

## **Housing Revenue Account Revenue Budget and Capital Plan 2014/15**

**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 24<sup>th</sup> October 2014 for the Capital Plan and a projected outturn for both the Housing Revenue Account and Capital Plan.

### **2 Background**

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

Since the revision of the Revenue Budget reported to Council on 23<sup>rd</sup> September 2014 an underspend of £0.432 million is projected for 2014/15 which is shown in Appendix 1.

The underspend is primarily due to loan charges, caused by:-

- A reduction in principal repayments in 14/15 due to slippage in 13/14 for Scottish Housing Quality Standards (SHQS) Repairs;
- A reduction in interest charges due to deferred Public Works Loan Board (PWL) longer term borrowing and higher than budgeted investment income.

The HRA reserve balance is projected to be £21.505 million at 31<sup>st</sup> March 2015, the longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments to 2028/29.

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

The revision of the Capital Plan reported to Council on 23<sup>rd</sup> September 2014 allowed for investment of £20.093 million for 2014/15 of which £4.122 million has been spent to 24<sup>th</sup> October 2014 which is shown in Appendix 2.

It is projected that £20.041 million will be spent resulting in a small underspend of £0.052 million. This is due to Phase 1 of the New Social Housing project, which is now completed, expecting to be underspent overall by £0.191million mainly due to lower levels of indexation. This is offset by an overspend in Aids and Adaptations of £0.139 million due to an increase in demand for disabled adaptation works.

### **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 £21.505 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:

- Capital Expenditure to 24<sup>th</sup> October 2014 was £4.122 million and is anticipated to be £20.041 million for the year;
- A net undersend of £0.432 million is projected on the Revenue Account;
- The HRA reserve at 31<sup>st</sup> March 2015 is projected to be £21.505 million.

## **5 Recommendations**

Council is recommended to note the contents of this report.

**Date 07<sup>th</sup> November 2014**

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