

North Lanarkshire Council Report

Housing Committee

Does this report require to be approved? Yes No

Ref GT/VR

Date 06/11/24

HRA Capital Monitoring Report – 1 April 2024 to 13 September 2024

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Executive Summary

The purpose of this report is to review the progress towards agreed spending plans with the 2024/25 HRA capital programmes.

The 2024/25 HRA mainstream capital programmes is expected to have an in year underspend of £4.000m. A request to reprofile expenditure to future years of the capital delivery programme will be considered by the Council's Strategic Capital Delivery Group in accordance with its agreed Terms of Reference.

The New Supply programme is projecting a full spend.

Recommendations

It is recommended that the Housing Committee:

- (1) Acknowledges the financial position of the 2024/25 HRA Capital Programmes.
- (2) Note the realignments to be considered by the Strategic Capital Delivery Group for the HRA Mainstream Capital Programme as set out in paragraphs 2.2 to 2.5

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

Programme of Work Statutory / corporate / service requirement

1. Background

Mainstream Working Programme

- 1.1 The Housing Committee on 14 February 2024 approved an outline mainstream programme for 2024/25 based on targeted expenditure of £73.825m. The programme will be funded as follows:

	£000
Prudential Borrowing	51,695
Capital Funded from Current Revenue (CFCR)	15,419
Total projected resources	<u>67,114</u>
Slippage allowance	<u>6,711</u>
Working Programme	73,825

New Build Programme

- 1.2 The 2024/25 working programme for new build is £34.541m, with 281 completions expected for the year and is funded as follows:

	£000
Prudential Borrowing	19,925
Capital Funded from Current Revenue (CFCR)	4,670
Scottish Government Grant	<u>10,946</u>
Total projected resources	35,541

Council Buy Back Schemes

- 1.3 As part of the 2024/25 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 100 properties to be brought back into Council use.
- 1.4 In addition to the EHPS and OMPS, the Mortgage to Rent scheme (MTR) was also added to the overall Council Buy Back scheme and is anticipating an additional 10 properties to be brought back into council use in 2024/25.
- 1.5 Funding requirements for 2024/25 for the Council Buy Back Scheme is made up as follows:

	£000
Prudential Borrowing	8,130
Scottish Government Grant	4,000
Subsidy Income	<u>506</u>
Total projected resources	<u>12,636</u>

2. Report

- 2.1 The projected financial performance of the HRA Capital Programmes to 31 March 2025 is summarised below with further detail provided in appendix 1 for HRA mainstream programme and appendix 2 for the newbuild and buy back programmes.

Mainstream

- 2.2 Following an assessment of projected spend requirements for 2024/25 during a mid-year review of budgets, the service has identified a number of reprofiling requirements to reflect programme delivery. These will be considered by the Council's Strategic Capital Delivery Group in accordance with its Terms of Reference.
- 2.3 After reviewing the budget requirements for 2024/25, it is anticipated that an overall reduction in the projected spend for 2024/25 is expected. This is due to a variety of reasons including: lower than identified requirements for Kitchens and Bathrooms to be renewed at void stage; a reduction in the amount of heating systems being replaced at void stage; the reduced requirement for ICT systems replacement within the current year; and the delay in works across two demolition sites due to unforeseen structural issues. In the current financial year, this has been partially offset by additional works accelerated within the programme where possible.
- 2.4 The overall impact has resulted in the proposed re-profiling of £4.000m of expenditure into 2025/26 as detailed in the table below.

**Mainstream Programme
Virements and Slippage**

Mainstream Programme	Working Programme	Virement	Revised Working Programme	Comments
Estate Regeneration	300	0	300	
Heating	11,700	-900	10,800	Reduction in budget due to high than anticipated levels of no access
Window Replacement	9,250	-1,050	8,200	Reprofiling of budget following one of the contractors going into administration
Decarbonisation	4,700	300	5,000	Additional funding added to increase PV panel installations
Major Repairs	4,503	-240	4,263	Realignment of budget following delay to the Swedish timber houses main works programme and lower volume of RAAC repairs than originally anticipated
Roofing / Render	13,407	-1,500	11,907	Realignment of budget following contractor resourcing issues
Lead Pipe	251	-251	0	Realignment of budget following contractor going into administration
Security Entry Systems	1,001	21	1,022	-
Rewiring	1,751	-1,560	191	Realignment of budget following delay to the commencement of Enterprise contract - works fall within right of first refusal for pricing
Tower Strategy	2,531	2,110	4,641	Additional funding for lifts (Phase 3) this was reprofiled from 23/24 and upgrading of the emergency lighting to towers
Towers demolition (Ambition)	2,523	570	3,093	Additional funding following complications on the demolition contracts
Kitchens	2,001	-830	1,171	Realignment of budget following lower than anticipated level of void kitchens required
Bathrooms	2,501	-1,520	981	Realignment of budget following lower than anticipated level of void bathrooms required
Mainstream Programme K & B	3,000	1,800	4,800	Additional funding for commencing the new kitchen and bathroom programme
Community Care	1,510	-370	1,140	Realignment of budget while other sheltered sites are reviewed for refurbishment options
Fees / Misc	6,285	-660	5,625	Realignment of budget following delay with the implementation of new IT systems
Grants	-100	80	-20	
TOTAL	67,114	-4,000	63,114	

