

North Lanarkshire Council Report

Housing Committee

Does this report require to be approved? Yes No

Ref GT/VR

Date 06/03/25

HRA Capital Monitoring Report – 1 April 2024 to 28 February 2025

From Andrew McPherson, Depute Chief Executive

E-mail RobertsV@northlan.gov.uk

Telephone

Executive Summary

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

The Strategic Capital Delivery Group approved a reprofiling request on 24th of October 2024 for the Mainstream programme which re-aligned planned spend of £4.000m to the 2025/26 financial year. The April 2025 meeting of the SCDG approved a further reprofiling of £2.400m planned spend from 2024/25. The programme is now projected to underspend by £1.600m due to the outcome of an adjudication in relation to a contractors claim.

An underspend of £2.636m is being projected within the New Build programme due to reduced land costs as a result of greater abnormalities being identified and some minor delays which reprofiles expenditure to the new financial year. Accelerated grant receipts results in a reduction to required borrowing of £4.395m.

Budget was allocated to allow the acquisition of 10 properties within the Mortgage to Rent (MTR) programme and 100 properties within the Buy Back scheme. It is now anticipated that 8 properties will be acquired through the MTR scheme and 92 properties through the Buy Back scheme resulting in a combined underspend of £1.478m. Grant income has also been reduced in line with the decreased acquisition units. This is largely offset by an over-recovery of other income including AHP commuted sums resulting in a reduction to required borrowing of £1.504m.

Recommendations

It is recommended that the Housing Committee:

- (1) Acknowledges the financial position of the 2024/25 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

Programme of Work Statutory / corporate / service requirement

1. Background

Mainstream Working Programme

- 1.1 The Housing Committee on the 14th of February 2024 approved an outline mainstream programme for 2024/25 based on targeted expenditure of £73.825m including slippage of £6.711m. Following approval by the Strategic Capital Delivery Group in October 2024 and April 2025 the Mainstream capital programme has been revised to realign £6.4m to future years. The revised programme of £60.714m will be funded as follows:

	£000
Prudential Borrowing	45,295
Capital Funded from Current Revenue (CFCR)	15,419
Total revised projected resources required	<u>60,714</u>

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 New Build and Buy-Back programmes.

Mainstream

- 2.2 Following an assessment of projected spend requirements for 2024/25 during a mid-year budgetary review, a reprofiling request across several projects totalling £4m was approved at the Strategic Capital Delivery Group in October 2024. The April meeting of the SCDG approved a further reprofiling of £2.4m from 2024/25 as a result of delays in works being carried out across Kitchen & Bathroom replacements and Fire Stopping works, which will now take place during 2025/26. The revised target spend for 2024/25 financial year is now £60.714m.
- 2.3 An underspend of £1.6m is being projected following the outcome of an adjudication which the council have been involved in since May 2024 in relation to the 4 Towers project in Coatbridge. The Housing Service has attempted to identify potential opportunities for acceleration of works to offset the underspend however due to the timing of adjudicators decision, the ability to carry out additional works elsewhere are limited.
- 2.4 As at Period 12, £59.114m (97% of the working capital programme) has been legally committed with £45.667m spent (75% of the working capital programme).

New Build

- 2.5 A summary of projected outturn spend on the New Build programme is illustrated within Appendix 2. The New Build programme is projected to underspend by £2.636m due to a 3-week delay at the Dunottar Avenue, Shawhead site and lower land costs incurred as a result of a higher level of abnormalities being identified. There is also slight acceleration to the receipt of grant income resulting in a reduced borrowing requirement of £4.395m.
- 2.6 As at period 12, £32.905m is legally committed (93% of the targeted spend) with £25.770m spent (73%).
- 2.7 There are currently three projects on site at Northburn Avenue Shop, Airdrie (Conversion), Graham Street, Airdrie (NLP Conversion) and Thorn Road, Bellshill.
- 2.8 Completion of the final 30 homes at Brandon Street, Motherwell, took place during the period.
- 2.9 To date, 1,629 new build homes have been completed as part of the Council's ambitious new supply programme of 6,000 new homes. Currently, 27 homes are under construction, with a total of 278 homes expected to complete during 2024/25, against a target of 268 homes.
- 2.10 Sites have been identified and approved at Committee for a further 1,116 homes across 31 sites, with site investigations, title checks and design development on these sites progressing.
- 2.11 The Council has appointed contractors and consultants who are progressing layouts and designs for several sites, with site investigations underway.

Council Buy Back Scheme

- 2.12 A summary of projected outturn spend on the Council Buy Back Schemes is also contained within Appendix 2. Projected spend currently totals £11.158m collectively between the Council buy back schemes, £10.430m is attributable to the Empty Homes Purchase Scheme (EHPS) and Open Market Purchase Scheme (OMPS) and £0.728m to the Mortgage to Rent (MTR) scheme resulting in an underspend of £1.478m. This is funded by Prudential Borrowing, Scottish Government Funding and Subsidy Income.
- 2.13 To date, 83 properties have been brought back into use as affordable housing in 2024/25, with 92 properties expected to be acquired through the Buy Back schemes during this financial year.
- 2.14 To date, 8 properties have been acquired through the MTR scheme, with no further properties expected to be acquired during this financial year.
- 2.15 Following the allocation of additional funding to North Lanarkshire, a Scottish Government grant contribution of £3.680m has been secured for 2024/25. A NET over-recovery of income of £0.025m is being projected due to drawdown of AHP contributions which is partially offset by a reduction in grant income in line with reduced acquisition units resulting in a reduction to the required borrowing by £1.504m.
-

3. Measures of success

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

4. Supporting documentation

- 4.1 Appendix 1 – 2024/25 HRA Capital Programme – Mainstream Budget Monitoring Period 12
- Appendix 2 – 2024/25 HRA Capital Programme – New Build / Council Buy Back Scheme Budget Monitoring Period 12

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>

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)?

