

REPORT TO COUNCIL

Date of Meeting: 16th June 2026

Report of: Strategic Director - Corporate Resources

Title: 2025/26 Housing Revenue Account Budget Monitoring Report – Outturn

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To advise Members of any major differences, by management unit, between the approved budget and the outturn for the financial year up to 31 March 2026 in respect of the Housing Revenue Account and the Council's new build schemes.

An outturn update in respect of the HRA Capital Programme is also incorporated into this reported in order to help provide a comprehensive financial update in respect of the Housing Revenue Account.

2. Recommendations:

2.1. It is recommended that Council notes and approves (where applicable):

- The HRA financial position for 2025/26 financial year detailed in Appendix 1.
- Supplementary budget requests totalling £1,321,930 as set out in paragraph 10.5
- The revision of the HRA Capital Programme to reflect the reported variations detailed in Appendix 3.
- Further funding requests of £770k for Rennes demolition and £175k for Laings refurbishments as set out in paragraph 10.14.

3. Reasons for the recommendation:

3.1. To formally note the HRA's financial position and to approve the reported variations to the HRA Capital Programme.

The Housing Revenue Account is a statutory account and local housing authorities have a duty to keep a HRA in accordance with proper accounting practices and to review the account throughout the year. Members are presented with a quarterly financial update in respect of the HRA and this is the final update for 2025/26.

4. What are the resource implications including non-financial resources:

4.1. The financial resources required to deliver both housing services to Council tenants and to invest in new and existing housing stock during 2025/26 are set out in the body of this report.

The impact on the HRA's available financial resources are set out in Appendix 2.

5. Section 151 Officer comments:

5.1. The financial position of the HRA is stable. The supplementary budget requests in the main relate to timing issues with planned repairs and maintenance after the initiation of a new contract. Over the medium term the HRA has sufficient resources to manage known commitments. However, there is a need to ensure that any transitional costs relating to LGR, which will fall on the HRA are properly budgeted for and taken into account.

6. What are the legal aspects?

6.1. The statutory requirement for a Housing Revenue Account (HRA) is set out in Part VI of the Local Government and Housing Act 1989. Section 74 of the Act sets out the duty to keep a HRA as a ring-fenced fund and sets out the structure within which the HRA operates. Part VI of the Act sets out the detailed statutory provisions on the operation of the HRA, including credits to the account (income) and debits to the account (expenditure). Section 76 sets out the duty to prevent a debit balance on the HRA. The authority must implement proposals that will secure that the account for each financial year will not show a debit balance. Members will also note the provisions of Schedule 4 of the Act which sets out the requirements concerning 'The Keeping of the Housing Revenue Account'.

7. Monitoring Officer Comments:

7.1. Members will note the statutory requirements concerning the Housing Revenue Account as set out in the legal aspects at paragraph 6 of this report. The Monitoring Officer has no additional comments.

8. Equality Act 2010 (The Act)

8.1. In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because there are no significant equality and diversity impacts associated with this decision.

9. Carbon Footprint (Environmental) Implications:

9.1 No direct carbon/environmental impacts arising from the recommendations.

10. Report Details:

HRA FINAL ACCOUNTS TO 31 MARCH 2026

10.1. **Background to the HRA**

The HRA records expenditure and income relating to council dwellings and the provision of services to tenants. Housing authorities have a statutory duty to maintain a HRA account, which is primarily a landlord account, in order to account to their tenants for income and expenditure on council housing separately from other functions and services of the Council. This includes tenancy management, repairs and maintenance, council house building and council house retrofits.

