

**Housing Revenue Account
Revenue Budget and Capital Plan 2016/17****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 23rd September 2016 for the Capital Plan and a projected outturn for both the Housing Revenue Account and Capital Plan for 2016/17.

2 Background**2.1 Capital Plan 2016/17**

The revision of the Capital Plan reported to Council on 27th September 2016 allowed for investment of £22.449 million in 2016/17 as shown in Appendix 1. At this stage there are no material variances to be reported for 2016/17.

2.2 Revenue Account 2016/17

Since the revision of the Revenue Budget reported to Council on 27th September 2016 an underspend of £0.290 million is projected for 2016/17 which is shown in Appendix 2.

The underspend is primarily due to delays in the refurbishment of Pentland House, due to additional repair works taking longer than anticipated, this will result in a saving of £0.256 million for Housing Support and Caretaker costs, offset by shortfall in rental charge of £0.118 million.

These delays will also result in a shortfall in Service charge income of £0.035 million, however this is offset by additional Service Charge income from Private Registered Social Landlord properties not budgeted for resulting in additional income of £0.100 million.

The cost of borrowing will also be reduced by £0.043 million due to favourable interest rates on long-term borrowing.

The HRA reserve balance is projected to be £29.207 million at 31st March 2017. The longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments to 2030/31.

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 £29.207 million at 31 March 2017, 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 2016/17 is:

- Capital Expenditure is anticipated to be £22.449 million for the year;
- A net undersend of £0.290 million is projected on the Revenue Account;
- The HRA reserve at 31st March 2016 is projected to be £29.207 million.

5 Recommendations

Council is recommended to note the contents of this report.

Date 10th October 2016

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Background Papers: HRA Capital Plan and Revenue Budget