Yes No

5.7 Environmental / Carbon impact

Does the report / project / practice contain information that has an impact on any environmental or carbon matters?

Yes No

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 No

If Yes, please provide a brief summary of the impact?

5.9 Risk impact

Is there a risk impact?

Yes No

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?

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

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 No

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 No

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 No

Appendix 1

2024/25 HRA CAPITAL PROGRAMME

Budget Monitoring Report

Period 12 Summary

MAINSTREAM PROGRAMME	Working Programme £000	Legally Committed £000	Balance £000	Ledgered to Date £000	Projected Spend £000	Variance £000
Estate Regeneration						
Estate Regeneration	334	334	-	138	334	-
Sub Total	334	334	-	138	334	-
Energy Efficiency						
Heating	10,805	10,805	-	10,241	10,805	-
Window/Door Replacement	8,947	8,947	-	6,974	8,947	-
Decarbonisation	5,066	5,066	-	4,425	5,066	-
Sub Total	24,818	24,818	-	21,639	24,818	-
Major Repairs						
Major Repairs	3,229	3,229	-	2,596	3,229	-
Roofing/Rendering	12,083	12,083	-	11,432	12,083	-
Sub Total	15,312	15,312	-	14,028	15,312	-
Home Safety and Security						
Lead Pipe	1	1	-	1	1	-
Entry Systems	841	841	-	700	841	-
Electrical Works	192	192	-	191	192	-
Sub Total	1,034	1,034	-	892	1,034	-
Tower Strategy						
Tower Strategy	4,039	2,439	1,600	2,048	2,439	(1,600)
Tower Demolitions - Ambition	4,470	4,470	-	2,654	4,470	-
Sub Total	8,509	6,909	1,600	4,702	6,909	(1,600)
Internal Upgrading						
Kitchens - Repairs	1,171	1,825	(654)	1,787	1,825	654
Bathrooms - Repairs	981	1,814	(833)	1,781	1,814	833
Mainstream Programme K & B	2,087	600	1,487	-	600	(1,487)
Sub Total	4,239	4,239	1	3,568	4,239	-
Community Care						
Community Care	862	862	-	443	862	-
Sub Total	862	862	-	443	862	-
Fees / Miscellaneous						
Fees / Miscellaneous	5,643	5,643	-	295	5,643	-
Grants	(37)	(37)	-	(37)	(37)	(0)
Sub Total	5,606	5,606	-	258	5,606	(0)
TOTAL (Mainstream Programme)	60,714	59,114	1,601	45,667	59,114	(1,600)

Financed by:						
Borrowing (Mainstream)	(40,825)			-	(39,210)	1,615
Borrowing (Ambition)	(4,470)				(4,470)	-
Capital Receipts	-			(15)	(15)	(15)
Scottish Govt. Grant (Net Zero)	-			-	-	-
Scottish Govt. Grant (Additional)	-			-	-	-
CFCR	(15,419)			-	(15,419)	-
Slippage	-			-	-	-
TOTAL RESOURCES	(60,714)			(15)	(59,114)	1,600

Appendix 2

2024/25 HRA CAPITAL PROGRAMME

Budget Monitoring Report

Period 12 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	30,175	(2,466)	25,770	30,175	(2,466)
Fees	2,900	2,730	(170)	-	2,730	(170)
TOTAL (New Build Programme)	35,541	32,905	(2,636)	25,770	32,905	(2,636)

Financed by:						
Borrowing	(19,925)			-	(15,530)	4,395
CFCR	(4,670)			-	(4,670)	-
Scottish Government New Build Grant	(10,946)			(11,048)	(12,705)	(1,759)
Total	(35,541)			(11,048)	(32,905)	2,636

Projected Over/(Underspend) on Borrowing **(4,395)**

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	10,039	1,407	7,740	10,039	(1,407)
MTR Scheme	845	728	117	660	728	(117)
Fees / Recharges	345	391	(46)	-	391	46
TOTAL	12,636	11,158	1,478	8,400	11,158	(1,478)

Number of Properties Settled **83** **83**

Financed by:						
Scottish Government Grant	(4,000)			(2,870)	(3,680)	320
AHP (Committed Sums)				-	(315)	(315)
Subsidy Income	(506)			(536)	(536)	(30)
Borrowing (MTR)	(340)			-	(192)	148
Borrowing (EHPS/OMPS)	(7,790)			-	(6,435)	1,355
Total	(12,636)			(3,406)	(11,158)	1,478

Over/(underspend) on Borrowing **1,504**