10.2. Transfer from the working balance

2025/26 Budget	£
MANAGEMENT	1,727,260
EDWARDS COURT	(158,960)
TENANCY SERVICES	1,921,450
RESIDENT INVOLVEMENT	323,640
SUNDRY LANDS MAINTENANCE	472,020
REPAIR & MAINTENANCE PROGRAMME	8,917,790
REVENUE CONTRIBUTION TO CAPITAL	1,000,000
CAPITAL CHARGES	3,724,680
HOUSING ASSETS	3,004,690
RENTS	(22,110,850)
INTEREST	1,739,350
Approved Budgeted transfer from the working balance	(561,070)
Supplementary budgets – Council approved 10th June 2025	(19,000)
Reduction in internal decorations revenue to fund increase in capital programme – Council approved 2 nd September	157,000
Revised Budgeted transfer from the working balance	(423,070)

The HRA had working balances of £4,905,388 as at 31 March 2025. This is higher than the £3.525 million contingency resolved to be retained. In 2025/26 there was a revenue contribution of £1 million to capital.

10.3. Revenue Monitoring

The 2025/26 financial year has ended with an overall net surplus of £2,792,627 which is an improvement of £3,215,697 compared with the budget. The reasons for this and the main deviations from budget for the financial year are set out below. Please also refer to Appendix 1.

Budget Heading	Forecast Variance at Q3 (Under) /Overspend	Actual Variance (Under) / Overspend
Resident Involvement	£0	(£57,461)
Officer Responsible: Interim Head of Housing		

<ul style="list-style-type: none"> There has been a £57k underspend, primarily due to savings on supplies and services. 		
Management	(£20,160)	(£133,732)
<p>Officer Responsible: Interim Head of Housing & Head of Asset Maintenance</p> <ul style="list-style-type: none"> General management overheads was £63k underspent. This includes £60k additional income including £45k grant to compensate for additional employer's National Insurance contributions. Staffing costs were £60k over budget including agency costs for support with ECC's assessment against the Social Housing Regulator consumer standards within the HRA. There were other net savings of £63k across premises and supplies and services. The corporate recharge was £14k higher than budgeted, partly due to increased bank charges. £86k underspend on Older Persons Accommodation due to savings on utilities which have been reflected in the budget for 26/27 and other supplies and services including alarm equipment. 		
Edwards Court	£0	(£208,277)
<p>Officer Responsible: Interim Head of Housing</p> <ul style="list-style-type: none"> Edwards Court is underspent due to high occupancy levels, and general savings on premises, supplies and services costs. 		
Tenancy Services	(£66,600)	(£235,321)
<p>Officer Responsible: Interim Head of Housing</p> <ul style="list-style-type: none"> There is a £34k saving in RTB sales administration as additional fees have been charged in year. The Lettings & Home Ownership team has saved £39k due to reduced staffing costs and tenants removal and legal costs being lower than budgeted. Similarly, there is a net underspend of £164k within Tenancy Services due to vacancies and reduced premises costs. The Income Recovery team had a small £2k overspend as vacancies were offset by a pension strain payment. 		
Rents	£0	(£1,119,754)
<p>Officer Responsible: Interim Head of Housing</p> <ul style="list-style-type: none"> Dwelling rents are higher than budgeted in spite of the high number of right to buy sales due to new properties being completed, further reductions in void levels and good rent recovery rates. 		
Sundry Land Maintenance	£0	(£41,719)
<p>Officer Responsible: Head of Asset Maintenance</p> <ul style="list-style-type: none"> There has been an underspend on estate maintenance with reduced demand for work on shrubs and trees within the HRA estate. 		

