

Report to: Housing Review Board



Date of Meeting 14/03/2024

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 Month 10 Update

### Report summary:

The report provides the Housing Review Board with a summary of the housing revenue account and housing capital program overall financial position for 2023/24 at the end of month 10 (31 January 2024). 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 variances identified as part of the Housing Revenue Account & Housing Capital Finance up to Month 10 be acknowledged.

### 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** Low Impact

Risk: Low Risk

Links to background information [East Devon Financial information 2023/2024](#)

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 23/24 Reserve Levels as at Month 10 January

#### 1.1 HRA Opening Balances

HRA Reserves	£m
<b>Revenue Reserves</b>	<b>(12.472)</b>
HRA Balance & Volatility Reserve	(4.702)
Other Earmarked Reserves	(7.770)
<b>Capital Reserves</b>	<b>(5.731)</b>
Ring Fenced RTB Capital Receipts	(5.731)

#### 1.2 In Year Surplus and Approved Budget Variations

The following table sets out the impact on the originally agreed budgeted surplus of subsequently approved spend that was not originally included in the set budget.

HRA Position	£m	F/A
<b>Original Budgeted Surplus</b>	<b>(0.268)</b>	
Approved Staff Budget Variations during reporting period	0.241	A
Additional GF funding for Housing Complaints Officer	0.034	A
Remit Zero Pilot	0.475	A
Warm Hub project	0.050	A
Asset Management Strategy consultant appointment	0.050	A
Housing Task Force senior surveyor post	0.074	A
<b>Revised Budgeted Deficit (1)</b>	<b>0.656</b>	

## 2 Impact on income

Income was increased on rents by 7% and all other service charges by 3% in 2023/24. Lost rent due to voids continues to be above the budgeted levels and will likely add an additional £0.433m to the in-year deficit as the catch-up work to reduce void levels continues for the remainder of the year.

Additionally, due to the high levels of major works that are being addressed from the stock condition feedback the expenditure on decants during the year has been higher than expected. The forecasted implications of these two factors being;

HRA Position	£m	F/A
<b>Revised Budgeted Deficit (1)</b>	<b>0.656</b>	
Forecast Lost rent due to Voids	0.433	A
Forecast Emergency Accommodation/Decants	0.285	A
<b>Revised Deficit (2)</b>	<b>1.374</b>	

### 3 Integrated Asset Management Contract Expenditure

The stock condition has also significantly increased the demand on the IAMC contract with void levels and their associated expenditure as well as larger jobs outside of the Price Per Property framework requiring significant contributions from reserves.

#### 3.1 Final forecast deficit to be taken from earmarked reserves

The above factors combined would have the below impact to be funded from other earmarked reserves;

HRA Position	£m	F/A
<b>Revised Deficit (2)</b>	<b>1.374</b>	
IAMC related contributions	3.477	A
<b>Revised Deficit (3) – funded by reserves</b>	<b>4.851</b>	

### 4 Capital Program Position

The below table shows the current YTD actuals v budgets (using an equal annual spread over 12 months)

Rep Cat 1	Rep Cat 2	Rep Cat 3	YTD			Annual Budget	Residual Budget	
			Sum of Actuals	Sum of Budget	Sum of Diff			
4 CAPITAL	2 HRA Capital Programme	Remodelling Of Sheltered Schm	80,592	100,000	-19,408	100,000	-11,437	
		Social Serv Adaptations	54,199	250,000	-195,801	250,000	-194,386	
		Re-Roofing	6,261		6,261		6,261	
		Mjr Improv/Ext Existing Prop	2,316,448	150,000	2,166,448	150,000	2,595,511	
		Refurb Manor Close Seaton	20,738		20,738		20,738	
	<b>2 HRA Capital Programme Total</b>			<b>2,478,238</b>	<b>500,000</b>	<b>1,978,238</b>	<b>500,000</b>	<b>2,416,686</b>
	3 HRA Capital - FRA Works		Fra Capital Works	834,247		834,247		834,247
	<b>3 HRA Capital - FRA Works Total</b>			<b>834,247</b>		<b>834,247</b>		<b>834,247</b>
	4 HRA Capital - 2020 Specific		Capital Grants Hsg	432,298		432,298	0	444,520
	<b>4 HRA Capital - 2020 Specific Total</b>			<b>432,298</b>		<b>432,298</b>	<b>0</b>	<b>444,520</b>
	1A Grant Subsidised Affordable Housing		Local Authority Housing Fund	-224,200		-224,200	0	933
<b>1A Grant Subsidised Affordable Housing Total</b>			<b>-224,200</b>		<b>-224,200</b>	<b>0</b>	<b>933</b>	
<b>4 CAPITAL Total</b>			<b>3,520,584</b>	<b>500,000</b>	<b>3,020,584</b>	<b>500,000</b>	<b>3,696,387</b>	

4.1 The position as at the end January 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 £3.74m with an annual budget of £0.5m

4.2 Fire Risk Assessment Capital Works - The year to date expenditure allocated to capital is currently £0.83m which will be funded from the associated reserve leaving a residual balance of

£0.634m. 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.

## 5 Right to Buy Sales & Replacement Program

Year to date there have been three property acquisitions vs nine RTB sales with the acquisitions being funded 60% Capital Dev Fund and 40% RTB Receipts.

Rep Cat 3	Sum of Actuals
3 Redwood Close, Exmouth	387,250
19 Marpool Crescent Exmouth	274,455
65 Whitebridges Honiton Ex14 2rz	242,658
	904,364

- Ring Fenced RTB Capital Receipts increase to £6.226m (£5.731+£0.857-£0.362)
- Capital Development Fund reduction to £2.380m (£2.923-£0.543)

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### 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 and this is a position that we need to continue to carefully monitor moving forward. The timing of the completion of the stock condition survey and the creation of an asset management Strategy will now directly feed into this and Officers are now working on presenting a stock options appraisal position report that will consider longer term investment decisions that need to be considered.

### Legal implications:

There are no legal implications on which to comment.