

# North Lanarkshire Council Report

## Housing and Regeneration Committee

approval  noting

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## HRA Capital Monitoring Report – 1 April 2019 to 3 January 2020

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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. After prior re-alignments in the Mainstream programme, an overspend is now anticipated due to acceleration of the fire prevention programme.

In addition, the Buy Back programme is on target to fully spend with an underspend expected in the New Build programme, largely linked to ongoing issues with revised Scottish Water requirements for new housing development.

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### Recommendations

It is recommended that Committee:

- (1) Notes the financial position of the 2019/20 HRA Capital Programmes.

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### 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. Following the Communities and Housing Committee on 20 November, £5.21m of the programme was approved to be re-profiled to 2020/21. Taking into account slippage of £4.8m, this amounts to a working programme of £63m, made up as follows:

	£000
Prudential Borrowing	35,764
Capital Funded from Current Revenue (CFCR)	22,476
Total projected resources	<u>58,240</u>
Slippage allowance	4,780
<b>Working programme</b>	<b><u>63,020</u></b>

### 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
<b>Total projected resources</b>	<b><u>19,760</u></b>

### 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
<b>Total projected resources</b>	<b><u>12,500</u></b>

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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 3 January 2020 (Period 10) is included within Appendix 1, highlighting that at this stage in the financial year:

- £54.989m (87% of the working programme) has been legally committed; and
- £40.895m (70% of the projected resources) has been spent.

2.1.2 Legal commitments are in line with previous years at this stage in the programme and spend to date is higher than previous years. The remainder of the programme is on target to fully spend after programme virement and re-profiling has been applied with an overspend being anticipated due to acceleration of fire prevention programme.

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

## **2.2 New Build**

2.2.1 A summary of projected spend on the new build programme is contained within Appendix 2. Projected spend currently totals £18.741m and is funded by Prudential Borrowing, CFCR and Scottish Government Funding.

2.2.2 The current slippage in the new build programme is due to the current difficulties in obtaining technical approval from Scottish Water due to their refusal to allow a connection to the combined foul and surface water sewer for the discharge of surface water. This has meant delayed starts at the Dimsdale Road, Wishaw and Caledonian Avenue, Bellshill sites.

2.2.3 The Service has unable to make contract awards for the Community Road, Bellshill, Berwick Street, Coatbridge, Bon Accord Crescent, Shotts and Laburnum Road, Viewpark sites. Discussions are progressing with Scottish Water and Scottish Government to find a viable solution for the sewer connections that would allow the contract awards to be made. However, this has delayed site starts until next financial year.

2.2.3 To date 762 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 156 homes currently under construction.

2.2.4 Sites have been identified and approved at Committee for a further 1,097 homes across 20 sites, with site investigations, title checks and design development on these sites progressing.

2.2.5 The Council has appointed a design team who are progressing layouts and designs for a number of sites, with site investigations underway.

## **2.3 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 collectively between the Empty Homes, Open Market Purchase Schemes and the Mortgage to Rent scheme. This is funded by Prudential Borrowing and Scottish Government Funding. An Additional grant contribution of £1.5m has been secured from the Scottish government. To date, a total of 103 properties have been brought back into use as affordable housing in 2019/20. The final revenue cost of borrowing will equate to a potential drawdown of £0.376m in 2020/21 from the amounts set aside for "Our Ambition".

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## **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.

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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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## **6. Supporting documents**

6.1 Appendix 1 - 2019/20 HRA Capital Programme - Mainstream Budget Monitoring Report Period 10

Appendix 2 - 2019/20 HRA Capital Programme – New Build / Council Buy Back Scheme Budget Monitoring Report Period 10