- 2.5 The reprofiling of the HRA mainstream capital programme is due to be considered by the Council's Strategic Capital Delivery Group. If approved the budget will be adjusted for future reports.

New Build

- 2.6 The New Build programme is currently projected to fully spend in 2024/25. As at period 6, £35.541m is legally committed (100% of the targeted spend) with £13.676m spent (32%).
- 2.7 There are currently five projects on site at Castlehill Road, Wishaw; Brandon Street, Motherwell; Downfield Road, Cumbernauld (off-the-shelf purchase); Gartferry Road, Chryston (off-the-shelf purchase); and Northburn Avenue Shop, Airdrie (Conversion).
- 2.8 Completion of 12 homes at Johnston Road, Gartcosh, 6 homes at Gartferry Road, Chryston, and 4 homes at Castlehill Road, Wishaw, took place during the period.
- 2.9 A retendering exercise is ongoing for the contract at Laburnum Road, Viewpark, to demonstrate value for money.
- 2.10 To date, 1,512 new build homes have been completed as part of the Council's ambitious new supply programme of 5,000 new homes. Currently, 118 homes are under construction, with a total of 281 homes expected to complete during 2024/25, against a target of 268 homes.
- 2.11 Sites have been identified and approved at Committee for a further 1,142 homes across 32 sites, with site investigations, title checks and design development on these sites progressing.
- 2.12 At the Housing Committee on 28 August, the following sites were added to the new supply programme: Anvil Block, Main Street, Wishaw; Marnoch, Glenboig; and Hattonrigg Road, Bellshill. The following sites were removed from the new supply programme as they were no longer deemed viable to progress: Windmillhill Street, Motherwell; Airdrie Hill Street, Airdrie; Gibb Street, Chapelhall; and Mitchell Street, Coatbridge.
- 2.13 The Council has appointed contractors and consultants who are progressing layouts and designs for several sites, with site investigations underway.

Council Buy Back Scheme

- 2.14 As at period 6, the programme is projected to fully spend between the Council buy back schemes, £11.767m attributable to EHPS and OMPS and £0.845m to the MTR scheme. Currently £6.931m (55%) of targeted spend is legally committed with £3.360m (27%) spent to date in total. This is funded by Prudential Borrowing, Scottish Government Funding and Subsidy Income.
- 2.15 To date, 30 properties have been brought back into use as affordable housing so far in 2024/25, with 100 properties expected to be acquired during this financial year. A Scottish Government grant contribution of £1.975m has been secured for 2024/25.
- 2.16 The final cost of borrowing will equate to a potential drawdown of £0.441m in 2025/26 from the amounts set aside for "Our Ambition".

3. Measures of success

- 3.1 The successful delivery of the HRA capital programmes, providing high quality housing stock.
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4. Supporting documentation

- 4.1 Appendix 1 – 2024/25 HRA Capital Programme – Mainstream Budget Monitoring Period 6

Appendix 2 – 2024/25 HRA Capital Programme – New Build / Council Buy Back Scheme Budget Monitoring Period 6



Andrew McPherson
Depute Chief Executive

5. Impacts

<p>5.1 Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.2 Financial impact Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Financial impacts are outlined throughout the report.</p>
<p>5.3 HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.4 Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.5 Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.6 Technology / Digital impact Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p>

Yes <input type="checkbox"/>	No <input type="checkbox"/>
5.7 Environmental / Carbon impact	
Does the report / project / practice contain information that has an impact on any environmental or carbon matters?	
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If Yes, please provide a brief summary of the impact?	
5.8 Communications impact	
Does the report contain any information that has an impact on the council's communications activities?	
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If Yes, please provide a brief summary of the impact?	
5.9 Risk impact	
Is there a risk impact?	
Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?	
<p>All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy, Services managed 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 the approved budget levels. To reduce other financial risks, this report was prepared by service based Finance personnel in consultation with budget managers, in accordance with the Financial Regulations</p>	
5.10 Armed Forces Covenant Duty	
Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?	
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.	
5.11 Children's rights and wellbeing impact	
Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?	
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).	
If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?	
Yes <input type="checkbox"/>	No <input type="checkbox"/>

