

REPORT TO COUNCIL

Date of Meeting: 10 June 2025

Report of: Strategic Director Corporate Resources

Title: 2024/25 HRA Budget Monitoring Report – Outturn

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 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 2025 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 report in order to help provide a comprehensive financial update in respect of the Housing Revenue Account.

2. Recommendations:

2.1 It is recommended Council approves:-

- The HRA financial position for 2024/25 financial year.
- The revision of the HRA Capital Programme to reflect the reported variations detailed in Appendix 3.
- A supplementary revenue budget request for £19k in 2025/26 to increase the electrical testing budget in order to meet statutory requirements.
- Supplementary revenue budgets of £122,806 for interest and £183,816 for voluntary repayment of debt, offset by £306,622 in additional annual rental income in respect of the long lease (see capital request below).
- Further funding requests as set out in paragraph 8.14 for the following capital spend.
- £2m grant funding from Devon Combined Authority to support energy conservation works at 127 Council properties.
- £400k funded from s106 affordable housing receipts to purchase an adapted property.
- £400k to acquire a property for a family with specific needs to be funded from capital receipts, and on completion of the transfer the vacated property will be sold.
- £75k required in 2025/26 for the Hamlin Gardens retention payment.
- £2,645,792 for the long leases of a number of properties to sit within the HRA to help alleviate financial pressures on temporary accommodation. This will also require annual revenue budgets for the interest and repayment of debt, which are anticipated to be fully offset by additional rental income

3. Reasons for the recommendation:

3.1 To formally note the HRA's projected 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 2024/25.

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 2024/25 are set out in the body of this report.

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

5. Section 151 Officer comments:

5.1 The overall position has improved as a result of management action on rent recovery. The budgets for repairs and maintenance have been increased in 2025/26 to address the significant overspends seen during this financial year. This of course has an impact on the funding available for the capital programme.

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 Housing Revenue Account 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's comments:

7.1 The Monitoring Officer has no additional comments.

8. Report details:

HRA FINAL ACCOUNTS TO 31 MARCH 2025

8.1 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.

8.2 Projected transfer from the working balance

	£
Approved Budgeted transfer from the working balance	208,360*
Supplementary budgets – Council approved 16th July 2024	50,000
Virement - Council approved 15th October 2024	23,828
Revised Budgeted transfer from the working balance	282,188

*2024/25 Approved Budget Represented By	£
85A1 MANAGEMENT	2,114,770
85A11 EDWARDS COURT	(131,410)
85A2 TENANCY SERVICES	1,863,110
85A3 SUNDRY LANDS MAINTENANCE	507,430
85A4 REPAIR & MAINTENANCE PROGRAMME	7,062,000
85A5 REVENUE CONTRIB TO CAPITAL	2,500,000
85A6 CAPITAL CHARGES	3,745,650
85A7 HOUSING ASSETS	2,709,130
85A8 RENTS	(21,633,420)
85B2 INTEREST	1,471,100
85B4 MOVEMENT TO/(FROM) WORKING BALANCE	(208,360)

The HRA had working balances of £5,669,065 as of 31st March 2024. This is higher than the £3.525 million contingency resolved to be retained. In 2024/25 there was a revenue contribution of £2.5 million to capital.

8.3 Revenue Monitoring

The 2024/25 financial year has ended with an overall net deficit of £763,678, which is £481,490 more than budgeted, but represents an improvement of £836,700 compared to the projected outturn at Quarter 3. 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 Budget Variance (Under) / Overspend
Resident Involvement	(380)	(£138,299)

Officer Responsible: Head of Housing		
<ul style="list-style-type: none"> The £138k underspend is due to staff savings and reduced spend on supplies and services. 		
Management	£70,210	(£86,915)
Officer Responsible: Head of Housing		
<ul style="list-style-type: none"> There is an underspend of £5k on general HRA overhead costs, a £76k overspend of tenant decant costs has been offset by savings in other areas including internal recharges, publications, training, consultants, and contribution to pension back-funding. The Corporate Recharge is £4k below budget as the statutory officer recharge has reduced since the re-structure. Older Person's Accommodation is £78k underspent as utilities were lower than budgeted and replacement Home Call alarms were sourced at lower cost than anticipated. 		
Edwards Court	£10,000	(£203,655)
Officer Responsible: Head of Housing		
<ul style="list-style-type: none"> Edwards Court is underspent due to high occupancy levels, savings on catering staff vacancies, and general savings on premises, supplies and services. 		
Tenancy Services	(£63,440)	(£267,358)
Officer Responsible: Head of Housing		
<ul style="list-style-type: none"> There are general savings across this area including £14k for Right to Buy admin team which includes additional admin fees; £29k for Lettings & Home Ownership teams due to staff savings and lower tenants removal and legal expenses than budgeted; £162k savings on the Tenancy Services team due to reduced spend on utilities and premises costs, staffing, supplies and services; and £62k on the Income Collection team due to vacancies in the establishment. 		
Rents	-	(£766,536)
Officer Responsible: Head of Housing		
<ul style="list-style-type: none"> Dwelling rents are £754k higher than budgeted due to void levels being lower than anticipated and a concerted effort from management and the team resulting in higher rent recovery rates. Garage rents have increased by £41k, although other rents have decreased as a result of removal of telecoms equipment on Rennes House. 		
Repairs and Maintenance Programme	£1,444,160	£2,287,491
Officer Responsible: Head of Asset Maintenance		

