capital Monitoring Report – 1 April to 11 October 2019

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Executive Summary

The purpose of this report is to review progress towards agreed spending plans within the 2019/20 HRA capital programmes and seeks to realign the programme to reflect slippage.

Recommendations

It is recommended that Committee:

- (1) Notes the financial position of the 2019/20 HRA Capital Programmes.
- (2) Approves the virement and programme reprofile requests outlined in section 2.2.

The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

1. Background

1.1 Mainstream Working Programme

- 1.1.1 The Enterprise and Housing Committee on 13 February 2019, approved an outline mainstream programme for 2019/20 based on targeted expenditure of £63.4m. Taking into account slippage of £4.8m, this amounts to a working programme of £68.2m, made up as follows:

	£000
Prudential Borrowing	40,974
Capital Funded from Current Revenue (CFCR)	22,476
Total projected resources	<u>63,450</u>
Slippage allowance	<u>4,780</u>
Working programme	<u>68,230</u>

1.2 New Build Programme

- 1.1.2 The 2019/20 working programme for new build is £19.760m, with 139 completions expected for the year and is funded as follows:

	£000
Prudential Borrowing	1,482
Capital Funded from Current Revenue (CFCR)	4,670
Scottish Government Grant	13,608
Total projected resources	<u>19,760</u>

1.3 Council Buy Back Schemes

- 1.3.1 As part of the 2019/20 Revenue Estimates, the budget provided for the continuation of both the Council's Empty Homes Purchase Scheme (EHPS) and the Open Market Purchase Scheme (OMPS). This will allow approximately 132 properties to be brought back into Council use.

- 1.3.2 Funding requirements for 2019/20 for the Council Buy Back Scheme is made up as follows:

	£000
Prudential Borrowing	11,000
Scottish Government Grant	1,500
Total projected resources	<u>12,500</u>

2. Report

2.1 Budget Monitoring Report

- 2.1.1 A summary of the mainstream working programme and actual spend to 11 October 2019 (Period 7) is included within Appendix 1, highlighting that at this stage in the financial year:

- £55.038m (81% of the working programme) has been legally committed; and
- £28.816 (45% of the projected resources) has been spent.

- 2.1.2 Both legal commitments and spend to date are substantially higher than previous years. The remainder of the programme is on target to fully spend after programme virement and reprofiling is applied.

2.1.3 In setting the HRA mainstream capital budget for 2019/20, Committee were advised that with the works at various stages of design and procurement there was a degree of uncertainty surrounding the final procured cost and profiling of tower works. It was the service's intention to undertake a review of the profile of these works and associated budget requirements within a mid-year review of the programme.

2.1.4 After review it is anticipated that due to a later start by contractors and lower costs associated with increases voids in the fire safety programme, the profile of expenditure within the tower programme will reflect a reprofile of £8.230m of expenditure into 2020/21. In the current financial year, this has been partially offset by additional works accelerated within the programme as detailed at 2.2 below. The overall impact will be the re-profiling of £5.210m of expenditure into 2020/21.

2.1.5 Although right to buy has now ceased there are a few houses still to settle with Legal during 2019/20. This is reflected in the position shown in Appendix 1.

2.2 Budget Virement and Re-Profiling

2.2.1 After review the following budget virements and re-profiling are required to reflect programme slippage and realign resources to projects progressing more quickly than others.

Programme Area	Programme	Virement £000	Comments
Energy Efficiency	Heating	(2,300)	Budget realignment mainly due to a higher than anticipated level of refusals within ASHP/ electric heating programmes.
	Window/Door Replacement	280	To progress the Window/Door replacement programme.
	Energy Efficiency Works	390	To progress the energy efficiency programme.
Major Repairs	Major Repairs	660	To progress programme to comply with changes in legislation around smoke detector/ fire safety.
	Roofing and Render	160	To progress roofing and render programme.
Home Safety and Security	Lead Piping	2,650	Acceleration of the lead mains replacement programme.
	Rewiring	480	To progress the rewiring programme
Tower Strategy	Tower Strategy	(8,230)	Significant re-profiling of the programme as a result of delays to contractor site start and lower costs associated with increased

			voids in the fire safety programme.
Internal Upgrading	Kitchens	90	To progress kitchen replacement programme.
	Bathrooms	110	To progress bathroom replacement programme.
Ambition	Demolitions	500	Acceleration of demolition works within the Ambition Programme.
Programme Reprofile to 2020/21		(5,210)	

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 £19.420m and is funded by Prudential Borrowing and Scottish Government Grant
- 2.3.2 To date 743 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 139 will complete in 2019/20, with 87 homes currently under construction.
- 2.3.3 Sites have been identified and approved at Committee for a further 1,215 homes across 22 sites, with site investigations, title checks and design development on these sites progressing.
- 2.3.4 The Council has appointed a design team who are progressing layouts and designs for a number of sites, with site investigations underway.

