

**Housing Revenue Account  
Revenue and Capital Final Outturn 2015/16 and Capital Plan 2016/17 –  
2018/19****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:-

- The final outturn position for 2015/16 for both the Housing Revenue Account (HRA) Capital Plan and the Revenue Account;
- A revised capital plan for 2016/17 to 2018/19 reflecting the carry forwards from 2015/16.

**2 Background****2.1 Revenue Account 2015/16**

The underspend reported to Council on the 9<sup>th</sup> February 16 was £0.845 million. This has increased by £0.149 million to £0.994 million, as shown in Appendix 1.

The increase in the underspend is due to:-

- lower demand for reactive repairs due to continuous capital investment in existing stock resulting in an increase of £0.108 million from £0.341 million, projected at Quarter 3, to £0.449 million;
- Other non material movements of £0.041 million.

The HRA reserve balance is £24.915 million at 31<sup>st</sup> March 2016. The longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments to 2029/30.

**2.2 Capital Plan 2015/16**

The revision of the Capital Plan reported to Council on 22<sup>nd</sup> September 2015 allowed for investment of £27.842 million in 2015/16 as shown in Appendix 2. £14.287 million will be required to be carried forward to 2016/17 due to:-

- Contaminated land issues and necessary remediation works on New Social Housing Phase 2 sites have resulted in delays within the programme and will result in slippage of £5.257 million;

- £0.162 million is required to be carry forward for New Social Housing Phase 1 for Solar Panel Replacements;
- Difficulties in gaining access to a number of properties to carry out works will result in slippage of the Sanitary Ware Replacement Programme of £3.754 million;
- General slippage in the SHQS Repairs Programme, Upgrades of Central Heating Systems and Energy Efficiency Programme of £3.114 million, £1.164 million and £0.264 million respectively;
- Pentland and Midfield House refurbishment works will not commence until the new financial year due to delays in obtaining House in Multiple Occupation Licences for the properties, therefore a carry forward will be required of £0.332 million and £0.039 million for the works respectively;
- Properties that previously declined Kitchen Replacements will now be revisited this will require a carry forward of £0.201 million.

A £ 0.868 million underspend was reported to Council 9<sup>th</sup> February 2016, this has decreased by £0.172 million resulting in an underspend of £0.696 million against the revised budget of £13.555 million, the decrease is due to:-

- Changes in the specification for Environmental Improvement works at McNeill Terrace have resulted in an overspend £0.123 million;
- Other non-material movements of £0.049 million.

The variations on capital expenditure and receipts including carry forwards will result in a reduction of borrowing required of £1.622 million for the year.

### **2.3 Capital Plan 2016/17 – 2018/19**

The capital plan has been updated to reflect the revisions from 2015/16 and is detailed in Appendix 3. A fuller review of the Capital Plan to reflect the revised rental strategy and other potential 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 £24.915 million at 31 March 2016, 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 2015/16 is:

- Capital Investment in the year totalled £12.859 million;
- A net undersend of £0.994 million on the Revenue Account;
- The HRA reserve at 31<sup>st</sup> March 2016 is £24.915 million.

## **5 Recommendations**

Council is recommended to note the contents of this report.

**Date 7<sup>th</sup> June 2016**

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