

Report to: Housing Review Board



Date of Meeting 1 August 2024

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 23/24 Year End Outturn 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 2023/24 financial year.

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 23/24 Year End Outturn Report is noted, the reserve recommendations 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.

Officer: John Symes

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

**Equalities impact** Low Impact

## Climate change Low Impact

**Risk:** Medium Risk; Financial monitoring reports have kept members informed during the year of budget variations and the projected outturn position of the Council's finances. All predetermined Balance and Reserve levels were predicted to be maintained above the adopted minimum levels. The report also looks at the monies the Council holds in balances and reserves and considers these in the light of the Council's future financial position and future Government funding cuts and other emerging financial pressures e.g. inflationary pressures. Consideration is given to the Council's financial track record, internal and external audit reports on financial controls and is reflective of occurrences from external factors which affect the Council's finances. Two areas of risk to note from this report are the General Fund identified areas of service expenditure overspends/under achievement of income which will need careful monitoring in the current financial year and the HRA extremely high expenditure levels recorded in 2023/24, particularly the later part of the financial year, although this expenditure has been met from previous year underspends (reserves) this position cannot be repeated in 2024/25

### Links to background information .

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

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## Report in full

### Annual Outturn & Proposed Contribution from Reserves for Consideration

The summary tables of income and expenditure variations can be found at Appendix 1. For the 23/24 Outturn deficit for the year it is proposed to be cover from Earmarked reserves and borrowing, leaving the HRA Balance at the adopted level of £3.1m.

A summary by cost driver is as follows;

- **Supervision and Management +£1.39m**
  - £0.2m overspend in staff related costs with £0.68m in Agency staff costs only partially offset by savings in salaries and associated costs.
  - £0.3m overspend on temporary accommodation costs when decanting tenants for significant works
  - £0.4m overspend on Stock condition survey (this was a known overspend and was due to be reserve funded)
  - £0.3m on technical consultancy support within the Property and Asset team
  - £0.2m on non-rental void related charges
- **Income +£0.407m due to lost income from void properties**
- **Supplies, Services & Other Costs +£5.3m mainly duly to responsive repairs**
  - A £3.7m overspend in exclusions to the Integrated Asset Management Contract
    - £3m of jobs excluded from the Price per property (PPP) framework either due to the cost or type of job
    - £0.7m of jobs on properties excluded from the PPP framework
  - £1.3m of planned works and decoration undertaken by Ian Williams
  - £0.3m of disrepair legal fees and settlements

- **Interest income & charges -£0.530m from improved returns on investments**
- **Expenditure on Premises +£0.49m**
  - £3.6m spent on voids versus an original budget of £1.8m with other major repairs budgets unspent to offset the significant increase in void volumes.

This position of significant increase in spend with a reduction in income, has been previously highlighted to members, is of concern. As stated previously this position can be funded from reserves attributable to underspends in previous years set aside to fund increased expenditure on what was believed to be catch up repairs and maintenance, however, the picture is that this level of spend is required going forward.

### Capital Expenditure and Associated Funding

- A total of 6 acquisitions were completed within the year (£1.6m) versus 11 right to buy sales reducing the stock.
- In 23/24 the council applied and received £0.9m of Government grant funding to be used on affordable housing investment. The conditions of the grant are;
  - £20k of the total grant to be allocated to each property
  - 40% of the residual balance to be funded by the grant
  - The residual balance to be funded by the HRA
 In 23/24 2 plots in Cranbrook were purchased and a 10% deposit was provided for a further 4 plots due to complete in 24/25 at a cost of £0.65m.
- During 23/24 there was £4.35m spent on capital related improvements to properties, blocks, major adaptations for disabilities and major voids works. The funding implications of this are;
  - £0.4m in non-ring fenced capital RTB receipts
  - £1.37m – the remaining HRA capital contribution after funding affordable housing
  - £2.5m in new borrowing
- The total revenue contribution to capital made from the Housing revenue account was £2.6m versus a budgeted figure of £0.88m.

