

**Housing Revenue Account
Revenue Budget and Capital Plan 2020/21**

Report by Gary Fairley, Chief Officer Corporate Solutions.

Report for Noting

1 Recommendations

Council is recommend to note the contents of this report.

2 Purpose of Report/Executive Summary

The purpose of this report is to provide Council with a summary of expenditure and income to 18th December 2020 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2020/21.

The summarised financial performance for 2020/21 is:

- Capital Investment in the year totalling £19.138 million;
- A net underspend of £0.797 million against the revised budget on the Revenue Account;
- An increase in the projected HRA reserve at 31st March 2021 of £2.939 million.

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3. Background

3.1 Capital Plan 2020/21

The capital plan provides for significant investment over the remainder of the financial year which will contribute to economic recovery and specifically support both the housing and construction sectors. The expenditure projections, which reflect significant activity over the remainder of the financial year, may be impacted upon by a range of external factors, such as adverse weather.

The Capital Plan Budget has been revised to reflect the current profile of spend as shown in appendix C.

3.2 Revenue Account 2020/21

The underspend reported to Council on 17th November was £0.934 million, this has decreased by £0.137 million to £0.797 million, as shown in appendix D.

The principal concern for the HRA is the potential for loss of income from increase rent arrears. Rent arrears have experienced a monetary increase of £0.5 million, approximately 31% since the 1 April 2020 with an increase over the same period of 225 or 8% in the number of tenancies in arrears.

Engagement with tenants to help them meet their obligations, access benefit entitlements and support to sustain their tenancies continues together with recovery action short of eviction. Members will be aware that legislation has been extended to ensure no evictions can take place until March 2021 other than for cases where there is anti-social or criminal behavior.

The position is predicted to result in an increase in the provision required for non-collection of rents of £0.300 million more than originally budgeted for. The position will be monitored and an assessment made at the year if any further increase in the provision for bad and doubtful debt is required.

The projected increase in provision for non-collection of rents mentioned above is offset by a reduction in debt charges of £0.144 million as a consequence of the revisions to capital expenditure projections for the year in both the General Fund and the HRA.

The HRA reserve balance is projected to increase by £2.939 million during 2020/21 but will contain an earmarked element of £10.300 million as reported to Council 17th November 2020. The longer-term financial projections demonstrate that the majority of the HRA reserve continues to be earmarked to finance existing capital investment commitments

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. This is mitigated by the adoption of a long term financial strategy and modelling which demonstrates that existing investment commitments are sustainable.

4.4 Ensuring Equalities

There are no equality issues arising directly from this report.

4.5 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 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

The report does not directly relate to adopting a preventative approach.

A.8 Supporting Sustainable Development

The report does not directly relate to supporting sustainable development.

APPENDIX B**Background Papers/Resource Links**

HRA Capital Plan and Revenue Budget enclosed