



**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 6th July 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 £65.707 million;
- A net overspend of £0.417 million on the Revenue Account;
- A projected HRA general reserve at 31st March 2024 of £35.058 million.

Date 05th August 2024

Report Contact:

Name Lisa Young Tel No 0131-271-3111

lisa.young@midlothian.gov.uk

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 B. Capital investment in the year is projected to be £65.707 million. The council has been awarded £0.825 million grant funding from Scottish Government for contribution towards net-zero emissions in the Council's housing stock. This grant will subsequently reduce the overall borrowing requirement for 2024/25. There are currently no other material variances to be reported.

At present there is no budget available within the 2024/25 Scottish Government's Affordable Housing Supply Programme to subsidise the open market purchases in 2024/25. However, the Scottish Government have announced a possible fund of £40 million which can be used to subsidise open market purchases and this may result in receipt of some funding during 2024/25.

The Housing Revenue can sustain a small number of purchases (approximately 6 units) during 2024/25 should no funding be received or can access future year open market purchase budgets in the HRA should a good value opportunity arise.

3.2 Revenue Account 2024/25

For 2024/25 there is currently a projected overspend of £0.417 million against budget, as shown in Appendix C, this is due to:-

- Ongoing complex works required to bring properties to appropriate condition as well as continuous improvement in void turnaround times resulting in an overspend in general repairs of £0.513 million;
- Supervision and management costs is expected to be roughly in line with 2023/24 outturn resulting in a projected overspend of £0.150 million;
- Insurance premiums have increased by £0.121 million.

This is offset by:-

- Reflection of the latest delivery programme for the HRA capital plan will result in lower borrowing costs of £0.330 million.

The HRA general reserve balance is projected to be £35.058 million 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 , this could result in lower debt charges causing 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 - Capital Plan 2024/25

Appendix C – 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.

MIDLOTHIAN COUNCIL

Appendix B

HOUSING REVENUE ACCOUNT
CAPITAL PLAN 2024/25

	Revised Budget £'000	Actuals to Date £'000	Projected Outturn £'000	Variation (Under)/Over £'000
FUNDING				
Grants				
- Incentivising New Build	7,287	2,624	7,287	0
- Off Market Purchases Funding	715	0	715	0
- Social Housing Net-zero Funding	0	0	825	825
Council Tax on Second Homes	90	0	90	0
Borrowing Requirement	57,615	2,545	56,790	(825)
TOTAL AVAILABLE FUNDING	65,707	5,169	65,707	0

	£'000	£'000	£'000	£'000
APPROVED EXPENDITURE				
New Build Houses Phase 2 - Phase 5	45,564	3,694	45,564	0
Dalkeith Town Centre Regeneration - Social Housing	500	0	500	0
Backdated Developer Contribution	724	0	724	0
Off Market Purchases	1,950	0	1,950	0
Aids & Adaptations	519	53	519	0
Environmental Improvements	500	0	500	0
BDHS Meters	1,300	0	1,300	0
Homelessness - Temporary Accommodation Provision	30	0	30	0
Scottish Housing Quality Standard -Upgrade Central Heating Systems	1,677	0	1,677	0
-Energy Efficiency Standard for Social Housing (EESH)	6,778	0	6,778	0
-SHQS Repairs	6,165	1,422	6,165	0
TOTAL EXPENDITURE	65,707	5,169	65,707	0

MIDLOTHIAN COUNCIL

Appendix C

HOUSING REVENUE ACCOUNT
2024/25

	Revised Budget	Projected Outturn	Variation (Under)/Over
Average Number of Houses	7,664	7,613	(51)
	£'000	£'000	£'000
Repairs and Maintenance			
General Repairs	8,237	8,750	513
Decant/Compensation	71	66	(5)
Grounds Maintenance	603	600	(3)
	8,911	9,416	505
Administration and Management	5,537	5,687	150
Loan Charges	16,568	16,238	(330)
Other Expenses	2,856	2,954	98
TOTAL EXPENDITURE	33,872	34,295	423
Rents			
Houses	(35,299)	(35,303)	(4)
Garages	(690)	(690)	0
Others	(176)	(178)	(2)
TOTAL RENTS	(36,165)	(36,171)	(6)
NET EXPENDITURE/(INCOME)	(2,293)	(1,876)	417
<u>Movement in HRA Reserve</u>			
Opening HRA Reserve		(33,182)	
Enhancement during 2024/25 as above		(1,876)	
Reserve earmarked to fund capital investment plans		(35,058)	