

## **Housing Revenue Account Revenue Budget and Capital Plan 2016/17**

**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 23<sup>rd</sup> September 2016 for the Capital Plan and a projected outturn for both the Housing Revenue Account and Capital Plan for 2016/17.

### **2 Background**

#### **2.1 Capital Plan 2016/17**

The revision of the Capital Plan reported to Council on 27<sup>th</sup> September 2016 allowed for investment of £22.449 million in 2016/17 as shown in Appendix 1. At this stage there are no material variances to be reported for 2016/17.

#### **2.2 Revenue Account 2016/17**

Since the revision of the Revenue Budget reported to Council on 27<sup>th</sup> September 2016 an underspend of £0.290 million is projected for 2016/17 which is shown in Appendix 2.

The underspend is primarily due to delays in the refurbishment of Pentland House, due to additional repair works taking longer than anticipated, this will result in a saving of £0.256 million for Housing Support and Caretaker costs, offset by shortfall in rental charge of £0.118 million.

These delays will also result in a shortfall in Service charge income of £0.035 million, however this is offset by additional Service Charge income from Private Registered Social Landlord properties not budgeted for resulting in additional income of £0.100 million.

The cost of borrowing will also be reduced by £0.043 million due to favourable interest rates on long-term borrowing.

The HRA reserve balance is projected to be £29.207 million at 31<sup>st</sup> March 2017. The longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments to 2030/31.

### **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 £29.207 million at 31 March 2017, 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 financial performance for 2016/17 is:

- Capital Expenditure is anticipated to be £22.449 million for the year;
- A net undersend of £0.290 million is projected on the Revenue Account;
- The HRA reserve at 31<sup>st</sup> March 2016 is projected to be £29.207 million.

#### **5 Recommendations**

Council is recommended to note the contents of this report.

**Date 10<sup>th</sup> October 2016**

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

# MIDLOTHIAN COUNCIL

Appendix 1

## HOUSING REVENUE ACCOUNT CAPITAL PLAN 2016/17

	Revised Budget	Actuals to Date	Projected Outturn	Variation (Under)/Over
	£'000	£'000	£'000	£'000
<b>FUNDING</b>				
Net Receipts from Sales	2,155	1,962	2,155	0
Grants				
-Incentivising New Build	764	764	764	0
-Mortgage to Rent	168	0	168	0
-Buy Backs Funding	300	0	300	0
Council Tax on Second Homes	118	0	118	0
Developer Contributions	1,000	0	1,000	0
Borrowing Required	17,944	3,939	17,944	0
<b>TOTAL AVAILABLE FUNDING</b>	<b>22,449</b>	<b>6,665</b>	<b>22,449</b>	<b>0</b>

	£'000	£'000	£'000	£'000
<b>APPROVED EXPENDITURE</b>				
New Build Houses Phase 1	162	(124)	162	0
New Build Houses Phase 2	13,019	3,694	13,019	0
Buy Backs	1,603	657	1,603	0
Aids & Adaptations	300	125	300	0
Energy Assistance	1,000	82	1,000	0
Homelessness - Mortgage to Rent	303	0	303	0
Homelessness - Pentland House Refurbishment	472	26	472	0
Homelessness - Midfield House Refurbishment	39	8	39	0
Environmental Works - McNeill Terrace	0	(27)	0	0
Scottish Housing Quality Standard				
-Upgrade Central Heating Systems	650	247	650	0
-Kitchen Replacement Programme	201	29	201	0
-Sanitary Ware Replacement Programme	950	292	950	0
-SHQS Repairs	3,750	1,656	3,750	0
<b>Total Expenditure</b>	<b>22,449</b>	<b>6,665</b>	<b>22,449</b>	<b>0</b>

# MIDLOTHIAN COUNCIL

## HOUSING REVENUE ACCOUNT 2016/17

## Appendix 2

	<b>Revised Budget</b>	<b>Projected Outturn</b>	<b>Variation (Under)/Over</b>
<b>Average No of Houses</b>	<b>6,864</b>	<b>6,864</b>	<b>0</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Repairs and Maintenance</b>			
Decant/Compensation	5,400	5,391	(9)
General Repairs	40	40	0
Grounds Maintenance	574	574	0
	<b>6,014</b>	<b>6,005</b>	<b>(9)</b>
<b>Administration and Management</b>	4,842	4,842	0
<b>Loan Charges</b>	8,649	8,606	(43)
<b>Other Expenses</b>	2,488	2,232	(256)
<b>TOTAL EXPENDITURE</b>	<b>21,993</b>	<b>21,685</b>	<b>(308)</b>
<b>Rents</b>			
Houses	24,882	24,764	118
Garages	529	529	0
Others	586	686	(100)
<b>TOTAL RENTS</b>	<b>25,997</b>	<b>25,979</b>	<b>18</b>
<b>NET EXPENDITURE/(INCOME)</b>	<b>(4,004)</b>	<b>(4,294)</b>	<b>(290)</b>
<b>BALANCE BROUGHT FORWARD</b>	<b>(24,913)</b>	<b>(24,913)</b>	<b>0</b>
<b>BALANCE CARRIED FORWARD</b>	<b>(28,917)</b>	<b>(29,207)</b>	<b>(290)</b>