

Report to: Housing Review Board



Date of Meeting 2nd November 2023

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Housing Revenue Account & Housing Capital Finance 23/24 Update to End August 2023

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. Work is ongoing regarding staffing structures, once these are completed and approved the results will be reflected in the next finance report to Housing Review Board.

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 update is noted by the Housing Revenue Board.

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

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk; Risks have been considered in preparing the predictions and the financial implications have been assessed at the point of preparation. Various budget assumptions have been made in forecasting the outturn positions. For the current period the use of available reserves are mitigating the deficit position but this isn't sustainable in the long term.

Links to background information <https://eastdevon.gov.uk/council-and-democracy/council-business/our-finance/financial-information-2023-24/>

Link to [Council Plan](#)

Priorities (check which apply)

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

1 Opening Position

The current opening position of the HRA for the financial year 23/24 is as follows;

HRA Reserves	£m
Revenue Reserves	(12.472)
HRA Balance & Volatility Reserve	(4.702)
Capital Development Fund	(2.923)
Property & Assets Reserve	(4,723)
Housing Services Reserve	(0.124)
Capital Reserves	(5.731)
Ring Fenced RTB Capital Receipts	(5.731)

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2 Forecast Outturn at End August 2023 – Budget Adjustments

The following table shows the original budget set for the year and any supplementary estimates approved to date affecting the HRA position.

HRA Position	£m	F/A
Original Budgeted Surplus	(0.268)	
Approved Staff Budget Variations during reporting period	0.241	A
Additional GF funding for Housing Complaints Officer	0.034	A
Remit Zero Pilot – confirmed no grant funding to be recd	0.475	A
Revised Budgeted Deficit (1)	0.482	

Known additional items to be included in the budget in Q2 once agreed/values known;

- Additional funding for HR Support - £0.018m per annum in 23/24 and 24/25
- Senior ASB officer - £TBC

3 Income to End August and associated losses

Income was increased on rents by 7% and all other service charges by 3% in 2023/24. The year to date amounts and projections can be seen below. Lost rent due to voids continues to be above the budgeted levels and will add an additional £0.5m to the in-year deficit if it continues at the current level.

9AC - Level 9					
Account Code	9AN - Level 9 Account Name	Sum of Actuals	Sum of Budget	To Sep Variation	YE Variation
6133	Voids Lost Rent	456,961	250,040	206,921	496,612

The knock on effect of voids/significant planned works is the requirement for emergency accommodation/decants for tenants. The current figures to End August are shown below and currently sit within Estate Management – A new cost centre for decants has been set up since, so that it does not directly affect estate management raising orders etc.

	€ YTD					Grand Total
	1	2	3	4	5	
Supplies & Services	-3,032	6,587	5,549	12,138	1,817	23,059
A & A Maclean	8,075		10,766			18,841
SIDMOUTH COTTAGES	2,720	595	5,695	1,700	5,440	16,150
MORGANS REMOVALS			4,062	2,145	7,668	13,874
EXMOUTH HOLIDAY HOMES		4,780	5,553	1,600	1,129	13,062
QUEST INNS LTD	1,667	1,667	1,667	4,983		9,983
HALCYON LANDSCAPES LTD	6,060		2,924		720	9,704
Ladram Bay Holiday Park				7,599		7,599
DEVONCOURT HOTELS LTD					6,875	6,875
MANOR HOTEL	3,548	3,062				6,610
HAPPY HOLIDAY DOGS		691	2,464	1,232	1,540	5,927
EATON-TERRY CLARK LTD	1,875	778				2,653
AXE VALE CARAVAN PARK					1,876	1,876
Grand Total	20,913	18,159	38,679	31,398	27,064	136,214
Forecast to YE @ equivalent Rate						326,913
Annual Budget						-37,240
Contribution to Deficit						289,673

4 Employee Costs to Q1 – Savings v Agency

The below table shows the current interaction between staff cost savings due to vacant posts (including the additional budget mentioned in 1) and the current level of agency + consultants fees at End August across the HRA. Should these continue at the same levels there will be a £97k impact on the deficit.

9AC - Level 9 Account Code 9AN - Level 9 Account Name		YTD		
		Sum of Actuals	Sum of Budget	Sum of Diff
0100	Salaries	1,187,704	1,445,624	-257,920
0260	Ni Ers Rev Exp	119,128	143,661	-24,533
0280	Superannuation Ers	243,973	281,736	-37,762
0500	Recruitment Advertising	8,670	440	8,230
0501	Recruitment Finders Fee	11,701		11,701
3290	Agency & Consultants	340,607		340,607
		1,911,783	1,871,461	40,322
Forecast YE @ Equiv Rates - contribution to Deficit				96,772

5 IAMC Contract

Repairs

The below table shows the position of the IAMC contract repairs cost centres to the end of August. In the two months from Q1, PPP Exclusions costs amounted to £380k, using a ytd average projection this would cause a deficit impact of £0.588m which when combined with Disrepair costs equates to £0.809m.