Repairs and Maintenance Programme	(£50,500)	(£1,113,928)
<p>Officer Responsible: Head of Asset Maintenance</p> <ul style="list-style-type: none"> • Overall the repairs and maintenance budget is underspent by over £1m, however the majority of this is required to be carried forward to 2026/27. • The voids budget overspent by £147k due to some high value properties late in the year, but this has been almost offset by £138k savings on the general maintenance budget. • Due to delays in the procurement of the Planned Works contract and inclement weather over the winter months there have been underspends of £125k on re-pointing, £56k on planned asbestos surveys and removal budgets, and £559k on the low maintenance and painting flats budgets. It is requested that each of these underspends be carried forward and added to the 2026/27 budget. • Compliance asbestos surveys and removal costs have underspent by £183k, and it is requested that £125k is carried forward to complete six substantial removal projects in 26/27 which the team have not had capacity to progress. • Service contracts have underspend by £199k on gas and central heating maintenance, door entry servicing, legionella testing, sprinkler servicing, mechanical heating maintenance, and radon testing. It is requested that £21k is required for 2026/27 for mechanical heating maintenance, £5k for working at height testing, and £18k for additional domestic electrical testing. 		
Capital Charges	£29,928	£29,928
<p>Officer Responsible: Head of Asset Maintenance</p> <ul style="list-style-type: none"> • Capital charges are £30k higher than budgeted. Depreciation is a real cost to the HRA as it represents the amount of money which needs to be set aside in the Major Repairs Reserve to provide for future capital works or to repay debt. A higher depreciation charge results in a revenue overspend in the year, but more funding available for future capital spend. 		
Housing Assets	£35,000	(£133,124)
<p>Officer Responsible: Head of Asset Maintenance</p> <ul style="list-style-type: none"> • The Social Housing Delivery, Planned Works and Reactive Repairs teams have overspent by a total of £267k due to agency costs for vacant posts and additional support with stock condition surveys, and consultancy support for the Social Housing Decarbonisation Fund claims. This has been offset by a £400k underspend in the Health & Safety compliance team as a result of vacant posts and members of the team spending a proportion of their time supporting the general fund. 		
Interest	£0	(£202,309)
<p>Officer Responsible: Interim Head of Housing & Head of Asset Maintenance</p> <ul style="list-style-type: none"> • Reduced rates of interest on investment of balances has resulted in investment interest being £119k lower than anticipated. • The budget for interest payable included an additional £6,278k of borrowing during the year, however due to elevated interest rates this has been funded internally to 		

date resulting in a saving of £321k in interest and repayment costs. This borrowing is still factored into the medium-term financial plan.		
Total budget (underspend)/overspend	(£72,330)	£3,215,697
2025/26 HRA Deficit / (Surplus)	£350,740	£2,792,627

10.4. Impact on HRA Working Balance

The HRA Working Balance represents amounts set aside to help facilitate service improvements, repay debt or to provide investment in the stock in future financial years. The forecast balance, as at 31 March 2026, is set out below:

Movement	2025/26
Opening HRA Working Balance, as at 1 April 2025	£4,905,388
Forecast transfer (from) / to the working balance for 2025/26	£2,792,627
Balance resolved to be retained (HRA contingency)	(£3,525,000)
Forecast Balance Available, as at 31 March 2026	£4,173,015

The transfer to the working balance anticipated for 2025/26 brings the HRA working balance as at 31 March 2026 well in excess of the balance resolved to be retained of £3.525 million.

10.5 Supplementary Budgets

The following are requests for underspends to be carried forward to 2026/27;

- £13,000 for Edwards Court Building Management System
- £124,930 for re-pointing works
- £56,370 for Planned asbestos surveys and removal works
- £125,000 for Compliance asbestos removal projects
- £21,000 mechanical heating maintenance
- £5,000 working at height testing
- £18,000 domestic electrical testing
- £558,630 low maintenance and painting flats.

Additional budgets are also requested to be funded from HRA working balances;

- There is an underlying shortfall of £20,00 each year for domestic electrical testing. This will be met in 26/27 from the supplementary budget request above, however, is also required for 2027/28 to 2029/30 totalling £60k.
- Similarly a further £20,000 for mechanical heating maintenance is required annually for the remainder of the medium-term financial plan totalling £60k.
- There is currently no budget for the servicing and maintenance of solar panels, however this is required to maintain their effective operation. It is estimated that this will cost £70k each year between 2026/27 and 2029/30.

