

Housing Revenue Account Revenue Budget and Capital Plan 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 a summary of expenditure and income to 7th July 2017 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2017/18.

2 Background

2.1 Capital Plan 2017/18

The Capital Plan Budget has been revised to reflect the current profile of spend as shown in appendix 1 and there are no material variances to be reported at this stage.

2.2 Revenue Account 2017/18

For 2017/18 there is currently a projected underspend of £0.973 million against budget, as shown in appendix 2, this is due to:-

- Lower demand for reactive repairs due to continuous capital investment in existing stock will result in a projected underspend on repairs of £0.507 million;
- Rephasing of the capital plan and favourable interest rates will result in an underspend on debt charges of £0.249 million;
- The provision for bad debts due to Universal Credit is not anticipated to be as high as expected resulting in an underspend of £0.222 million;
- Private Registered Social Landlord properties not budgeted for resulting in additional service charge income of £0.234 million.

Offset by:-

- Higher than projected right to buy sales and rephasing of housing stock will reduce the level of rents received by £0.313 million.

The HRA reserve balance is projected to be £34.357 million at 31st March 2018. The longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments to 2031/32. 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 £34.357 million at 31 March 2018, 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 2017/18 is:

- Capital Expenditure of £22.206 million;
- A net underspend of £0.973 million on the Revenue Account;
- The HRA reserve at 31st March 2018 is projected of £34.357 million.

5 Recommendations

Council is recommended to note the contents of this report.

Date 3rd August 2017

Report Contact:

Name Lisa Young Tel No 0131-271-3111

lisa.young@midlothian.gov.uk

Background Papers: HRA Capital Plan and Revenue Budget