

Report to: Housing Review Board



Date of Meeting 30<sup>th</sup> April 2026

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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## Initial Draft Financial Outturn of the HRA and Associated Capital Programmes

### Report summary:

This report gives an initial draft summary of the Council's overall financial position for 2025/26 for the HRA and associated Capital Programmes.

Current monitoring indicates that:

- The Housing Revenue Account Balance is projected to be below budget with a considerable capital contribution to revenue in year.
- The Housing Revenue Account (HRA) budget strategy follows the Sustainability plan which required the restoration of the HRA Balance to £3.1m in £250k annual increments. This is set to be achieved.
- Capital in the Housing workstreams is significantly below budget expectations resulting in a large amount of slippage into 2026/27.

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

The variances initial draft variances identified as part of the Revenue and Capital Monitoring process be acknowledged.

### Reason for recommendation:

The report updates Members on the overall financial position of the Authority at set periods and includes recommendations where corrective action is required for the remainder of the financial year.

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Portfolio(s) (check which apply):

- Assets and Economy
- Communications and Democracy
- Council, Corporate and External Engagement
- Culture, Leisure, Sport and Tourism
- Environment - Nature and Climate

- Environment - Operational
- Finance
- Place, Infrastructure and Strategic Planning
- Sustainable Homes and Communities

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Choose a risk level; [Click here to enter text on risk considerations relating to your report.](#)

**Links to background information** -<https://eastdevon.gov.uk/council-and-democracy/council-business/our-finance/financial-information/financial-information-2024-25/>

**Link to [Council Plan](#)**

Priorities (check which apply)

- A supported and engaged community
- Carbon neutrality and ecological recovery
- Resilient economy that supports local business
- Financially secure and improving quality of services

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## **Report in full**

### **Introduction**

The purpose of this monitoring report is to update members of the HRB with an initial draft overall financial position of the Housing Revenue Account following the end of the financial year. The report considers expenditure to date as well as the best estimates at the time of writing to show the proposed impact on the Housing Revenue Account Balance and associated capital programmes.

### **Housing Revenue Account initial draft estimate @ mid-April 2026.**

The Housing Revenue Account (HRA) is the ring-fenced account for providing Council housing and associated services. This is shown separately on the Income & Expenditure Statement.

The Revenue and Capital split across the Property & Asset related work streams has been reviewed in year and virements have been made, primarily moving budget and expenditure from Revenue and into Capital, with a relatively immaterial amount of budget reducing supplementary estimates.

The previous report provided a comparative of the original budget figures versus the revised amounts that are included in the HRA tables that follow herein, plus a summarised forecast of the estimated outturn against them for 2025/26.

**Considerations and Caveats.**

Due to the timing of the report, certain estimates have had to be made and information that will impact the final accruals applied to both revenue and capital is yet to be received, although every effort has been made to provide figures as accurate as is reasonably practicable at this stage of the financial year end close down.

A final report will be presented to cabinet, council and the HRB in due course and any material differences to the figures included below will be highlighted and explained.

Total Revenue Summary	25/26 Outturn Forecast		
	Actuals	Budget	Surp/Def
1 Rental & Other Income	-22,727,089	-22,665,930	-61,159
2 Revenue Expenditure	17,761,598	18,725,367	-963,769
3 Financing & Movement In Reserves	4,965,491	3,271,608	1,693,882
<b>TOTAL</b>	<b>0</b>	<b>-668,955</b>	<b>668,955</b>

**Brief Summary:**

The 2025/26 Financial year is estimated to outturn with a significantly lower than expected capital outlay, which will be carried forward into the 26/27 Property & Asset spending plans. The Property & Asset team has taken time to reach capacity, with all management roles now filled, ready to tackle the required future investment in the stock through a structured and well tendered approach, reducing the councils reliance on our primary contractor. Revenue is also due to contribute funding due to a significant overall surplus, through numerous underspends, notably improved Void turnarounds increasing rental income and lower than anticipated compliance revenue expenditure demands.

Revenue Income Category	0		
	Actuals	Budget	Surp/Def
1 Gross Property Rents	-21,800,717	-21,659,900	-140,817
2 Garage Rents	-192,653	-262,800	70,147
3 Other Income	-733,719	-743,230	9,511
<b>TOTAL</b>	<b>-22,727,089</b>	<b>-22,665,930</b>	<b>-61,159</b>

Total Capital Summary	0		
	Actuals	Budget	Surp/Def
1 Capital Expenditure in Year	10,549,654	19,110,781	-8,561,127
2 Capital Funding Sources	-7,177,821	-3,286,870	-3,890,951
<b>2024/25 ADDITIONAL BORROWING REQUIREMENT</b>	<b>3,371,833</b>	<b>15,823,911</b>	<b>-12,452,078</b>

Revenue Expenditure Category	0		
	Actuals	Budget	Surp/Def
1 Repairs And Maintenance - General	5,578,780	6,018,167	-439,388
2 Repairs And Maintenance - Special	210,351	815,700	-605,349
3 Supervision & Management	8,688,454	8,643,279	45,175
4 Other Expenditure	1,215,143	1,179,351	35,792
5 Capital Charges & Bad Debt	2,068,870	2,068,870	0
<b>TOTAL</b>	<b>17,761,598</b>	<b>18,725,367</b>	<b>-963,769</b>

Capital Expenditure Category	0		
	Actuals	Budget	Surp/Def
1a Affordable Housing - Right to Buy Funded	17,857	750,000	-732,143
1b Affordable Housing - Local Authority Housing Fund	1,601,316	0	1,601,316
2 Compliance Capital Expenditure	280,905	3,000,000	-2,719,095
3 Planned Capital Programme	836,018	4,299,520	-3,463,502
4 Major Repairs	7,813,557	11,061,261	-3,247,704
<b>TOTAL</b>	<b>10,549,654</b>	<b>19,110,781</b>	<b>-8,561,127</b>