10.6 Major Repairs Reserve

Councils are expected to set aside some of their income each year into the Major Repairs Reserve, in order to ensure appropriate provision is made towards financing future capital works or to repay debt. The balance held in the reserve at the end of the financial year is set out below:

Movement	2025/26
Opening Major Repairs Reserve, as at 1 April 2025	£4,999,469
Revenue monies set aside during 2025/26	£3,754,610
Amount used to finance capital expenditure during 2025/26	(£4,163,096)
Balance as at 31 March 2026	£4,590,983

10.7 HRA Available Resources over the Medium Term

The forecast HRA available resources for delivering both housing services and capital investment are set out in Appendix 3 for the period to 2029/30.

The total available resources is made up of several reserve balances; the HRA working balance, the Useable Capital Receipts reserve and the Major Repairs Reserve.

The HRA working balance is the movement on revenue budgets, contributions can be made from this reserve towards financing capital budgets in the form of 'Revenue Contributions to Capital'. The useable capital receipts reserve is made up of both the Right-to-Buy (RTB) receipts reserve and the Non-RTB receipts reserve; these reserves are available to finance capital spend, some restrictions apply. The Major Repairs Reserve is increased each year by the HRA depreciation charge to revenue, this reserve is then available to spend on the HRA capital programme.

The total forecast HRA available resources is impacted by variances in both revenue budgets detailed in section 10.3 above and variances in capital budgets detailed in section 10.9 below.

The forecast total available resources over the Medium-Term Financial Plan (MTFP) has increased by £1,736,701 since last reported at Quarter 3. This is due to additional Right to Buy receipts and a revenue surplus.

Total available reserves over the MTFP are now expected to be £7,629,521 after deducting the £3,525,000 balance resolved to be retained (HRA contingency).

10.8 HRA Debt

In October 2018 the Government formally removed the HRA debt cap, which restricted the amount of borrowing stock-holding local authorities could have for the purposes of the

HRA. The lifting of the ‘debt cap’ means that local authorities are now able to borrow for housebuilding in accordance with the Prudential Code.

Executive on 8 October 2019 approved the first Council House Building Programme to deliver 100 new homes into the HRA at a cost of £18 million. On 5 April 2020, the Council took out a loan of £15.36 million from the Public Works Loan Board to support this programme, with the balance to be funded by capital receipts.

As at 31 March 2024, the HRA’s borrowing stood at £73.242 million. The total of the £15.360 million new loan and the former ‘debt cap’ level of £57.882 million.

The HRA currently has approval to borrow a further £7.7 million, this has been deferred whilst borrowing rates remain elevated but will likely be required in the next 12 to 24 months. Please note that this does not include borrowing for Vaughan Road Phase B as although this scheme is approved the financing has not yet been finalised.

10.9 HRA Capital Programme

The 2025/26 HRA Capital Programme was approved by Council on 20th February 2025. Since that meeting the following changes have been made that have increased the 2025/26 programme.

Description	2025/26	Approval / Funding
HRA Capital Programme	£16,344,475	
Budgets carried forward from 2024/25 HRA Capital Programme	£1,802,599	Council – 10 th June 2025
Additional approvals 2024/25 outturn	£3,520,792	Council – 10 th June 2025
Additional approvals Q1	£687,000	Council – 2 nd September 2025
Q2 changes	(2,937,000)	Council – 9 th December 2025
Q3 changes	(2,922,792)	Council – 3 rd March 2026
Revised HRA Capital Programme	£16,495,074	

10.10 Performance

HRA Capital expenditure in the year amounted to £9,021,699 which equates to 55% of the revised approved capital programme (as set out above). The nature of capital investment in the financial year comprised:

HRA Capital Expenditure	£
Capital investment in existing stock	5,517,320

Capital investment in the provision of new council homes	3,504,379
Total HRA Capital Expenditure	9,021,699

A detailed list of HRA capital budgets and actual expenditure is set out in Appendix 3.

