

Report to: Housing Review Board



Date of Meeting 16/03/2023

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 22/23 Year End Outturn Report

### Report summary:

The report provides the Housing Review Board with current financial outturn forecast figures for the housing revenue account and housing capital program for the 2022/23 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 22/23 Forecast Outturn Report is noted 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 Forecast Annual Surplus**

The 21/22 Outturn Surplus is £0.17m (£11k above final budget). This outturn figure has been considered prior to both;

- The year-end review of HRA capital expenditure to be either moved into capital and funded accordingly
- A transactional review of items which have been reserved for in prior years and will therefore be funded using those funds, for example the Fire Risk Assessment works.

The reason for this is to provide an estimated impact on all HRA revenue reserve levels as opposed to just the HRA balance. It is predicted that the HRA balance will therefore remain at the £3.1m adopted level for 22/23.

The summary tables of income and expenditure and associate commentaries of material variations can be found in Appendix 1.

## **2 Capital Expenditure**

As mentioned above there will be further transfers of programs of work from the HRA into capital accounts which can then be funded as such. The capital items excluding these amounts are;

- £0.99mm on 3 RTB replacement acquisitions in the year
- A net expenditure of £0.47m on Green Homes initiatives after taking into account the central government grant funding.
- £0.29m of other capital related works within the capital program.

## **3 RTB Sales and funding implications**

There have been 29 RTB sales to date which have resulted in a gross capital receipt of £3.7m. This should leave;

- > £1m of unringfenced receipts which can be used to fund the capital expenditure for the year.

- Approx £4.5m of ring fenced capital receipts after funding 40% of the in year acquisitions.
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**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	4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
-15,113,045	-15,507,720	394,675	Gross Property Rents	-18,288,532	-18,609,260	320,728
-188,773	-179,990	-8,783	Garage Rents	-202,176	-215,990	13,814
-542,813	-516,300	-26,513	Other Income	-654,323	-619,600	-34,723
-15,844,631	-16,204,010	359,379		-19,145,031	-19,444,850	299,819

Year to Date			EXPENDITURE	4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
4,046,121	2,558,800	1,487,321	Repairs And Maintenance - General	4,580,430	3,870,580	709,850
444,931	1,103,130	-658,199	Repairs And Maintenance - Special	896,270	1,323,750	-427,480
6,907,937	5,932,900	975,037	Supervision And Management	7,305,417	7,119,670	185,747
211,998	281,070	-69,072	Other Expenditure	225,582	327,360	-101,778
3,529,493	4,848,730	-677,637	Capital Charges & Bad Debt	3,529,493	4,207,130	-677,637
15,140,480	14,724,630	1,057,450		16,537,192	16,848,490	-311,298

	4Cast Outturn		
	Actuals	Budget	Diff
<b>Financing &amp; MIRS</b>	2,438,140	2,438,140	0

	4Cast Outturn		
	Actuals	Budget	Diff
<b>Surplus</b>	-169,698	-158,220	-11,478

### Commentary

<sup>1</sup> The variation in outturn for forecasted rents is solely due to the impact of rent losses on void properties. This is currently being addressed - see specific HRB paper for details.

<sup>2</sup> PPP Exclusions are significantly over budget and are currently under review. The majority of the overspend actually relates to planned works undertaken by Ian Williams but charged to the exclusions account upon certification. These jobs will be reallocated into the appropriate cost centre within Capital charges and Bad Debt.

<sup>3</sup> Various underspends across compliance and adaptations, projections based upon historical data set. The underspends will either be reserved where appropriate and when the budget hasn't been utilised elsewhere.

<sup>4</sup> The impact of the salary review has caused budgets to be exceeded where there is a full establishment within the cost centre, however, the impact was largely mitigated by the vacant posts within the service, most notably within the Property & Asset team.

<sup>5</sup> Lower levels of spending in various areas such as Tenant Engagement, Change of Tenancy/Downsizing and sewerage provision.

<sup>6</sup> Underspends across all major repairs categories, provision has been made to cover the overspends in General Repairs and Maintenance with the residual budget expected to be placed into the planned maintenance reserve.

<sup>7</sup> It is expected that the entire £800k that has been allocated as a contribution to capital will be utilised in year for the next phase of the Green Homes works and the other capital program workstreams. No other variations are expected at this time.