<b>HRA Capital Expenditure Financing Summary</b>	<b>£</b>
<b>Gross Expenditure</b>	<b>10,452,729</b>
Financing:	
Major Repairs Reserve / Contribution from Revenue	(3,842,609)
Revenue Contribution to Capital Outturn	(2,617,628)
Local Authority Grant Funding (LAHF)	(300,000)
RTB 1-4-1	(637,332)
Other Capital Receipts	(469,627)
S106 Funding	(67,922)
Borrowing	(2,517,611)
<b>Total Financing</b>	<b>(10,452,729)</b>

### 23/24 Year End Reserve Levels

The below table shows the final reserve levels should the allocations proposed be approved.

## HRA RESERVES

### REVENUE

Reserve Name	2022 Year End	Movement	2023 Year End	Comment
HRA Balance	-3,100	0	-3,100	Adopted level of £500 per dwelling plus £1m buffer
HRA Volatility Reserve	-1,600	1,600	0	Earmarked reserve in case of events impacting rental income
Capital Development Fund	-2,925	2,925	0	Revenue reserve earmarked for new homes & climate change development
Landlord Services Reserve	-124	124	0	Revenue reserve earmarked for Future Landlord Services Projects & C19 Catch up works
Planned Maintenance Reserve	-3,255	3,255	0	Revenue reserve earmarked for Stock Condition and Catch Up Costs
Fire Risk Assessment Reserve	-1,468	1,468	0	Revenue reserve earmarked for FRA Building works and Lift replacement
<b>TOTAL USEABLE REVENUE RESERVES</b>	<b>-12,472</b>	<b>9,372</b>	<b>-3,100</b>	

### CAPITAL

Reserve Name	2022 Year End	Movement	2023 Year End	Comment
HRA Capital Receipts	-5,731	-366	-6,097	To be used to fund the 40% Government RTB funding of replacements only
Hra Retained Capital Receipts - Grants	0	-609	-609	
<b>TOTAL USEABLE CAPITAL RESERVES</b>	<b>-5,731</b>	<b>-975</b>	<b>-6,706</b>	

### Financial implications:

The financial implications are considered within the body of the report.

### Legal implications:

There are no legal implications on which to comment.

APPENDIX 1

Year to Date			INCOME	23/24 Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
-	-	-		-	-	-
19,498,769	19,911,900	413,131	Gross Property Rents	19,498,769	19,911,900	413,131
-209,149	-231,110	21,961	Garage Rents	-209,149	-231,110	21,961
-686,427	-658,510	-27,917	Other Income	-686,427	-658,510	-27,917
-	-	-		-	-	-
20,394,346	20,801,520	407,174		20,394,346	20,801,520	407,174

Year to Date			EXPENDITURE	23/24 Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
11,097,257	5,763,318	5,333,939	Repairs & Maintenance	11,097,257	5,763,318	5,333,939
9,513,737	8,123,651	1,390,086	Supervision And Management	9,513,737	8,123,651	1,390,086
645,236	617,240	27,996	Other Expenditure	645,236	617,240	27,996
3,854,726	3,356,710	498,016	Capital Charges & Bad Debt	3,854,726	3,356,710	498,016
25,110,957	17,860,919	7,250,038	<i>(excl Depreciation)</i>	25,110,957	17,860,919	7,250,038

	23/24 Outturn		
	Actuals	Budget	Diff
<b>Net Interest Expense</b>	2,030,001	2,559,580	-529,579
<b>Earmarked Reserve Release</b>	-9,370,133	-40,000	9,330,133
<b>Revenue Contn to Capital Financing</b>	2,623,521	880,000	1,743,521
			-
<b>Total Financing</b>	-4,716,611	3,399,580	8,116,191

	23/24 Outturn		
Actuals	Budget	Diff	
<b>0</b>	458,979	-458,979	