It is proposed to carry forward £6,710,214 budget into future years, and £763,161 less has been spent in year than was projected at Quarter 3.

10.11 HRA Capital Financing

The total HRA capital expenditure for 2025/26 will be financed as follows:

HRA Capital Finance	£
Major Repairs Reserve	4,163,096
Revenue Contribution to Capital	1,000,000
Capital Receipts	3,377,167
Commuted sums (S106)	6,946
Borrowing	0
Grants	474,490
Total HRA Capital Financing	9,021,699

The impact on the capital resources available to the HRA over the next 4 years is set out in Appendix 2.

10.12 Capital Budget Variances

The details of key (greater than +/- £50k) variances from budget are set out below.

Scheme	Overspend / (Underspend)
Adaptations	£66,646
Bathrooms	£51,431
Officer Responsible: Response & Voids Lead	
<ul style="list-style-type: none"> Demand for the adaptations and bathrooms budgets have been higher than projected, although these were partly offset by an underspend on kitchen replacements. 	
Common Area Footpath & Wall Improvements	(£97,000)

Fire Risk Assessment Works	(£283,191)
Replacement Fire Alarms	(£54,223)
Officer Responsible: Asset Compliance Lead	
<ul style="list-style-type: none"> The planned common area project for 25/26 has not been required in year, there is a backlog of work that will be caught up in future years and the programme of improvements will be re-profiled. £600,000 of the total underspend on Fire Risk Assessment works will be required, but it is felt that this will give sufficient budget in future years to complete the necessary works resulting in an in-year underspend. £55k of the underspend on Fire Alarm replacements is required in 2026/27, however the balance is not now required and represents an underspend in year. 	
Local Authority Housing Fund	(£99,353)
Officer Responsible: Interim Head of Housing	
<ul style="list-style-type: none"> There have been savings on LAHF Round 3 used to purchase two homes, which results in reduced s106 funds required. 	
Vaughan Road Phase A	(£306,692)
Officer Responsible: Asset Management Lead	
<ul style="list-style-type: none"> The full £530k additional funding included in the budget at Quarter 1 has not been required and only the retention payment remains to be paid in 2026/27. 	

10.13 Schemes to be deferred to 2025/26 and beyond

Schemes identified as being wholly or partly deferred to, or brought forward from, 2026/27 and beyond are:

Scheme	Budget deferred to future years
Communal Door Entry Systems	£500,000
Officer Responsible: Response & Voids Lead	
<ul style="list-style-type: none"> No works have been started on the programme of replacement door entry systems but an initial programme has been agreed and this will happen during 2026/27. 	
Balcony Walkway Improvements	£108,000
Communal Area Improvements – new flooring	£121,869
Retrofit programme	£638,875
Re-roofing Flats & Houses	£1,441,988
Porch Canopies	£46,755

Structural Repairs	£547,147
Window & Door Replacements	£926,809
Officer Responsible: Planned Works Lead	
<ul style="list-style-type: none"> The planned capital works programme was impacted due to the tendering process which overlapped the start of the new financial year and mobilisation of the new contractor took a little longer than anticipated. ECC have introduced more stringent processes and procedures relating to planned works and these all took time for the team and new contractor to get up to speed. There have also been access issues with surveying the properties upfront. For the first time we will be undertaking extensive improvement works to our non-traditional properties and working on the design elements to produce a solid case to the Planning Department. 90% of the schemes have now successfully been accepted to go forward under permitted development and are due to start in the very near future as surveys are already underway. 	
Boiler Replacement Programme and central heating	£50,000
Replacement Fire Alarms	£55,000
Fire Risk Assessment Works	£600,000
Fire Safety Storage Facilities	£22,511
Officer Responsible: Asset Compliance Lead	
<ul style="list-style-type: none"> The full boiler replacement and central heating budget was not used in the last financial year as the contractor was unable to complete the required number of installations. However, there are plans to carry out an enhanced programme of installations over the following months which will use this remaining budget. There was a lower-than-expected need for replacement fire alarms in 2025/26. However, further fire alarm installations are already in progress for this year so a carry forward of £55,000 is still needed. A number of Fire Risk Assessment works remained outstanding at the change of contractor and £600k of jobs have now been assigned to the new contractor. Due to staff pressures and workload, less Fire Safety storage works were completed than usual during 2025.26, however these works are still necessary. 	
LAINGS Refurbishments	£150,986
Rennes House demolition	£824,788
Social Housing Acquisitions – Open Market	£397,399
Bovemoors Lane	£13,325
Hamlin Gardens	£75,763
Vaughan Road Phase A	£189,000
Officer Responsible: Asset Management Lead	
<ul style="list-style-type: none"> The main expenditure for the Laings refurbishments is anticipated during 2026/27 and the 25/26 underspend will be required. In addition there is a 	