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

2019/20 HRA CAPITAL PROGRAMME  
Budget Monitoring Report

Appendix 1  
Period 10 Summary

MAINSTREAM PROGRAMME	Working Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000
<b>Estate Regeneration</b>					
Estate Regeneration	360	272	88	273	320
<b>Sub Total</b>	<b>360</b>	<b>272</b>	<b>88</b>	<b>273</b>	<b>320</b>
<b>Energy Efficiency</b>					
Heating	11,480	10,257	1,223	7,345	10,258
Window /Door Replacement	7,320	6,897	423	5,391	6,897
Energy Efficiency Works	430	398	32	398	408
<b>Sub Total</b>	<b>19,230</b>	<b>17,552</b>	<b>1,678</b>	<b>13,134</b>	<b>17,563</b>
<b>Major Repairs</b>					
Major Repairs	3,160	3,745	(585)	2,167	3,757
Roofing/Rendering	12,330	11,353	977	9,582	11,353
<b>Sub Total</b>	<b>15,490</b>	<b>15,098</b>	<b>392</b>	<b>11,749</b>	<b>15,110</b>
<b>Home Safety and Security</b>					
Lead Pipe	3,310	2,983	327	1,978	2,983
Entry Systems	441	413	28	159	413
Rewiring	529	366	163	328	366
Security Measures	-	-	-	-	-
<b>Sub Total</b>	<b>4,280</b>	<b>3,762</b>	<b>518</b>	<b>2,465</b>	<b>3,762</b>
<b>Tower Strategy</b>					
Tower Strategy	7,340	7,162	178	5,130	7,162
<b>Sub Total</b>	<b>7,340</b>	<b>7,162</b>	<b>178</b>	<b>5,130</b>	<b>7,162</b>
<b>Internal Upgrading</b>					
Kitchens	3,410	3,092	318	2,381	3,092
Bathrooms	7,850	7,105	745	5,386	7,105
<b>Sub Total</b>	<b>11,260</b>	<b>10,197</b>	<b>1,063</b>	<b>7,767</b>	<b>10,197</b>
<b>Community Care</b>					
Community Care	300	246	54	84	246
<b>Sub Total</b>	<b>300</b>	<b>246</b>	<b>54</b>	<b>84</b>	<b>246</b>
<b>Fees / Miscellaneous</b>					
Fees / Miscellaneous	4,500	124	4,376	114	4,353
Grants	(240)	(68)	(172)	(68)	(297)
<b>Sub Total</b>	<b>4,260</b>	<b>56</b>	<b>4,204</b>	<b>46</b>	<b>4,056</b>
<b>TOTAL (Mainstream Programme)</b>	<b>62,520</b>	<b>54,345</b>	<b>8,175</b>	<b>40,648</b>	<b>58,416</b>
<b>Ambition/Reprovisioning</b>					
Reprovisioning works	500	644	(144)	247	644
<b>Sub Total</b>	<b>500</b>	<b>644</b>	<b>(144)</b>	<b>247</b>	<b>644</b>
<b>REVISED TOTAL (Mainstream plus Ambition)</b>	<b>63,020</b>	<b>54,989</b>	<b>8,031</b>	<b>40,895</b>	<b>59,060</b>
<b>Over/(underspend)</b>					<b>820</b>
<b>Financed by:</b>					
Borrowing (Mainstream)	(35,264)			-	(34,936)
Borrowing (Ambition)	(500)				(701)
Capital Receipts	-			(126)	(127)
CFCR	(22,476)			-	(22,476)
Slippage	(4,780)			-	-
<b>TOTAL RESOURCES</b>	<b>(63,020)</b>			<b>(126)</b>	<b>(58,240)</b>

<b>NEW BUILD PROGRAMME</b>	Working Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000
New Build	18,140	17,121	1,019	7,869	17,121
Fees	1,620	-	1,620	-	1,620
<b>TOTAL (New Build Programme)</b>	<b>19,760</b>	<b>17,121</b>	<b>2,639</b>	<b>7,869</b>	<b>18,741</b>
<b>Over/(underspend)</b>				<b>-</b>	<b>(1,019)</b>
<b>Financed by:</b>					
Borrowing	(1,482)			-	(5,003)
CFCR	(4,670)			-	(4,670)
Scottish Government New Build Grant	(13,608)			(4,016)	(8,907)
Sale of Land and Buildings (Help for Heros contribution)				(161)	(161)
<b>Total</b>	<b>(19,760)</b>			<b>(4,177)</b>	<b>(18,741)</b>

<b>Council Buy Back Schemes</b>	Programme £000	Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000
<b>Empty Homes and Open Market</b>					
Empty Homes and Open Market	12,205	11,366	839	7,072	11,546
Mortgage to Rent	-	659	(659)	284	659
Fees / Recharges	295	-	295	-	295
<b>TOTAL</b>	<b>12,500</b>	<b>12,025</b>	<b>475</b>	<b>7,356</b>	<b>12,500</b>
<b>Over/(underspend)</b>					<b>-</b>
<b>Financed by:</b>					
Scottish Government Grant	(1,500)			(2,160)	(4,080)
AHP (Commutated Sums)	-			-	-
Borrowing	(11,000)			-	(8,084)
Other Receipts	-			(125)	(336)
<b>Total</b>	<b>(12,500)</b>			<b>(2,285)</b>	<b>(12,500)</b>