

## **Housing Revenue Account Revenue Budget and Capital Plan 2019/20**

**Report by Gary Fairley, Head of Finance and Integrated Service Support**

### **1 Purpose of Report**

The purpose of this report is to provide Council with a summary of expenditure and income to 6<sup>th</sup> October 2019 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2019/20.

### **2 Background**

#### **2.1 Capital Plan 2019/20**

The Capital Plan Budget has been revised to reflect the current profile of spend as shown in appendix 1. There are no material changes to the variance last reported to Council 20<sup>th</sup> August 2019.

#### **2.2 Revenue Account 2019/20**

The underspend reported to Council on the 20<sup>th</sup> August 2019 was £1.548 million. This has decreased £1.016 million to £0.532 million as shown in Appendix 2. This is due to:-

- A reduction to the Temporary Accommodation Service Charge income to the HRA with a corresponding increase in the charge allocated to the Homelessness Service of £0.200 million;
- Delays to temporary accommodation refurbishment at Jarnac Court and the New Social Housing Programme resulting in a further shortfall of rental income of £0.127 million;
- The inclusion of a provision of £0.925 million in respect of the initial estimate of costs as a result of the successful application for expenses to the court from the two other contractors involved in the Newbyres Crescent court action. The actual costs may vary and are dependent on the account of expenses submitted to the court for taxation (assessment) by the Auditor of the Court of Session.

Offset by:-

- Favourable interest rates resulting in reduced debt charges of £0.192 million.

The HRA reserve balance is projected to be £38.848 million at 31<sup>st</sup> March 2020. The longer term financial projections demonstrate that the majority of this will be required to finance existing investment

commitments to 2033/34. However a more comprehensive review of the model is underway and will be reported to Council later in the year.

### **3 Report Implications**

#### **3.1 Resource**

There are no direct resource implications arising from this report.

#### **3.2 Risk**

The principal risks are around the issue of affordability, ensuring that the investment in new build and the existing stock can be made without having to impose unacceptable increases on weekly rents.

Whilst the HRA reserve balance is projected to be £38.848 million at 31 March 2020, the longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments.

#### **3.3 Single Midlothian Plan and Business Transformation**

Themes addressed in this report:

- ☐ Community safety
- ☒ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

#### **3.4 Impact on Performance and Outcomes**

This report links to the Corporate Priority 1a. "Provide quality, affordable housing including increasing homelessness accommodation".

#### **3.5 Adopting a Preventative Approach**

There are no issues arising directly from this report.

#### **3.6 Involving Communities and Other Stakeholders**

No external consultation has taken place on this report.

#### **3.7 Ensuring Equalities**

There are no equality issues arising directly from this report.

#### **3.8 Supporting Sustainable Development**

There are no sustainability issues arising from this report.

#### **3.9 IT Issues**

There are no IT issues arising directly from this report.

#### **4 Summary**

The summarised projected financial performance for 2019/20 is:

- Capital Expenditure of £35.501 million;
- A net underspend of £0.532 million on the Revenue Account;
- The HRA reserve at 31<sup>st</sup> March 2020 is projected of £38.848 million.

#### **5 Recommendations**

Council is recommended to note the contents of this report.

**Date 16<sup>th</sup> October 2019**

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**Background Papers: HRA Capital Plan and Revenue Budget**