

Housing Revenue Account Revenue Budget and Capital Plan 2018/19

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 6th July 2018 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2018/19.

2 Background

2.1 Capital Plan 2018/19

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 2018/19

For 2018/19 there is currently a projected underspend of £0.177 million against budget as shown in appendix 2. This is due to:-

- Lower than budgeted demand for high value repairs as a consequence of the Council's continuous capital investment in existing stock. This results in a projected underspend of £0.267 million;
- Rephasing of the capital plan since the 2018/19 budget was set which results in reduced debt charges of £0.138 million.

Offset by:-

- Higher than budgeted arrears which results in an increase of £0.101 million to the bad debt provision. In 2017/18 due to the impacts of Universal Credit the level of arrears increased by approximately twenty five percent last year;
- Costs associated with amendments to the management structure for Housing Support and Concierge services provided by the Salvation Army at Pentland House and the Polton Centre of £0.086 million.

The HRA reserve balance is projected to be £38.525 million at 31st March 2019. The longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments to 2032/33. 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 £38.525 million at 31 March 2019, 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 2018/19 is:

- Capital Expenditure of £20.324 million;
- A net underspend of £0.177 million on the Revenue Account;
- An HRA reserve at 31st March 2018 of £38.525 million.

5 Recommendations

Council is recommended to note the contents of this report.

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Report Contact:

Name Lisa Young Tel No 0131-271-3111

lisa.young@midlothian.gov.uk

Background Papers: HRA Capital Plan and Revenue Budget