

## 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 16<sup>th</sup> 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 27<sup>th</sup> 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 8<sup>th</sup> 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 8<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2017 is projected to be £29.214 million.

## **5 Recommendations**

Council is recommended to note the contents of this report.

**Date 16<sup>th</sup> January 2017**

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**Background Papers: HRA Capital Plan and Revenue Budget**

**MIDLOTHIAN COUNCIL**

**Appendix 1**

**HOUSING REVENUE ACCOUNT CAPITAL PLAN 2016/17**

	<b>Approved Budget 2016/17</b>	<b>Carry Forward to 2017/18</b>	<b>Revised Budget 2016/17</b>	<b>Actuals to Date</b>	<b>Projected Outturn</b>	<b>Variation (Under)/Over</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>FUNDING</b>						
Net Receipts from Sales	2,155	0	2,155	3,761	5,232	3,077
Grants						
-Incentivising New Build	764	0	764	1,556	4,096	3,332
-Mortgage to Rent	168	0	168	74	134	(34)
-Buy Backs Funding	300	0	300	0	120	(180)
Council Tax on Second Homes	118	0	118	0	118	0
Developer Contributions	1,000	1,000	0	0	0	0
Borrowing Required	17,944	3,000	14,944	5,171	8,693	(6,251)
<b>TOTAL AVAILABLE FUNDING</b>	<b>22,449</b>	<b>4,000</b>	<b>18,449</b>	<b>10,562</b>	<b>18,393</b>	<b>(56)</b>

<b>APPROVED EXPENDITURE</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
New Build Houses Phase 1	162	0	162	(140)	162	0
New Build Houses Phase 2	13,019	3,000	10,019	5,714	10,019	0
Buy Backs	1,603	0	1,603	672	1,603	0
Aids & Adaptations	300	0	300	214	300	0
Energy Assistance	1,000	700	300	103	300	0
Homelessness - Mortgage to Rent	303	0	303	117	200	(103)
Homelessness - Pentland House Refurbishment	472	0	472	44	472	0
Homelessness - Midfield House Refurbishment	39	0	39	69	79	40
Environmental Works - McNeill Terrace	0	0	0	7	7	7
Scottish Housing Quality Standard						
-Upgrade Central Heating Systems	650	0	650	529	650	0
-Kitchen Replacement Programme	201	0	201	37	201	0
-Sanitary Ware Replacement Programme	950	300	650	420	650	0
-SHQS Repairs	3,750	0	3,750	2,776	3,750	0
<b>Total Expenditure</b>	<b>22,449</b>	<b>4,000</b>	<b>18,449</b>	<b>10,562</b>	<b>18,393</b>	<b>(56)</b>

# MIDLOTHIAN COUNCIL

## HOUSING REVENUE ACCOUNT 2016/17

Appendix 2

	<b>Revised Budget</b>	<b>Projected Outturn</b>	<b>Variation (Under)/Over</b>
<b>Average No of Houses</b>	<b>6,864</b>	<b>6,845</b>	<b>(19)</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Repairs and Maintenance</b>			
General Repairs	5,400	5,364	(36)
Decant/Compensation	40	40	0
Grounds Maintenance	574	574	0
	<b>6,014</b>	<b>5,978</b>	<b>(36)</b>
<b>Administration and Management</b>	4,842	4,842	0
<b>Loan Charges</b>	8,649	8,582	(67)
<b>Other Expenses</b>	2,492	2,270	(222)
<b>TOTAL EXPENDITURE</b>	<b>21,997</b>	<b>21,672</b>	<b>(325)</b>
<b>Rents</b>			
Houses	24,882	24,758	124
Garages	529	529	0
Others	586	686	(100)
<b>TOTAL RENTS</b>	<b>25,997</b>	<b>25,973</b>	<b>24</b>
<b>NET EXPENDITURE/(INCOME)</b>	<b>(4,000)</b>	<b>(4,301)</b>	<b>(301)</b>
<b>BALANCE BROUGHT FORWARD</b>	<b>(24,913)</b>	<b>(24,913)</b>	<b>0</b>
<b>BALANCE CARRIED FORWARD</b>	<b>(28,913)</b>	<b>(29,214)</b>	<b>(301)</b>