

Report to: Housing Review Board



Date of Meeting 29/04/2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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## Housing Revenue Account & Housing Capital Finance Report

### Report summary:

The report provides the Housing Review Board with current draft financial outturn figures for the housing revenue account and housing capital program for the 2020/21 financial year. The report will also consider the implications of any forthcoming regulatory changes.

Producing a Housing Revenue Account has been a statutory requirement for Councils who manage and own their housing stock for some time, and therefore a key document for the Board to influence

### Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

### Recommendation:

That the Housing Revenue Account & Housing Capital Finance Report is approved and recommended to cabinet.

### Reason for recommendation:

To give the Housing Review Board an opportunity to contribute towards the review and planning of all landlord service related finances.

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Portfolio(s) (check which apply):

- ☐ Climate Action and Emergencies
- ☐ Coast, Country and Environment
- ☐ Council and Corporate Co-ordination
- ☐ Culture, Tourism, Leisure and Sport
- ☐ Democracy and Transparency
- ☐ Economy and Assets
- ☒ Finance
- ☒ Strategic Planning
- ☒ Sustainable Homes and Communities

**Equalities impact** Low Impact

**Climate change** High Impact

**Risk:** Low Risk; Risks have been considered in preparing the budgets and the financial implications have been assessed at the point of preparation. Various budget assumptions have been made including the treatment of inflation and interest rates; estimates on the level and timing of capital receipts; the treatment of demand led pressures; the treatment of planned efficiency savings/productivity gains; levels of income; financial risks inherent in any new arrangements; capital developments; the availability of funds to deal with major contingencies and the need for any provisions.

**Links to background information** [East Devon Financial Information 2020/21](#)

**Link to [Council Plan](#):**

Priorities (check which apply)

- ☐ Outstanding Place and Environment
- ☒ Outstanding Homes and Communities
- ☐ Outstanding Economic Growth, Productivity, and Prosperity
- ☐ Outstanding Council and Council Services

## Report in full

### 1 Regulatory Changes: Right to Buy acquisitions amendment

- 1.1 In the previous finance report to the HRB an update was provided on the rule changes governing how right to buy receipts can be used.
- 1.2 The previous report noted the phased reduction placed upon the proportion of acquisitions made within a year from the 22/23 financial year onward. The limits imposed being;
  - From 22/23 – Max 50% of supply to be acquisitions
  - From 23/24 – Max 40% of supply to be acquisitions
  - From 24/25 onwards – Max 30% of supply to be acquisitions.
- 1.3 While the above remains accurate, the limits within the right to buy agreement sent through by MHCLG only kick in after 20 properties. The council can therefore make 20 acquisitions before being required to spend any receipts on development.

### 2 Housing Revenue Account – draft outturn position as at end September

#### 2.1 Draft Surplus £1.5m (£0.6m increase v budget)

The current draft surplus on the HRA is £1.5m against a budget of £0.98m after earmarked reserves for possible underspends are applied.

#### 2.2 Income £18.8m (£0.1m increase v budget)

Income levels for dwellings remain consistent and materially on budget, whereas garage rents mostly impacted by high void levels continue to underperform.

Year to Date			INCOME	4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
-7,568,840	-7,429,700	-139,140	Gross Property Rents	-18,012,466	-17,831,260	-181,206
-108,986	-140,100	31,114	Garage Rents	-212,130	-336,180	124,050
-278,980	-251,600	-27,380	Other Income	-641,256	-603,680	-37,576
-7,956,805	-7,821,400	-135,405		-18,865,851	-18,771,120	-94,731

## 2.3 Expenditure £15.7m (£0.5m less than budget)

The outturn predictions below are based upon current year to date figures and historical averages to forecast the future periods with adjustments made for likely reserve contributions for underspends.

Year to Date			EXPENDITURE	4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
1,377,184	1,244,550	132,634	Repairs And Maintenance - General	3,313,103	2,986,650	326,453
539,651	562,800	-23,149	Repairs And Maintenance - Special	1,295,219	1,350,780	-55,561
1,836,896	2,672,030	-835,134	Supervision And Management	6,123,991	6,412,590	-288,599
39,496	119,310	-79,814	Other Expenditure	107,936	286,090	-178,154
960,879	4,622,000	-3,661,121	Capital Charges & Bad Debt	4,895,814	5,176,420	-280,606
4,754,106	9,220,690	-4,466,584		15,736,064	16,212,530	-476,466

## 2.4 Financing - materially on budget

The majority of financing charges are finalised as part of the year end process due to the nature of the charges and the allocations required between the HRA and General Fund.

	4Cast Outturn		
	Actuals	Budget	Diff
Financing & MIRS	1,586,592	1,573,310	13,282

## 3 Housing Capital

There are only two areas of material capital spend so far within the year as shown in the below table.

The affordable housing expenditure relates to 3 RTB replacement acquisitions and the £0.6m 2020 Specific amount is the continued expenditure on the Green Homes project for which a Government grant of £0.5m was received in 2020.

Rep Cat 1	Rep Cat 2	YTD Sum of Actuals
4 CAPITAL	1 Affordable Housing	622,651
	2 HRA Capital Programme	93,273
	3 MIRS for MJRREP	0
	3 HRA Capital - FRA Works	
	4 HRA Capital - 2020 Specific	577,894
4 CAPITAL Total		1,293,817
Grand Total		1,293,817

### Financial implications:

Contained within the body of the report.

### Legal implications:

No legal observations are required. "Ultimately the approval of any new budgets rests with full Council.