

## **Housing Revenue Account Revenue and Capital Final Outturn 2014/15 and Capital Plan 2015/16- 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:-

- The final outturn position for 2014/15 for both the Housing Revenue Account (HRA) Capital Plan and the Revenue Account;
- A revised capital plan for 2015/16 to 2017/18 reflecting the carry forwards from 2014/15.

#### **2 Background**

##### **2.1 Revenue Account Projected Outturn 2014/15**

The projected outturn for 2014/15 reported to Council 17<sup>th</sup> February 2015 was estimated to be £0.500 million underspent. The final outturn shows the underspend has decreased to £0.346 million, as shown in Appendix 1, resulting in a surplus of £3.003 million for the year.

The material Variances can be broken down as follows:-

- Capital Investment in existing stock reducing the demand for reactive repairs resulting in an underspend of £0.111 million;
- Loan Charges of £0.374 million due to a reduction in interest charges due to deferred Public Works Loan Board (PWLB) longer term borrowing and savings as a result of better than anticipated returns on cash reserves;
- Slippage in Phase 2 of New Social Housing has resulted in a shortfall of rental income of £0.110 million.

The HRA Reserve balance at 31<sup>st</sup> March 2015 is £21.377 million; this will be required to finance existing investment commitments in future years in line with the long term HRA Capital Strategy.

##### **2.2 Capital Plan Projected Outturn 2014/15**

The Capital Plan as reported to Council 17<sup>th</sup> February 2015 allowed for investment of £15.945 million in the year. The budget has been revised to £11.940 million to reflect slippage in the following projects and is detailed in Appendix 1:-

- Phase 1 of the New Social Housing Programme;
- Phase 2 of the New Social Housing Programme;

- Refurbishment work at Pentland and Midfield House;
- Energy Assistance Programme;
- Upgrade of Central Heating systems;
- Sanitary Ware Replacement Programme.

Offset by acceleration:-

- Environmental Improvement works at McNeill Terrace;
- Scottish Housing Quality Standards Projects.

The projected outturn for 2014/15 reported to Council 17<sup>th</sup> February 2015 was estimated to be £0.031 million overspent; the final position is a £0.052 million underspend, as shown in Appendix 1.

The requirement to borrow to fund capital expenditure has reduced by £1.707 million; this is due to early receipt of Developer Contribution income and Incentivising New Build Grant Income, to support Phase 2 of the New Social Housing Project.

### **2.3 Capital Plan 2015/16 – 2017/18**

The capital plan has been updated to reflect the revisions from 2014/15 and is detailed in Appendix 3. A fuller review of the Capital Plan to reflect the revised rental strategy and other potential investment plans will be completed over the summer and 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 £21.377 million at 31 March 2015, 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 2014/15 is:

- A net underspend of £0.346 million on the Revenue Account;
- The HRA Reserve at 31<sup>st</sup> March 2015 is £21.377 million;
- Capital Investment in the year totalled £11,888 million.

## **5 Recommendations**

Council is recommended to note the contents of this report.

**Date 13<sup>th</sup> January 2015**

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