Financing & Movement In Reserves	0		
	Actuals	Budget	Surp/Def
1 Net Interest Cost	2,701,675	3,021,608	-319,934
2 Capital Charges - MIRs	-1,183,130	-1,183,130	0
3 Contribution to restore HRA Balance	250,000	250,000	0
4 Contribution to Capital Net of Other Income	3,196,946	1,183,130	2,013,816
<b>TOTAL</b>	<b>4,965,491</b>	<b>3,271,608</b>	<b>1,693,882</b>

Capital Funding Sources	0		
	Actuals	Budget	Surp/Def
1 RTB/S106 + Grant Funding - Affordable Housing	-1,601,316	-750,000	-851,316
2 Unringfenced Right to Buy Receipts and Capital Grants	-1,315,868	-468,000	-847,868
3 Major Repairs Contribution (Depreciation)	-2,068,870	-2,068,870	0
4 Additional Capital Contribution from Revenue	-2,191,766	0	-2,191,766
<b>TOTAL</b>	<b>-7,177,821</b>	<b>-3,286,870</b>	<b>-3,890,951</b>

#### 1 Revenue Income

Dwelling income lost due to void properties is expected to be £0.14m lower than budget due to the continuing focus on turnaround efficiency. In addition, rental collection rates remain excellent. This surplus is partially offset by a marginal shortfall in garage rental income as their refurbishment has been deprioritised while options for the garage sites are appraised.

#### 2 Revenue Expenditure - Repairs & Maintenance

There are three key variations forecast within the Repairs and Maintenance revenue expenditure. Compliance related spend is expected to be significantly below budget following recruitment and procurement delays. These issues are currently being addressed to enable much greater progress next financial year and compliance KPIs remain on target. Much (but not all) of this underspend will be offset by higher than anticipated expenditure on jobs that are excluded from the PPP within the IAMC contract and on higher than expected disrepair legal costs which are notoriously difficult to predict. Going forward the Service has invested in processes and expertise to ensure spending is targeted, controlled and provides best value and outcomes for tenants

#### 3 Revenue Expenditure - Supervision & Management

The Housing Service has been restructured and successful recruitment to key roles has taken place over the course of the year to enable effective and impactful management that is driving change. This has resulted in some overspending within the Property and Assets team which should be considered as an investment in the future of the service to provide greater value for money for tenants. Vacant posts and efficiency savings in Tenancy Services and Central Housing Management and Administration have mostly compensated for this impact.

#### 4 Net Interest Cost

The current outturn assumption that has been made with regards to interest income is an initial estimate as the balance sheet has not yet finally come together. The contribution from the general fund for interest earned through Treasury investments on the HRA balances, being the reduced HRA Revenue Balance and the Capital Receipts Reserve from RTB sales of approximately £1m year on year has meant a reduced contributions, whereas the predicted significant fall in rates has not materialised. This has resulted in an approximate £0.1m reduction year on year in revenue, however the income earned is significantly higher than the prudent budget that was set. The interest burden is also estimated to be marginally lower than anticipated as the borrowing requirement in 24/25 was lower than initially anticipated.

#### 5 Revenue Contributions made in year

The interim sustainability roadmap, that was approved for the HRA while the Asset Management Strategy and long term Business plan are in development, stated that the HRA balance be restored to the original threshold of £3.1m in £0.25m instalments per annum. After this contribution the initially estimated surplus on account is £1.9m. A revenue contribution to capital will be made for this amount to reduce the annual borrowing requirement and the resultant interest burden on revenue in each year going forward.

## 6 Affordable Housing Capital Expenditure

Acquisitions of new affordable housing in 2025/26 have been fully funded by a combination of Local Authority Housing Fund grant and Section 106 receipts. Five new build homes were purchased on Jasmine Walk within the Cranbrook estate and a further acquisition of a flat in Ottery St Mary is currently under consideration; this is likely to complete in 2026/27 if it progresses so has not been included in the outturn. No acquisitions have been or will be made with right to buy receipts in the financial year which has no knock on implications as the council has already met the spending limit to prevent repayment of receipts under the revised regulations.

## 7 Capital Expenditure - Property & Assets

Although the capacity issues that drove the Capital underspend in 24/25 have now been addressed through recruitment, this has been phased throughout the year. The process of recruiting, onboarding and training of the new property and asset managers and officers has taken precedence in 25/26 in order to create a cohesive, driven team. These unavoidable delays have been exacerbated by the lengthy procurement lead times dictated by legislation, resulting in the start dates for a large number of the budgeted capital programmes and projects being rescheduled. The financial impact of this is a predicted £5.77m underspend in year to be taken as slippage, to be delivered in 26/27.

## 8 Capital Funding - Receipts and Grants

The budgeted affordable housing right to buy receipt funding has been replaced by the availability of Section 106 receipts which are required to be spent within a set timeframe, otherwise they can be reclaimed by the contributing developer. The additional funds required to meet the £1.6m purchase price of the Cranbrook properties has been claimed through a successful application to the Local Authority Housing Fund. The remaining variance is solely due to the difficulty in predicting the income from unringfenced right to buy receipts. The volume of sales in 25/26 was 26 sales, much higher than the norm, due to the change in regulation. The significant reduction in available discounts in future years has resulted in a tidal wave of applications.

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**Financial implications:**

Contained in the report.

**Legal implications:**

Any legal implications are identified in the report, and no further comment is required.