

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 16th December 2016 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) 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. £4 million will be required to be carried forward to 2017/18 due to:-

- Issues with site investigations and various remediation works, due to external factors out with our control, will result in slippage of £3 million for New Social Housing;
- Difficulties in gaining access to a number of properties to carry out works will result in slippage of the Sanitary Ware Replacement Programme of £0.300 million;
- General slippage in the Energy Efficiency Programme of £0.700 million;

Offset by:-

- Developer Contributions of £1 million which are now anticipated to be received in 2017/18.

There were no material variances reported to Council 8th November 2016, however it is now anticipated that there will be a net underspend of £0.056 million against the revised budget of £18.449 million principally due to:-

- A fall in the number of Mortgage to Rent cases being presented resulting in a projected underspend of £0.103 million offset by a reduction in subsidy received of £0.034 million;
- The removal of asbestos and repairs to boilers at Midfield House has resulted in a projected overspend of £0.040 million;

This is offset by an increase in Capital Receipts of £6.195 million due to:-

- Further Affordable Housing Contribution's being awarded from Scottish Government of £3.332 million for Phase 2 and Phase 3 for New Social Housing;
- Right to Buy sales have increased more than anticipated due to the termination of the scheme resulting in an increase in receipts of £3.077 million;
- Some of the properties bought back will not be awarded grant funding as they will be used as temporary accommodation rather than affordable housing resulting in a shortfall of £0.180 million.

The variations on capital expenditure and receipts including carry forwards will result in a reduction of borrowing required of £6.251 million for the year.

2.2 Revenue Account 2016/17

The underspend reported to Council on the 8th November 16 was £0.290 million. This has increased slightly by £0.011 million to £0.301 million, as shown in Appendix 2.

The HRA reserve balance is projected to be £29.214 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 £29.214 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 £18.393 million for the year;
- A net undersend of £0.301 million is projected on the Revenue Account;
- The HRA reserve at 31st March 2017 is projected to be £29.214 million.

5 Recommendations

Council is recommended to note the contents of this report.

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Background Papers: HRA Capital Plan and Revenue Budget