- General Maintenance £1,088k – the response budget has experienced high demand with the projected overspend being in part due to an increase in stock condition surveys highlighting issues which need to be addressed. There have also been larger numbers of tenants transferring from/to properties which have had major repairs refused previously and this necessitates increased investment and corresponding repairs. Additionally, the service is receiving requests for more expensive works, including roofing and window repairs which whilst extensive, do not qualify as capital investment so the costs for such fall to this budget area. This area includes a £244k overspend on damp and mould works due to intensive proactive surveying. Problems can recur, and remedial work including plastering is sometimes required.
- Repairs to void properties £786k – there has been continued pressure on the voids budget throughout the winter, which includes a number of properties with a significant amount of work required before re-letting.
- Low Maintenance & Painting Flats £584k – whilst on site during the retrofit programme additional essential works were identified resulting in an overspend.
- These overspends are partly offset by savings in Re-pointing (£89k), Communal Decorations (£18k) and planned Asbestos removal (£74k), with small overspends on electrical testing and service contracts totalling £10k.

Sundry Land Maintenance	-	(117,844)
--------------------------------	---	------------------

Officer Responsible: Head of Asset Maintenance

- There has been an underspend of £73k on estate maintenance with reduced demand for work on shrubs and trees within the HRA estate, and £45k underspend on the garden assistance budget.

Capital Charges	(20,968)	(20,968)
------------------------	-----------------	-----------------

Officer Responsible: not applicable (statutory accounting charge)

- 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 lower depreciation charge results in a revenue saving in the year, but less funding available for future capital spend.

Housing Assets	£45,410	£121,996
-----------------------	----------------	-----------------

Officer Responsible: Head of Asset Maintenance

- Social Housing Delivery has overspent by £27k as a result of expenditure on support to deliver the retrofit programme and new housing delivery. Planned works has overspent by £7k on salary and agency costs. Reactive Repairs has overspent by £223k due to agency staff covering vacancies, these posts are being recruited to on a permanent basis which will address this budget area. Health & Safety Compliance has underspent by £144k due to the re-

<p>structure and vacancies. £9k of asset maintenance overhead costs have been charged to this area since the organisational re-structure which previously were coded to general management.</p>		
Interest	(£166,800)	(£326,422)
<p>Officers Responsible: Heads of Service – Housing & Asset Maintenance</p>		
<ul style="list-style-type: none"> The budget included interest costs for an additional £3.9m approved borrowing. To date this has been funded internally, and no further external borrowing has been arranged, resulting in a saving in interest and repayment costs in the year. Interest receivable on balances has been higher than budgeted as rates remained elevated throughout the year. 		
Total budget (underspend)/overspend	£1,318,190	£481,490
2024/25 HRA Deficit / (Surplus)	£1,600,378	£763,678

8.4 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 of 31 March 2025, is set out below:

Movement	2024/25
Opening HRA Working Balance, as of 1 April 2024	£5,669,065
Deficit for 2024/25	(£763,678)
Balance resolved to be retained (HRA contingency)	(£3,525,000)
Balance Available, as of 31 March 2025	£1,380,387

The transfer from the working balance for 2024/25 brings the working balance as of 31 March 2025 closer to the HRA balance resolved to be retained of £3.525m.

8.5 Supplementary Budgets

Analysis of the electrical testing budgets has identified a shortfall of £120k over the next four years in order to meet statutory requirements. A supplementary approval is therefore requested for £19k in 2025/26 to provide sufficient budget.

8.6 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	2024/25
Opening Major Repairs Reserve, as of 1 April 2024	£12,455,749
Revenue monies set aside during 2024/25	£3,724,682
Amount used to finance capital expenditure during 2024/25	(£11,162,363)
Balance as of 31 March 2025	£5,018,068

8.7 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 2 for the period to 2028/29.

The total available resources are 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 8.3 above, and variances in capital budgets detailed in sections 8.12 & 13 below.

The forecast total available resources over the Medium-Term Financial Plan (MTFP) have increased £652k since last reported at 2024/25 Quarter 3 largely due to the overspend in year not being as high as projected throughout the year.

Total available reserves over the MTFP are now expected to be £2,896,577 after deducting the £3.525 million balance resolved to be retained (HRA contingency).

8.8 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 PWLB to support this programme, with the remaining £2.64 million to be funded by capital receipts.

As of 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 but will likely be required in the next two years.

8.9 HRA Capital Programme

The 2024/25 HRA Capital Programme was last reported to Council on 25th February 2025. Since that meeting the following changes have been made that have increased the 2024/25 programme.