Rep Cat 4	YTD	Annual	Residual	4Cast	Annual	Est	Comment
	Actuals	Budget	budget	Actuals	Budget	Impact	
1 PPP Inclusions	703,205	1,638,288	-935,083	1,687,691	1,638,288	49,403	Small variation in budgeted monthly charge v actual
2 PPP Exclusions	449,332	490,000	-40,668	1,078,396	490,000	588,396	Assumed ytd rate continues to YE
3 Rechargeable Works	7,364	0	7,364	0	0	0	Assumed income received for works
4 Utilities Repairs	76,027	50,000	26,027	50,000	50,000	0	Actuals to be moved to Planned CC - Electrical Ctrct
5 Insurance Claims	85,154		85,154	0		0	To be reviewed an reallocated to Planned Maint
6 Minor Works	7,281	10,340	-3,059	17,474	10,340	7,134	
7 Disrepair	66,467	0	66,467	159,521	0	159,521	No budget allocated at YE
8 Other	28,240	22,770	5,470	28,240	22,770	5,470	
	1,423,069	2,211,398	-788,329	3,021,322	2,211,398	809,924	

VOIDs

Voids has also seen a large cost increase since Q1 leaving only £0.292m of residual budget. In the prior year an additional £0.3m of budget was allocated, if we assume this to be consistent then the overall impact of the IAMC to the deficit is £1.109m.

Rep Cat 4	1	2	3	4	5	TOTAL
1 Voids	139,835	25,490	60,334	456,420	324,951	1,007,032
Annual budget (additional £0.3m reallocated last year for £1.6m total)						1,300,000
Residual budget						292,968

The above issues as described will have the following impact on the deficit, of which are funded by available reserves.

HRA Position	£m	F/A
Revised Budgeted Deficit (1)	0.482	
Forecast Lost rent due to Voids	0.497	A
Forecast Emergency Accommodation/Decants	0.289	A
Employee Agency v Salary Savings	0.097	A
IAMC Repairs and Voids	1.109	A
Revised Budgeted Deficit (2)	2.474	

6 Planned Maintenance, Cyclical Servicing & Compliance

The below table shows the current YTD actuals v budgets (using an equal annual spread over 12 months) to Q1 for non-employee expenditure. The current working assumption is that all non-employee costs will be reallocated and utilised in the remainder of the year.

			YTD				
Rep Cat 1	Rep Cat 2	Rep Cat 3	Sum of Actuals	Sum of Budget	Sum of Diff	Annual Budget	Residual Budget
2 EXPENDITURE	1 Repairs And Maintenance - General	1 Responsive Maintenance	204,066	34,810	169,256	83,110	120,956
		2 Annual Programmed Maintenance	1,164,657	558,210	606,447	1,339,760	-175,103
	2 Repairs And Maintenance - Special	1 Compliance	297,739	337,010	-39,271	808,600	-510,861
		2 Other	237,823	403,957	-166,133	969,440	-731,617
	3 Supervision And Management	2 Supervision And Mgt Special	129,495	140,920	-11,425	244,660	-115,165
	4 Other Expenditure	1 Other Exp non Sewerage	63,324	58,810	4,514	72,390	-9,066
		2 Sewerage	4,519	17,780	-13,261	45,740	-41,221
5 Capital Charges & Bad Debt	3 Major Repairs Expenditure	142,052	2,631,710	-2,489,658	2,456,710	-2,314,658	
2 EXPENDITURE Total			2,243,675	4,183,207	-1,939,532	6,020,410	-3,776,735
3 FINANCING	4 MIRS	5 Cont to Capital	0	366,690	-366,690	880,000	-880,000
3 FINANCING Total			0	366,690	-366,690	880,000	-880,000
4 CAPITAL	2 HRA Capital Programme	Mjr Improv/Ext Existing Prop	943,417	150,000	793,417	150,000	793,417
		Refurb Manor Close Seaton	20,738		20,738	0	20,738
		Re-Roofing	6,261		6,261	0	6,261
		Social Serv Adaptations	52,076	250,000	-197,924	250,000	-197,924
	3 HRA Capital - FRA Works	Fra Capital Works	491,285		491,285	0	491,285
4 HRA Capital - 2020 Specific	Capital Grants Hsg	413,966		413,966	0	413,966	
4 CAPITAL Total			1,927,744	400,000	1,527,744	400,000	1,527,744
Grand Total			4,171,419	4,949,897	-778,478	7,300,410	-3,128,991

7 Capital Program Position

The position as at end August is as above with retrofit catch up works relating to the Green Homes grant funding, Major project works and FRA Capital works driving the capital expenditure of £1.96m with an annual budget of £0.5m.

4 RTB Sales have gone through in the period, contributing approx. £150k of funding, therefore there is a current revenue contribution requirement of £1.311m compared to a budget of £0.88m. It is assumed the deficit of £0.43m and any associated future spending will be reallocated from other programmed maintenance areas.

8 Right to Buy Sales & Replacement Program

A single purchase was made in the period funded 60% Capital Dev Fund and 40% RTB Receipts.

Rep Cat 3	Actuals
3 Redwood Close, Exmouth	387,250

£0.27m was added from RTB Sales to the ring fenced capital receipts for replacement resulting in;

- Ring Fenced RTB Capital Receipts increase to £5.846m (£5.731+£0.270-£0.155)
- Capital Development Fund reduction to £2.691 (£2.923-£0.232)

Financial implications:

The financial implications are considered within the body of the report. The forecast deficit position is funded by reserves/underspends in previous years, but this position needs to be carefully monitored as it is not sustainable in the long term.

Legal implications:

There are no legal implications on which to comment.