

**Housing Revenue Account  
Revenue and Capital Final Outturn 2020/21 and Capital Plan 2021/22 -  
2025/26**

**Report by Gary Fairley, Chief Officer Corporate Solutions.**

**Report for Noting**

**1 Recommendations**

Council is recommended to note the contents of this report.

**2 Purpose of Report/Executive Summary**

The purpose of this report is to provide Council with:-

- The final outturn position for 2020/21 for both the Housing Revenue Account (HRA) Capital Plan and the Revenue Account;
- A revised capital plan for 2021/22 to 2025/26 reflecting the carry forwards from 2020/21.

The summarised financial performance for 2020/21 is:

- Capital Investment in the year totalling £15.632 million;
- A net underspend of £1.789 million on the Revenue Account;
- An HRA reserve at 31<sup>st</sup> March 2020 of £48.398 million.

**Date 31<sup>th</sup> May 2021**

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### 3 Background

#### 3.1 Capital Plan 2020/21

The Capital Plan reported to Council on 23<sup>rd</sup> February 2021 allowed for investment of £19.138 million in 2020/21. Budget of £3.663 million is carried forward to 2021/22, as shown in Appendix C to:-

- Reflect the most up-to-date delivery programme for Phase 3 of the New Social Housing programme with £2.420 million carried forward in to 2021/22;
- The impact of COVID 19 restrictions on the delivery of the Scottish Housing Quality Standard works programme and Upgrades to Central Heating Systems resulting in carry forwards of £1.718 million and £0.741 million respectively. An appropriation of £1.847 million, as approved by Council in February 2021, was made from the HRA reserve to reflect the lost income to the General Fund as a result of this;
- Reflect the updated programme for Temporary Accommodation provision at Jarnac Court and McNeill Terrace Roof replacement resulting in carry forwards of £0.044 million and £0.072 million respectively;
- Earlier receipt than previously anticipated of Affordable Housing Subsidy from Scottish Government of £5.648 million for the provision of New Social Housing.

Offset by:-

- General acceleration in Phase 2 of the New Social Housing Programme and number of buybacks resulting in spend previously planned for 2021/22 being committed in 2020/21 of £1.251 million and £0.081 million respectively.

There was no variance reported to Council 23<sup>rd</sup> February 2021 however there is now a small overspend of £0.157 million against the revised budget of £15.475 million, as shown in Appendix C. This is due to historic developer contributions for education provision initially being charged at a lower unit rate than required of £0.261 million offset by lower demand in disabled adaptations of £0.104 million.

The variations explained above result in an increase in borrowing against the budget of £6.255 million of £0.136 million for the year.

#### 3.2 Revenue Account 2020/21

The projected underspend reported to Council on the 23<sup>rd</sup> February 2021 was £0.797 million. This has increased by £0.992 million to £1.789 million, as shown in Appendix D. This is primarily due to:-

- Lower level of reactive repairs and grounds maintenance works being carried out of £1.197 million and £0.087 million respectively due to Covid-19 restrictions. Although an internal charge for the labour element of lost income to the general fund was made other non-labour costs were not incurred in 2020/21.

It is anticipated that this underspend will be reversed in 2021/22 as work are carried out.

Offset by

- Lower level of rental income received against budget of £0.295 million reflecting the delivery programme for the new social housing project and profiling of new housing stock when setting the budget.

The HRA reserve balance is £48.398 million at 31<sup>st</sup> March 2021, of which £10.3 million is earmarked for house purchases from private developers. The longer-term financial projections demonstrate that the majority of the remaining reserve of £38.098 million will be required to finance existing investment commitments to 2035/36.

### **3.3 Capital Plan 2021/22 – 2025/26**

The capital plan has been updated to reflect the cross year movements from 2020/21 and is detailed in Appendix E. A fuller review of the Capital Plan and other potential investment plans will be completed over the summer and reported to Council later in the year.

## **4 Report Implications**

### **4.1 Resource**

There are no direct resource implications arising from this report.

### **4.2 Digital**

There are no direct digital implications arising from this report.

### **4.3 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 £48.398 million at 31 March 2021, the longer-term financial projections demonstrate that the majority of this will be required to finance existing investment commitments.

### **4.4 Ensuring Equalities**

There are no equality issues arising directly from this report.

### **4.4 Additional Resource Implications**

See Appendix A.

## **Appendices**

Appendix A – Additional Resource Implications

Appendix B – Background Information

Appendix C - Capital Plan 2020/21

Appendix D – Revenue Account 2020/21

Appendix E – Capital Plan 2021/22-2025/26

## **APPENDIX A – Report Implications**

### **A.1 Key Priorities within the Single Midlothian Plan**

Not applicable

### **A.2 Key Drivers for Change**

Key drivers addressed in this report:

- ☐ Holistic Working
- ☐ Hub and Spoke
- ☐ Modern
- ☐ Sustainable
- ☐ Transformational
- ☐ Preventative
- ☐ Asset-based
- ☐ Continuous Improvement
- ☐ One size fits one
- ☒ None of the above

### **A.3 Key Delivery Streams**

Key delivery streams addressed in this report:

- ☐ One Council Working with you, for you
- ☐ Preventative and Sustainable
- ☐ Efficient and Modern
- ☐ Innovative and Ambitious
- ☒ None of the above

### **A.4 Delivering Best Value**

The report does not directly impact on Delivering Best Value

### **A.5 Involving Communities and Other Stakeholders**

The report does not directly relate to involving communities

### **A.6 Impact on Performance and Outcomes**

The report does not directly impact on Midlothian Council's performance and outcomes

### **A.7 Adopting a Preventative Approach**

Not applicable

**A.8 Supporting Sustainable Development**

Not applicable

**APPENDIX B****Background Papers/Resource Links (if applicable)**

HRA Capital Plan and Revenue Budget