

North Lanarkshire Council Report

Housing and Regeneration Committee

approval noting

Ref GT/AN

Date 09/09/20

HRA Capital Monitoring Report – 1 April 2020 to 24 July 2020

From Robert Steenson, Executive Director (Enterprise and Communities)

Email Telferg@northlan.gov.uk

Telephone Greg Telfer, Business
Finance Manager, 01698
302836

Executive Summary

The purpose of this report is to review progress towards agreed spending plans within the 2020/21 HRA capital programmes. An underspend is projected within our Mainstream programme due to restricted capital spend and delays within the programme as a result of COVID-19.

The New Build programme is now on target to fully spend after the budget was revised to reflect the continued impact of Scottish Water requirements for new housing developments and delays caused as a result of COVID-19. The Council Buy Back schemes are on target to fully spend.

Recommendations

It is recommended that Committee:

- (1) Notes the financial position of the 2020/21 HRA Capital Programmes.

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 Housing and Regeneration Committee on 19 February 2020, approved an outline mainstream programme for 2019/20 based on targeted expenditure of £71,442m, funded as follows:

	£000
Prudential Borrowing	42,472
Capital Funded from Current Revenue (CFCR)	22,476
Total projected resources	<u>64,948</u>
Slippage allowance	<u>6,494</u>
Working programme	<u>71,442</u>

1.2 New Build Programme

- 1.1.2 The original 2020/21 working programme for new build was £46.682m, with 142 completions expected for the year. However, after taking into account the impact COVID19 and continued delays as a result of Scottish Water requirements, a revised working programme of £27.346m (inclusive of slippage of £3m) has been established with 51 completions expected for the year. This is to be funded as follows:

	£000
Prudential Borrowing	15,290
Capital Funded from Current Revenue (CFCR)	4,670
Scottish Government Grant	7,381
Total projected resources	<u>27,341</u>

1.3 Council Buy Back Schemes

- 1.3.1 As part of the 2020/21 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 150 properties to be brought back into Council use.

- 1.3.2 In addition to the EHPS and OMPS the Mortgage to Rent scheme (MTR) was also added to the overall Council Buy Back scheme during 2019/20 and is anticipating an additional 10 properties to be brought back into council use in 2020/21.

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

	£000
Prudential Borrowing	8,394
Scottish Government Grant	4,500
Subsidy Income	428
Total projected resources	<u>13,322</u>

2. Report

2.1 Budget Monitoring Report

2.1.1 A summary of the mainstream working programme and actual spend to 24 July 2020 (Period 4) is included within Appendix 1, highlighting that at this stage in the financial year:

- £41.258m (58% of the working programme) has been legally committed; and
- £3.831m (6% of the projected resources) has been spent.

2.1.2 Legal commitments and spend are lower than previous years at this stage in the programme. An underspend of £21.676m is being projected largely due to restrictions and delays caused as a result of the Coronavirus pandemic. While many works are back on site, it is unlikely that the Service and key contractor will be able to accelerate works to the extent that will allow completion of the previously planned programme during 2020/21. The impact of the pandemic is being closely monitored and any changes to the projected spend for the mainstream working programme will be included in later reports.

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 £27.341m and is funded by Prudential Borrowing, CFCR and Scottish Government Funding.

2.2.2 In line with Scottish Government guidance, construction was suspended on the council's new build sites between 24 March and 28 May 2020. Subsequent announcements have since enabled the construction sector to progress the industry agreed phased restart plan. Phase 2 ('soft start' works) resumed at Dimsdale Road, Wishaw and Lismore Drive, Coatbridge sites on 15 June 2020, while the Caledonian Avenue, Bellshill site resumed activity on 22 June 2020. Contractor CCG is now working towards establishing Phases 3 and 4 (steady state operation) on these developments.

2.2.3 Slippage to the original budgeted 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 resulted in delayed starts at the Dimsdale Road, Wishaw and Caledonian Avenue, Bellshill sites.

2.2.4 The Service was unable to make contract awards for the Community Road, Bellshill, Berwick Street, Coatbridge 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 2021. Bon Accord Crescent was subsequently removed from the programme due to a combination of this and rising costs from poor ground conditions.

2.2.5 To date, 772 new build homes have been completed as part of the council's ambitious new supply programme of 5,000 new homes. A total of 139 homes were completed in 2019/20, with 51 homes due for completion in 2020/21. Currently, 146 homes are under construction.

2.2.6 Sites have been identified and approved at Committee for a further 1,118 homes across 21 sites, with site investigations, title checks and design development on these sites progressing.

