

## **Housing Revenue Account Revenue Budget and Capital Plan 2019/20**

**Report by Gary Fairley, Chief Officer Corporate Solutions**

### **1 Purpose of Report**

The purpose of this report is to provide Council with a summary of expenditure and income to 27<sup>th</sup> December 2019 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2019/20.

### **2 Background**

#### **2.1 Capital Plan 2019/20**

The Capital Plan Budget has been revised to reflect the current profile of spend as shown in appendix 1. There are no material changes to the variance last reported to Council 12<sup>th</sup> November 2019.

#### **2.2 Revenue Account 2019/20**

The underspend reported to Council on the 12<sup>th</sup> November 2019 was £0.536 million. This has increased by £0.461 million to £0.997 million as shown in Appendix 2. This is due to:-

- The actual claim in respect of the application for expenses to the court from the two other contractors involved in the Newbyres Crescent court action is £0.358 million lower than the initial estimate last reported to Council, although work is still ongoing to attempt to reduce the liability further;
- A reduction in the borrowing requirement due to delays in the tendering process and various remediation works for the New Social Housing Programme and early receipt of Scottish Government Affordable Housing Supply Programme funding as well as favourable interest rates of £0.152 million.

Whilst the HRA reserve balance is projected to be £39.313 million at 31<sup>st</sup> March 2020 the majority of this is set aside to fund existing investment commitments to 2034/35. The longer-term financial projections demonstrate that there is only a small element of the total reserve, which is available as a contingency to fund unforeseen expenditure.

### **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 £39.313 million at 31<sup>st</sup> March 2020, the majority of this is set aside to fund existing investment commitments with longer-term financial projections demonstrating that there is only a small element of the total reserve, which is available as a contingency to fund unforeseen expenditure.

#### **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 projected financial performance for 2019/20 is:

- Capital Expenditure of £29.915 million;
- A net underspend of £0.997 million on the Revenue Account;
- The HRA reserve at 31<sup>st</sup> March 2020 is projected of £39.313 million.

#### **5 Recommendations**

Council is recommended to note the contents of this report.

**Date 17<sup>th</sup> January 2020**

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