

**Housing Revenue Account
Revenue Account and Capital Plan 2013/14****Report by Gary Fairley, Head of Finance and Human Resources****1 Purpose of Report**

The purpose of this report is to provide Council with a summary of expenditure and income to 27th September 2013 for the Capital Plan and a projected outturn for both the Capital Plan and Revenue Account.

2 Background**2.1 Revenue Account 2013/14**

The projected outturn for 2013/14 reported to Council 24th September 2013 showed an overspend of £0.383 million, resulting in a projected surplus of £2.397 million for the year.

As reported in Quarter 1, the changes in the benefits system in respect of under occupancy have increased arrears levels and results in an increase of £0.529 million in the provision required in the revenue account for irrecoverable rents.

The projected outturn now shows a slight increase in the overspend to £0.396 million as shown in appendix 1, resulting in a projected surplus of £2.384 million for the year which will result in a projected reserve at 31st March 2014 of £17.057 million.

2.2 Capital Plan 2013/14

The latest approved Capital Plan by Council on 25th June 2013 allowed for investment of £14.249 million in the year of which £6.507 million has been spent to 27th September 2013. Actual spend for the year is projected to be £17.016 million, which is the same as reported to Council 24th September 2013 and is detailed in appendix 2.

There is a slight variation in Capital Receipts from Right to Buy applications, which has increased most likely due to the proposal for the scheme to be abolished in 2017. Quarter 1 showed a shortfall against budgeted income of £0.550 million, the latest projection is a shortfall of £0.181 million.

The variations on capital expenditure and receipts will result in a requirement to borrow £14.639 million for 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 projected to be £17.057 million at 31 March 2014, 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 directly from this report.

3.9 IT Issues

There are no IT issues arising directly from this report.

4 Summary

The summarised financial performance for 2013/14 is:

- Capital Expenditure to 27th September 2013 was £6.507 million and is anticipated to be £17.016 million for the year;
- A net overspend of £0.396 million is projected on the Revenue Account;
- The HRA reserve at 31st March 2014 is projected to be £17.057 million.

5 Recommendations

Council is recommended to note the contents of this report.

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Report Contact:

Name Lisa Young Tel No 0131-271-3111
lisa.young@midlothian.gov.uk

Background Papers: HRA Capital Plan and Revenue Budget