

Report to: Housing Review Board



Date of Meeting 24/03/2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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 2021/22 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 2021/22](#)

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
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Report in full

1 Housing Revenue Account – draft outturn position as at end February

1.1 Surplus Forecast before accruals and carry forwards

The surplus forecast for the year currently stands at £2.4m versus a budgeted figure of £0.99m. As in the previous financial year there will likely be large amounts of carry forwards for underspends, particularly in the planned maintenance and major repairs areas. The reserve balances will be utilised to fund stock condition survey expenditure and resultant catch up costs.

Also, as in previous years, it is proposed that any surplus within the Housing Revenue Account above the adopted range of £3.1m will be placed into the HRA Capital Development fund reserve. This fund will be utilised in future years for New Homes and Capital works to reduce the carbon footprint of the HRA.

1.2 Capital v Revenue - £1.4m capital contribution made to fund Green Homes

A reallocation of £1.4m of budget has been made from underspends within the year across various planned maintenance cost centres to provide a capital contribution to finalise the low carbon related expenditure. The total costs of the total project were in part funded by the Green Homes government grant received in the previous financial year.

1.3 Year to Date and forecast outturn tables

The tables showing the HRA income and expenditure categories are shown within Appendix 1 of the report with a commentary provided for material items.

Right to Buy Sales

1.4 Surplus Forecast before accruals and carry forwards

Within the current financial year to date there have been 10 right to buy sales totalling a capital receipt to the council of £1.025m. The breakdown of these funds into their prescribed buckets is as follows;

1. £432k to be return to Central Government
2. £256k added to the £3.6m capital reserve to fund future RTB replacement/development
3. £337k to be used to fund the housing capital program

2 Housing Capital

2.1 Affordable Housing Expenditure

The current year to date affordable housing expenditure is £1.4m from 7 property acquisitions. This has the following impact on the right to buy replacement funding and requirements;

- The required level of spending required to prevent payback before the following financial year ends is;

Year	Annual
2022.23	440,538
2023.24	3,421,947
2024.25	2,397,804
2025.26	1,407,405

- 40% of the above capital expenditure (£550k) is to be funded from the RTB Capital reserve leaving a closing balance of £3.3m
- The residual balance will be financed from the residual unutilised additional PWLB borrowing balance of £1.62m taken out in March 2022, leaving £0.78m still available.

2.2 Capital Program

The year to date capital program expenditure is currently £0.21m predominantly from Social Service Adaptations. In the coming month before year end the revenue accounts will be reviewed to determine if any expenditure can be re-categorised into the capital program and funded from the RTB sales receipts.

2.3 Fire Risk Assessment Capital Works

The year to date expenditure allocated to capital is currently £0.31m which will be funded from the associated reserve leaving a residual balance of £1.47m. As above a review will be undertaken of the associated FRA revenue expenditure to determine if it is appropriate to reclassify as capital and fund from the reserve.

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.

Appendix 1 : Summary Tables with Commentary

Year to Date			INCOME	4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
-16,471,265	-16,345,340	-125,925	Gross Property Rents	-17,832,888	-17,831,260	-1,628
-214,154	-308,220	94,066	Garage Rents	-211,564	-336,180	124,616
-569,485	-553,520	-15,965	Other Income	-627,885	-603,680	-24,205
-17,254,904	-17,207,080	-47,824		-18,672,337	-18,771,120	98,783

Year to Date			EXPENDITURE	4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
3,218,836	3,138,010	80,826	Repairs And Maintenance - General	3,508,777	3,386,650	122,127
619,184	838,160	-218,976	Repairs And Maintenance - Special	694,558	950,780	-256,222
5,591,718	5,878,380	-286,662	Supervision And Management	5,938,251	6,412,590	-474,339
117,954	262,310	-144,356	Other Expenditure	122,609	286,090	-163,481
1,839,366	3,697,200	-1,857,834	Capital Charges & Bad Debt	2,968,661	3,776,420	-807,759
11,387,059	13,814,060	-2,427,001		13,232,856	14,812,530	-1,579,674

	4Cast Outturn		
	Actuals	Budget	Diff
Financing & MIRS	2,997,930	2,973,310	24,620

	4Cast Outturn		
	Actuals	Budget	Diff
Surplus	-2,441,550	-985,280	-1,456,270

Commentary

- 1 Continued high levels of garage voids
- 2 PPP Exclusions & Non PPP property repairs remain higher than budgeted which will be one of the key focuses of the contracts annual review.
- 3 Revenue budgets for low carbon & external works underspent - majority of costs allocated to capital under the Green Homes schemes
- 4 Continued salary savings as recruitment into vacant roles is proving difficult across the service, the savings in employment costs have been partially offset by fees for agency workers
- 5 Low levels of spending at the beginning of the year due to the pandemic
- 6 £1.4m of Budget has been moved from the underspend in Major repairs to Capital Contributions to fund the Green Homes Schemes - Major repairs continues to be underspent due to low levels at the beginning of the year. Underspends will be reserved to bolster funds for the Stock Condition survey and resulting catch up costs.