

**Housing Revenue Account
Revenue Budget and Capital Plan 2021/22**

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 a summary of expenditure and income to 5th July 2021 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2021/22.

The summarised financial performance for 2021/22 is:

- Capital Investment in the year totalling £59.267 million;
- A net underspend of £0.692 million on the Revenue Account;
- Excluding funds earmarked to support the new build programme a projected HRA general reserve at 31st March 2022 of £2.022million.

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3 Background

3.1.1 Capital Plan 2021/22

The Capital Plan Budget has been revised to reflect the current profile of spend as shown in appendix C. Capital investment in the year is projected to be £59.267 million and there are currently no material variances to be reported.

3.2 Revenue Account 2021/22

For 2021/22 there is currently a projected underspend of £0.692 million against budget, as shown in appendix D. The most up-to-date version of the New Social Housing delivery plan gives rise to the following projected areas of variance from the approved budget:-

- Lower in-year general repairs costs of £0.514 million;
- Lower in-year borrowing costs of £1.554 million; and
- Reduced rental income of £1.140 million.

This is offset by:-

- A projected increase in the provision for and subsequent write-off of rent related debt of £0.197 million. This is due to a projected drop in collection levels as a result of the pandemic.

The HRA general reserve balance is projected to be £2.022 million at 31st March 2022, with a further £2.454 million is earmarked for house purchases from private developers and £41 million committed to finance existing investment commitments to 2036/37.

3 Report Implications

3.1 Resource

There are no direct resource implications arising from this report.

3.2 Digital

There are no direct digital implications arising from this report.

3.3 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.

3.4 Ensuring Equalities

There are no equality issues arising directly from this report.

3.5 Additional Resource Implications

See Appendix A.

Appendices

Appendix A – Additional Resource Implications

Appendix B – Background Information

Appendix C - Capital Plan 2020/21

Appendix D – Revenue Account 2020/21

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.

APPENDIX B

Background Papers/Resource Links

HRA Capital Plan and Revenue Budget enclosed