Description	2024/25	Approval / Funding
HRA Capital Programme	£23,566,062	
Q3 programme variances	£212,614	Council 25 th February
Revised HRA Capital Programme	£23,778,676	

8.10 Performance

HRA Capital expenditure in the year amounted to £22,402,312 which equates to 94% 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	15,323,788
Capital investment in the provision of new council homes	7,078,524
Total HRA Capital Expenditure	22,402,312

8.11 HRA Capital Financing

The total HRA capital expenditure for 2024/25 will be financed as follows:

HRA Capital Finance	£
Major Repairs Reserve	11,162,363
Revenue Contribution to Capital	2,500,000
Capital Receipts	5,577,859
Commuted sums (S106)	18,778
Borrowing	0
Grants	3,143,312
Total HRA Capital Financing	22,402,312

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

8.12 Capital Budget Variances

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

Scheme	Overspend / (Underspend)
Balcony walkway improvements	(451,027)
Energy conservation	£658,437
Re-roofing – Flats	(£166,338)
Re-roofing – Houses	£82,805
Porch canopies	(£79,404)
Structural repairs	£170,141
Window replacements	£350,746
Officer Responsible: Head of Asset Maintenance / Planned Maintenance Lead	
Balcony walkways, re-roofing flats & porch canopies – Some of this work has been delayed due to the process of leaseholder consultation.	
Retrofit - not all properties which were deemed eligible for funding were, therefore resulting in additional contributions from ECC as they did not qualify for grant funding	
Re-roofing Houses, Structural repairs, Window replacements – significantly more work was required than originally scoped due to the age & condition of the respective properties.	

Bathroom replacements	(£64,438)
Plastering	(68,547)
Officer Responsible: Head of Asset Maintenance / Response & Voids Lead Bathrooms & Plastering – the requirements were slightly less requirement in year than originally planned for.	
Fire Risk Assessment Works (total) (£335,603)	
Lift Upgrades	(£88,729)
Officer Responsible: Head of Asset Maintenance Fire Risk Assessment Works – Works commenced later in the year due to the procurement process & the mobilisation of the successful contractor. Lift Upgrades – Additional lift condition information was required to enable to the procurement process to proceed, works will now be scheduled in 25/26 and a carry forward of £50k is included in section 8.13 below.	

8.13 Schemes to be deferred to 2025/26 and beyond

Schemes identified as being wholly or partly deferred to 2025/26 and beyond are:

Scheme	Budget deferred to / (brought forward from) future years
Council House Building Programme – Vaughan Road Phase A	£969,707
Officer Responsible – Head of Asset Maintenance / Asset Management Lead There has been some slippage in the Vaughan Road project, but the in-year underspend will be required in 2025/26 when Phase A will complete.	
Kitchens	(£480,000)
There was an overspend on kitchens during 2024/25 to address identified hazards, but this has been brought forward from future years' budgets.	
Fire Risk Assessment Works	£300,000
Lift Upgrades	£50,000

Officer Responsible – Head of Asset Maintenance

The Fire Risk Assessment budget has not been fully spent in year; however, an inspection of sprinkler systems has identified that £300k is likely to be needed in 25/26 for sprinkler servicing and remedials.

£50k is required to be carried forward for the lift upgrade at Amersham Court which has not been completed in 24/25.

Local Authority Housing Fund - 3	£580,789
---	-----------------

Officer Responsible: Head of Housing

LAHF Round 3 has been used to purchase a further 2 homes during 24/25, with the balance of the approved budget to be spent in 2025/26 in accordance with the terms of the grant.

8.14 Further funding requests

In February 2025 up to £2m grant funding was made available from the Devon Combined Authority to support energy efficiency works undertaken by the Council not eligible for the SHDF funded project. Claims for expenditure works have now been submitted, approved and paid for the full £2m.

Two properties are required to be purchased to meet the needs of families with specific requirements, and £800k needs to be added to the Social Housing Acquisitions budget in 2025/26. There are sufficient s106 affordable housing funds to cover one property, and the other will need to be met from HRA capital receipts.

The Hamlin Gardens development (Brook House) completed in November 2024, and £75k is required in 2025/26 to pay the retention payment due in November 2025.

The Council is acquiring the long lease on a number of properties to reduce the financial pressures on temporary accommodation. Due to the length of the leases these have to be accounted for within the HRA, this requires a capital budget of £2,645,792 in 2025/26 and revenue budgets in year 1 £122,806 for interest and £183,816 for voluntary repayment of debt, offset by £306,622 in additional annual rental income.

8.15 Historic Council own build Final Accounts to 31 March 2025

The Council's own build 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 HCA 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 2024/25 year has ended with an overall net surplus of £16,898, which will be transferred to the COB working balance. This represents a change of £33,028, compared to the budgeted transfer from the working balance of £16,130.

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.

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

9.1 The Housing Revenue Account contributes to a key purpose, as set out in the Corporate Plan; Building great neighbourhoods.

10. What risks are there and how can they be reduced?

10.1 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 £4 million to mitigate against financial risks.

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 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.

12. Carbon Footprint (Environmental) Implications:

12.1 We are working towards the Council's commitment to carbon neutral by 2030. The impact of each scheme is considered prior to approval.

13. Are there any other options?

13.1 None.

Strategic Director 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 enquiries:
Democratic Services (Committees)
Room 4.36
01392 265275