2.2.7 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

- 2.3.1 A summary of the projected spend on the Council Buy Back Schemes is also contained within Appendix 2. Projected spend currently totals £13.322m collectively between the Council buy back schemes, attributable £12.568m to EHPS and OMPS and £0.754m to the MTR scheme.
- 2.3.2 This is funded by Prudential Borrowing, Scottish Government Funding and Subsidy Income. A Scottish Government grant contribution of £3m has been secured for 2020/21. To date, a total of 5 properties have been brought back into use as affordable housing in 2020/21.
- 2.3.3 The final revenue cost of borrowing will equate to a potential drawdown of £0.460m in 2021/22 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 – 2020/21 HRA Capital Programme - Mainstream Budget Monitoring Report Period 4

Appendix 2 – 2020/21 HRA Capital Programme – New Build / Council Buy Back Scheme Budget Monitoring Report Period 4

A handwritten signature in black ink, appearing to read 'Robert Steenson', followed by a period.

Robert Steenson
Executive Director (Enterprise and Communities)

2020/21 HRA CAPITAL PROGRAMME
Budget Monitoring Report

Appendix 1
Period 4 Summary

MAINSTREAM PROGRAMME	Original Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Projected Outturn £000
Estate Regeneration					
Estate Regeneration	332	100	232	- 34	300
Sub Total	332	100	232	- 34	300
Energy Efficiency					
Heating	10,146	5,650	4,496	502	5,732
Window/Door Replacement	6,999	4,100	2,899	-	4,300
Energy Efficiency Works	554	-	554	-	250
Sub Total	17,699	9,750	7,949	502	10,282
Major Repairs					
Major Repairs	433	346	87	134	515
Roofing/Rendering	7,278	2,093	5,185	-	2,768
Sub Total	7,711	2,439	5,272	134	3,283
Home Safety and Security					
Lead Pipe	1,107	1,000	107	-	1,272
Entry Systems	831	45	786	-	445
Electrical works	9,093	7,111	1,982	425	7,112
Sub Total	11,031	8,156	2,875	425	8,829
Tower Strategy					
Tower Strategy	24,320	18,145	6,175	1,348	11,719
Sub Total	24,320	18,145	6,175	1,348	11,719
Internal Upgrading					
Kitchens	886	650	236	354	650
Bathrooms	930	946	16	946	1,266
Sub Total	1,816	1,596	220	1,300	1,916
Community Care					
Community Care	2,206	101	2,105	8	543
Sub Total	2,206	101	2,105	8	543
Fees / Miscellaneous					
Fees / Miscellaneous	4,452	44	4,408	44	5,211
Grants	-	-	-	-	-
Sub Total	4,452	44	4,408	44	5,211
TOTAL (Mainstream Programme)	69,567	40,331	29,236	3,727	42,083
Ambition/Reprovisioning					
Reprovisioning works	1,875	927	948	104	1,190
Sub Total	1,875	927	948	104	1,190
REVISED TOTAL (Mainstream plus Ambition)	71,442	41,258	30,184	3,831	43,273
Over/(underspend)					
				-	21,676
Financed by:					
Borrowing (Mainstream)	- 40,597			-	41,248
Borrowing (Ambition)	- 1,875			-	1,190
Capital Receipts	-		-	35	35
CFCR	- 22,476			-	22,476
Slippage	- 6,494				-
TOTAL RESOURCES	- 71,442			35	64,949

NEW BUILD PROGRAMME	Working Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Probable Outturn £000
New Build	24,918	24,918	-	948	24,918
Fees	2,423		2,423		2,423
TOTAL (New Build Programme)	27,341	24,918	2,423	948	27,341
Over/(underspend)					
-					
Financed by:					
Borrowing	(15,290)			-	(16,154)
CFCR	(4,670)			-	(4,670)
Scottish Government New Build Grant	(7,381)			-	(6,507)
Sale of Land and Buildings				-	(10)
Total	(27,341)			-	(27,341)

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	12,260	3,786	8,474	308	12,260
Mortgage to Rent	754	300	454	-	754
Fees / Recharges	308	-	308	-	308
TOTAL	13,322	4,086	9,236	308	13,322
Over/(underspend)					
-					
Financed by:					
Scottish Government Grant	(4,500)			-	(4,500)
AHP (Commutated Sums)	0			-	0
Subsidy Income	(428)			-	(428)
Borrowing (OMPS/EHPS)	(8,068)			-	(8,068)
Borrowing (MTR)	(326)			-	(326)
Total	(13,322)			-	(13,322)