

**Housing Revenue Account  
Revenue and Capital Final Outturn 2021/22 and Capital Plan 2022/23 -  
2026/27**

**Report by Gary Fairley, Chief Officer Corporate Solutions.**

**Report for Noting**

**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:-

- The final outturn position for 2021/22 for both the Housing Revenue Account (HRA) Capital Plan and the Revenue Account;
- A revised capital plan for 2022/23 to 2026/27 reflecting the cross-year movements from 2021/22.

The summarised financial performance for 2021/22 is:

- Capital Investment in the year totalling £39.477 million;
- A net underspend of £0.374 million on the Revenue Account;
- An HRA reserve at 31<sup>st</sup> March 2022 of £28.084 million the majority of which is committed to finance existing investment in the new build programme.

**Date 18<sup>th</sup> May 2022**

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### **3 Background**

#### **3.1 Capital Plan 2021/22**

The Capital Plan reported to Council on 15<sup>th</sup> February 2022 allowed for investment of £45.573 million in 2021/22. Budget of £6.225 million is carried forward to 2022/23, as shown in Appendix C to reflect:-

- The most up-to-date delivery programme for Phases 2-4 of the New Social Housing programme with £4.969 million carried forward in to 2022/23;
- That the anticipated increase in the number of buyback properties from 12 to 22 did not occur (15 were purchased in total during the financial year) due to market conditions resulting in a carry forward to 2022/23 for the expenditure and subsidy budget of £1.391 million and £0.443 million, respectively;
- Earlier receipt of Affordable Housing Subsidy from Scottish Government of £3.435 million; and
- General slippage for temporary accommodation provision at Jarnac Court and Central Heating Upgrades of £0.253 million and £0.106 million, respectively.

Offset by:-

- General acceleration of the Scottish Housing Quality Standard (SHQS) upgrade programme of £0.481 million due to being able to access properties following the lifting of Covid-19 restrictions to carry out works required;
- Backdated developer contributions being applied earlier than anticipated of £0.013 million.

There was a small overspend of £0.084 million reported to Council 15<sup>th</sup> February 2022, this has increased marginally by £0.045 million to £0.129 million against the revised budget of £39.299 million, as shown in Appendix C.

The variations explained above result in an increase in borrowing against the budget of £6.387 million of £0.111 million for the year.

#### **3.2 Revenue Account 2021/22**

The projected underspend reported to Council on the 15<sup>th</sup> February 2022 was £0.949 million. This has decreased by £0.575 million to £0.374 million, as shown in Appendix D.

This is primarily due an increase in the provision made at the yearend for bad and doubtful debts which is a consequence of an increase in the level of rent arrears experienced during the year due to the pandemic and wider economic circumstances of tenants.

At 31 March 2022 the total rent due remaining unpaid totalled £4.597 million for which the provision made for bad and doubtful debts was increased by £0.660 million to £2.440 million.

While recovery interventions were limited during the pandemic the Revenues Team continue to engage with tenants to support them as fully as possible to maintain their obligations as tenants and also to ensure that tenants are in receipt of housing and other benefits that they are entitled to.

At 31 March 2022 rent billed but unpaid equated to 15% of the total rent income for the year of £30.643 million. For comparison at March 2020 this was circa 12%.

The HRA reserve balance is £28.084 million at 31<sup>st</sup> March 2022. The longer-term financial projections demonstrate that this will be required to finance existing investment commitments to 2036/37.

### **3.3 Capital Plan 2022/23 – 2026/27**

The capital plan has been updated to reflect the cross year movements from 2021/22 and is detailed in Appendix E. A fuller review of the Capital Plan and other potential investment plans will be completed over the summer and reported to Council later in the year.

## **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.

Whilst the HRA reserve balance is £28.084 million at 31 March 2022, the longer-term financial projections demonstrate that the majority of this will be required to finance existing investment commitments.

### **4.4 Ensuring Equalities**

There are no equality issues arising directly from this report.

### **4.4 Additional Resource Implications**

See Appendix A.

**Appendices**

Appendix A – Additional Resource Implications

Appendix B – Background Information

Appendix C - Capital Plan 2021/21

Appendix D – Revenue Account 2021/22

Appendix E – Capital Plan 2022/23-2026/27

## **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**

Not applicable

### **A.8 Supporting Sustainable Development**

Not applicable

**APPENDIX B**

**Background Papers/Resource Links (if applicable)**

HRA Capital Plan and Revenue Budget