

**Housing Revenue Account
Final Outturn 2012/13 and Capital Plan 2013/14-2015/16****Report by Gary Fairley, Head of Finance and Human Resources****1 Purpose of Report**

The purpose of this report is to provide Council with:-

- The final outturn position for 2012/13 for both the Capital Plan and the Revenue Account;
- A revised capital plan for 2013/14 to 2015/16 reflecting the carry forwards from 2012/13.

2 Background**2.1 Revenue Account**

The final outturn for 2012/13 shows an underspend of £1.869 million as shown in appendix 1, resulting in a surplus of £2.964 million for the year.

£0.893 million of the underspend is due to loan charges. Since setting the 2012/13 budget loan charges have reduced to £5.754 million. This is due to:

- Lower than planned capital expenditure for the year;
- Long term borrowing has been at a lower interest rate than budgeted;
- Better than budgeted returns on short investments.

Investment in Scottish Housing Quality Standards Capital Improvement works to our existing stock has resulted in a reduced requirement for reactive repairs required to our properties resulting in an underspend of £1.146 million.

2.2 Capital Plan 2012/13

After allowing for a £1.882 million carry forward to 2013/14 the Capital Plan provided for investment of £23.126 million in the year. Actual spend was £17.723 million and is detailed in appendix 2.

The £1.882 million carry forward is due to slippage in the Sanitary Ware Replacement Programme of £1.466 million and McNeill Terrace Environmental Improvements of £0.416 million.

The net underspend for 2012/13 is £5.403 million, which is £2.464 million more than reported to Council 5th February 2013 and arises mainly from the kitchen replacement programme which has finished earlier than anticipated and the programme is under spent by £2.045 million.

The variations on capital expenditure and receipts mentioned above and reported previously resulted in a requirement for prudential borrowing of £11.073 million, which is £3.663 million less than budgeted for.

2.3 Capital Plan 2013/14 - 2015/16

The capital plan has been updated to reflect the carry forwards from 2012/13 and is detailed in Appendix 3. A fuller review of Phase 2 of the new build programme and other investment plans will be completed over the summer and reported to Council later in 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 £14.673 million at 31 March 2013, the longer term financial projections demonstrate that 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 2012/13 is:

- A net underspend of £1.869 million on the Revenue Account;
- The HRA reserve at 31st March 2013 is £14.673 million;
- Capital investment in the year totalled £17.723 million.

5 Recommendations

1. Note the Final Outturn on the capital plan and revenue budget for 2012/13;
2. Approve the capital plan for 2013/14 to 2015/16 as detailed in Appendix 3.

Date 29th May 2013

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Background Papers: HRA Capital Plan and Revenue Budget

Declaration Box

Instructions: *This box must be completed by the author of the report. The box will be copied and saved by the Council Secretariat who will delete it from the report prior to photocopying the agenda.*

Title of Report: *Housing Revenue Account Final Outturn 2012/13 and Capital Plan 2013/14 – 2015/16*

Meeting Presented to: *Midlothian Council*

Author of Report: *Gary Fairley, Head of Finance and Human Resources*

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- ☒ *All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Human Resources.*
- ☒ *All risk implications have been addressed.*
- ☒ *All other report implications have been addressed.*
- ☒ *My Director has endorsed the report for submission to the Council Secretariat.*

For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate.

Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.