

**Housing Revenue Account
Revenue Budget and Capital Plan 2024/25**

Report by David Gladwin, Chief Financial Officer and Section 95 Officer

Report for Information

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 a summary of expenditure and income to 30th September 2024 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2024/25.

The summarised financial performance for 2024/25 is:

- Capital Investment in the year totalling £54.451 million;
- A net underspend of £0.526 million on the Revenue Account;
- A projected HRA general reserve at 31st March 2024 of £36.001 million.

Date 21st October 2024

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3 Background

3.1 Capital Plan 2024/25

The Capital Plan Budget has been revised to reflect the current profile of spend as shown in appendix C. Capital investment in the year is projected to be £54.451 million. There was a variance reported to Council 27th August 2024 of £0.825 million in relation to grant funding from Scottish Government for contribution towards net-zero emissions in the Council's housing stock which will subsequently reduce the overall borrowing requirement for 2024/25. There is no change to this position and there are currently no other material variances to be reported.

3.2 Revenue Account 2024/25

The overspend report to Council 27th August 2024 was £0.417 million, this has decreased by £0.943 million to a projected underspend of £0.526 million, as shown in appendix D. This is mainly due to reflection of the latest delivery programme for the HRA capital plan and the availability of reduced rate PWLB loans specifically available for the HRA. This will result in lower in-year borrowing costs of £0.998 million. At quarter 1 in-year capital expenditure was forecast to be £65.707 million. Quarter 2 forecasts see a reduction of £11.256 million.

The HRA general reserve balance is projected to be £36.001million at 31st March 2025, which is committed to finance existing investment commitments to 2039/40.

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.

There is also the risk of capital spend being lower than projected due to delays on projects, particularly in the current climate which could result in lower debt charges resulting in the Housing Revenue Account Reserve balance to increase by more than projected.

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 2024/25

Appendix D – Revenue Account 2024/25

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