2024/25 HRA CAPITAL PROGRAMME
Budget Monitoring Report

Period 6 Summary

MAINSTREAM PROGRAMME	Working Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000	Variance £000
Estate Regeneration						
Estate Regeneration	300	297	3	22	297	(3)
Sub Total	300	297	3	22	297	(3)
Energy Efficiency						
Heating	11,700	10,800	2,303	5,777	10,800	(900)
Window/Door Replacement	9,250	7,949	2,410	3,206	8,199	(1,051)
Decarbonisation	4,700	5,000	263	1,091	5,000	300
Sub Total	25,650	23,749	4,976	10,074	23,999	(1,651)
Major Repairs						
Major Repairs	4,503	4,025	859	1,298	4,265	(238)
Roofing/Rendering	13,407	11,911	3,103	5,440	11,911	(1,496)
Sub Total	17,910	15,936	3,962	6,738	16,176	(1,734)
Home Safety and Security						
Lead Pipe	251	-	280	-	-	(251)
Entry Systems	1,001	1,024	96	351	1,024	23
Electrical Works	1,751	187	1,713	160	188	(1,563)
Sub Total	3,003	1,211	2,089	511	1,212	(1,791)
Tower Strategy						
Tower Strategy	2,531	4,092	(1,561)	390	4,642	2,111
Tower Demolitions - Ambition	2,523	3,044	(212)	1,747	3,094	571
Sub Total	5,054	7,136	(1,773)	2,137	7,736	2,682
Internal Upgrading						
Kitchens - Repairs	2,001	1,167	1,073	52	1,167	(834)
Bathrooms - Repairs	2,501	979	1,821	-	979	(1,522)
Mainstream Programme K & B	3,001	1,800	1,560	1,770	4,800	1,799
Sub Total	7,503	3,946	4,453	1,822	6,946	(557)
Community Care						
Community Care	1,510	139	1,516	92	1,139	(371)
Sub Total	1,510	139	1,516	92	1,139	(371)
Fees / Miscellaneous						
Fees / Miscellaneous	6,285	5,366	919	141	5,626	(659)
Grants	(100)	-	(100)	(18)	(18)	82
Sub Total	6,185	5,366	819	123	5,608	(577)
TOTAL (Mainstream Programme)	67,114	57,780	16,044	21,519	63,114	(4,000)

Financed by:						
Borrowing (Mainstream)	(49,172)			-	(44,593)	4,579
Borrowing (Ambition)	(2,523)				(3,094)	(571)
Capital Receipts	-			(8)	(8)	(8)
Scottish Govt. Grant (Net Zero)	-			-	-	-
Scottish Govt. Grant (Additional)				-	-	-
CFCR	(15,419)			-	(15,419)	-
Slippage	-			-	-	-
TOTAL RESOURCES	(67,114)			(8)	(63,114)	4,000
Over/(underspend) On Borrowing						
					-	(4,008)

Appendix 2

2024/25 HRA CAPITAL PROGRAMME

Budget Monitoring Report

Period 6 Summary

NEW BUILD PROGRAMME	Working Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000	Variance £000
New Build	32,641	32,841	200	13,676	32,841	200
Fees	2,900	2,700	(200)	-	2,700	(200)
TOTAL (New Build Programme)	35,541	35,541	-	13,676	35,541	-

Financed by:

Borrowing	(19,925)			-	(19,925)	-
CFCR	(4,670)			-	(4,670)	-
Scottish Government New Build Grant	(10,946)			(4,059)	(10,946)	-
Sale of Land				-	-	-
Total	(35,541)			(4,059)	(35,541)	-

Projected Over/(Underspend) on Borrowing

-

Council Buy Back Schemes	Programme £000	Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000	Variance £000
Empty Homes and Open Market						
Empty Homes and Open Market	11,446	5,702	5,744	2,910	11,406	(40)
MTR Scheme	845	845	0	450	845	-
Fees / Recharges	345	385	(40)	0	385	40
TOTAL	12,636	6,931	5,704	3,360	12,636	-

Number of Properties Settled

30

Financed by:

Scottish Government Grant	(4,000)			(655)	(4,000)	-
AHP (Commutated Sums)	-			-	-	-
Subsidy Income	(506)			(336)	(506)	-
Borrowing (MTR)	(340)			0	(340)	-
Borrowing (EHPS/OMPS)	(7,790)			0	(7,790)	-
Total	(12,636)			(991)	(12,636)	-

Over/(underspend) on Borrowing

-