further funding request below seeking approval for additional funds to be allocated.

- The planned demolition of Rennes House has not taken place during 2025/26 due to disputes regarding the removal of equipment on the roof. This has resulted in significant costs during the year to keep the site secure as well as legal fees. Therefore this budget is also required to be carried forward to 2026/27. There is also a request for further funding set out below.
- There is approval for the purchase of a property to meet the needs of a family with significant requirements, and this is likely to be spent in 2026/27 and funded from s106 receipts.
- The balance of approval for Bovemoors Lane is needed for drainage works to be completed during 2026/27.
- The Hamlin Gardens contractor has been working through defects and there have been some delays in getting access to some of the flats. The retention payment is expected to be made during 2026/27.
- The retention payment for the contractor for the Vaughan Road Phase A is expected later in 2026/27.

10.14 Further funding requests

There are two requests for additional capital approval in 2026/27;

- **Laings refurbishments** – an additional £175k is requested to complete the Laings project during 2026/27 due to ongoing security and scaffolding costs that have been incurred for longer than originally planned.
- **Rennes demolition** – an additional £770k is required in addition to the original approval as the cost of asbestos removal is much higher than was included in the original tender. Furthermore significant costs have been incurred during 2025/26 for legal fees and security which were not anticipated.

10.15 Historic Council Own Build Final Accounts to 31 March 2026

The Council's Own Build (COB) properties at Rowan House and Knights Place form part of the overall Housing Revenue Account, but separate income and expenditure budgets are maintained in order to ensure that they are self-financing.

As the 21 units were built using Homes and Communities Agency funding in conjunction with borrowing (£998k), they are accounted for separately in order to ensure that they are self-financing. A separate COB working balance and Major Repairs Reserve are maintained until such time as a sufficient balance has been accumulated to repay the debt attributable to these properties, at which point the units can be accounted for with the wider HRA stock.

Key Variances from Budget

The 2025/26 year has ended with an overall net surplus of £22,295, which will be transferred to the COB working balance. This represents a change of £29,295, compared to the budgeted transfer from the working balance of £7,000.

The variance is largely due to lower than budgeted management and repairs costs, and higher interest receivable on balances. Please refer to Appendix 1 for more details.

11 How does the decision contribute to the Council's Corporate Plan?

11.1 The Housing Revenue Account contributes to the strategic priorities of Homes and People as set out in the Corporate Plan 2025-2028.

12 What risks are there and how can they be reduced?

12.1 For clarity, these are specific financial risks, alongside the risks captured in the corporate risk register.

It is not permissible for the HRA to go into an overall financial deficit position, it is therefore important to ensure that an adequate level of HRA balances is maintained as a contingency against risks. The HRA resolve to retain a working balance at no less than £3.525 million to mitigate against financial risks.

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates, please see Appendix 1.

13 Are there any other options?

None.

Strategic Director of Corporate Resources, David Hodgson

Author: Claire Hodgson, Lead Accountant - Housing

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

Contact for enquires:
Democratic Services (Committees)
Room 4.36
01392 265275