2.4 Council Buy Back Scheme

- 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 £12.5m jointly between the Empty Homes and Open Market Purchase Schemes, and is funded by Prudential Borrowing and Scottish Government Grant. To date, a total of 68 properties have been brought back into use as affordable housing in 2019/20. The final cost of borrowing will equate to a potential drawdown of £0.367m in 2020/21 from the amounts set aside for "Our Ambition".

3. Equality and Diversity

3.1 Fairer Scotland Duty

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.

6. Supporting documents

6.1 Appendix 1 - 2019/20 HRA Capital Programme - Mainstream Budget Monitoring Report Period 7

Appendix 2 - 2019/20 HRA Capital Programme – New Build / Council Buy Back Scheme Budget Monitoring Report Period 7



Robert Steenson
Executive Director (Enterprise and Communities)

MAINSTREAM PROGRAMME	Working Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000
Estate Regeneration					
Estate Regeneration	360	272	88	272	320
Sub Total	360	272	88	272	320
Energy Efficiency					
Heating	14,110	9,908	4,202	5,134	10,407
Window /Door Replacement	7,050	6,628	422	4,046	6,628
Energy Efficiency Works	-	404	(404)	318	390
Sub Total	21,160	16,940	4,220	9,498	17,425
Major Repairs					
Major Repairs	2,440	1,301	1,139	722	2,858
Roofing/Rendering	12,210	11,168	1,042	7,138	11,124
Sub Total	14,650	12,469	2,181	7,860	13,982
Home Safety and Security					
Lead Pipe	390	3,003	(2,613)	1,138	3,003
Entry Systems	440	400	40	75	400
Rewiring	-	332	(332)	305	487
Security Measures	-	-	-	-	-
Sub Total	830	3,735	(2,905)	1,518	3,890
Tower Strategy					
Tower Strategy	15,570	10,746	4,824	3,427	7,346
Sub Total	15,570	10,746	4,824	3,427	7,346
Internal Upgrading					
Kitchens	3,330	3,109	221	1,803	3,109
Bathrooms	7,770	7,108	662	4,142	7,108
Sub Total	11,100	10,217	883	5,945	10,217
Community Care					
Community Care	300	204	96	55	300
Sub Total	300	204	96	55	300
Fees / Miscellaneous					
Fees / Miscellaneous	4,500	83	4,417	83	4,500
Grants	(240)	-	(240)	(24)	(240)
Sub Total	4,260	83	4,177	59	4,260
TOTAL (Mainstream Programme)	68,230	54,666	13,564	28,634	57,740
AMBITION PROGRAMME					
Ambition Programme	-	372	(372)	182	500
Sub Total	-	372	(372)	182	500
REVISED TOTAL (Mainstream plus Ambition)	68,230	55,038	13,192	28,816	58,240
Financed by:					
Borrowing (Mainstream)	(40,474)			-	(40,437)
Borrowing (Ambition)	(500)				(500)
Capital Receipts	-			(37)	(37)
CFCR	(22,476)			-	(22,476)
Slippage	(4,780)			-	-
TOTAL RESOURCES	(68,230)			(37)	(63,450)
Over/(underspend) - Mainstream plus Ambition					
					(5,210)

Budget Monitoring Report

NEW BUILD PROGRAMME	Working Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000
New Build	18,140	17,800	295	6,050	17,800
Fees	1,620	-	1,620	-	1,620
TOTAL (New Build Programme)	19,760	17,800	1,915	6,050	19,420
Financed by:					
Borrowing	(1,482)			-	(6,659)
CFCR	(4,670)			-	(4,670)
Scottish Government New Build Grant	(13,608)			(3,282)	(8,091)
Total	(19,760)			(3,282)	(19,420)
Over/(underspend)					
				-	-

Council Buy Back Schemes	Programme £000	Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000
Empty Homes and Open Market					
Empty Homes and Open Market	12,205	8,293	3,912	4,814	12,205
Fees / Recharges	295	-	295	-	295
TOTAL	12,500	8,293	4,207	4,814	12,500
Number of Houses Brought Back to Use					
		97		68	150
Financed by:					
Scottish Government Grant	(1,500)			-1,140	(1,500)
AHP (Commuted Sums)	0			0	0
Borrowing	(11,000)			0	(11,000)
Total	(12,500)			3,674	(12,500)
Over/(underspend)					
				-	-