

**Housing Revenue Account
Capital Plan and Revenue Budget 2014/15 – 2017/18****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:-

- An update on the Housing Revenue Account (HRA) Capital Plan for 2014/15 – 2017/18;
- An update on the Projected Outturn against the revised budget for 2014/15.

2 Background**2.1 Updated Capital Plan**

The 2014/15 Approved HRA Capital Plan allowed for investment of £20.093 million for New Social Housing and Investment in existing Housing Stock, as reported to Council 23rd Sep 2014. On 18th Nov 2014 Cabinet approved the refurbishment of Pentland House and Midfield House to be used for Homelessness Accommodation costing £0.343 million and £0.40 million respectively and are now included in the Capital Plan as shown in Appendix 1.

There are some Carry Forwards to 2015/16, which have also been identified, these relate to:-

- The schedule of works to demolish and rebuild Newbyres Crescent, resulting in an projected Carry Forward of £2.000 million;
- The Environmental Improvements at McNeill Terrace, there will be estimated Slippage of £0.347 million;
- Phasing of Kitchen Replacement projects and SHQS repairs, resulting in an estimated carry forward of £0.123 million and £2.017 million respectively.

The changes described above are reflected in the Capital Plan for 2014/15 to 2017/18 and are detailed in appendix 1 which shows total investment of £81.128 million with a net borrowing required over the period of £70.394 million.

2.2 Capital Plan Projected Outturn 2014/15

The projected outturn for 2014/15 reported to Council 16th December was estimated to be £0.052 million underspent, this has now changed to a £0.031 million overspend, as shown in Appendix 2.

The £0.083 million movement in expenditure is due to:-

- The purchase and refurbishment of a property to re-house a Newbyres Crescent Resident, reported to Cabinet 23th August 2014, costing £0.145 million;
- There are no stabilisation works required this financial year resulting in an underspend of £0.062 million;

Capital Receipts have increased by £1.411 million due to:-

- Grant funding of £0.035 million being obtained from Scottish Government to offset the cost of purchasing the property to re-house the Newbyres Crescent Resident;
- Midlothian Council being awarded more funding through Incentivising New Build and Developer Contributions for £0.680 million and £0.696 million respectively. This is to contribute towards Phase 2 of New Affordable Housing.

2.3 Revenue Account Projected Outturn 2014/15

The projected outturn for 2014/15 reported to Council 16th December was estimated to be £0.432 million underspent, the underspend has now increased to £0.500 million, as shown in Appendix 2.

The main reason for this increase is due to the phasing of Capital Investment in existing stock reducing the demand for reactive repairs resulting in an underspend of £0.121 million.

3 Report Implications

3.1 Resource

The projected cost for Phase 2 of the New Social Housing Programme for 2014/15 to 2017/18 is £50.261 million. Investment for other Capital Investment projects is expected to be £30.867 over this period with a net borrowing requirement of £70.394 million.

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 £21.173 million at 31 March 2015, the longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments, with reserves now projecting to reduce to approximately £4.747 million by 2028/29.

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 HRA Capital Plan for 2014/15 to 2017/18 now provides for:

- £0.343 million and £0.40 million for the refurbishment of Pentland House and Midfield House respectively;
- £4.487 million to be Carried Forward to 2015/16.

The summarised financial performance for 2014/15 is:

- Capital Expenditure to 21st December 2014 was £6.369 million and is anticipated to be £15.976 million for the year;
- A net underspend of £0.500 million is projected on the Revenue Account;
- The HRA reserve at 31st March 2015 is projected to be £21.173 million.

5 Recommendations

Council is recommended to note the contents of this report.

Date 13th January 2015

Report Contact:

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

Instructions: This box must be completed by the author of the report. The box will be copied and saved by the Council Secretariat who will delete it from the report prior to photocopying the agenda.

Title of Report: Housing Revenue Account Capital Plan 2014/15-2016/17 and Revenue Budget 2014/15 – 2015/16

Meeting Presented to: Midlothian Council

Author of Report: Gary Fairley, Head of Finance and Integrated Service Support

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- ☒ *All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Integrated Service Support.*
- ☒ *All risk implications have been addressed.*
- ☒ *All other report implications have been addressed.*
- ☒ *My Director has endorsed the report for submission to the Council Secretariat.*

For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate.

Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.