



HOUSING AND ENVIRONMENT SCRUTINY COMMITTEE – 25TH MARCH 2025

SUBJECT: HOUSING REVENUE ACCOUNT BUDGET MONITORING – PERIOD 9

REPORT BY: DIRECTOR OF ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To inform Members of the projected position for the Housing Revenue Account (HRA) for the 2024/25 financial year, based on the income and expenditure movements of the first 9 months of the year. The HRA capital programme which is predominantly funded by the HRA is also included within this report

2. SUMMARY

- 2.1 Members will be aware of the distinction between the HRA, which is funded by rental income received from council tenants, and General Fund Housing activities, which fall under the General Fund and are funded via Council Tax and the Revenue Support Grant (RSG). Although there is a clear separation of these funds, the majority of council tenants rent is funded from housing benefits which are derived from the taxpayers' purse and therefore value for money must always be sought.
- 2.2 The HRA budget for 2024/25 is £60.300m with its main components consisting of £23.200m of salaries, £8.400m of capital financing charges, £2.200m Housing Strategy - New Build (net of salaries), £1.600m of building maintenance and response repairs (net of salaries), £3.000m of SLA type internal service recharges, and £19.200m of revenue contributions to fund the PAMS (Post Asset Management Strategy) programme. There is also a budget of £15.400m for the PAMS programme which is recharged fully to the Capital Programme and predominantly covers the maintenance of the WHQS programme, voids and remodelling works. The spend on the HRA is self-financed mainly by the rental income we collect from our Council Tenants, of which about 77% is funded by Housing Benefits. The main projected variances on the HRA are explained below.

3. RECOMMENDATIONS

- 3.1 Members are requested to note the contents of the report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Members are informed of the financial position of the Housing Revenue Account.

5. THE REPORT

5.1 Introduction

- 5.1.1 The HRA has a projected underspend of £1.230m for the end of 2024/25 financial year, which represents about 2% of the total HRA budget. This is based on the income and expenditure patterns for the first 9 months of the year together with knowledge of the service from the respective managers. The surplus is split between general revenue underspends and capital related underspends. The main variances are summarised below, and full financial details are provided in Appendix 1.

5.2 Salaries and Mileage (£1.404m under spend)

- 5.2.1 Salaries and associated costs within the HRA are currently expected to underspend by some £1.404m which represents about 6% of the salary budget. There are some offsetting over and under spends in this area given the volume of staff which includes sickness cover, and timing for filling vacant posts. Projections include the recently confirmed pay award for 2024.

5.3 Non-Pay Related (£0.715m under spend)

- 5.3.1 This includes a forecast overspend of £0.109m associated with council tax charges and £0.139m security on void properties. This is a consequence of the length of time properties are void whilst work is being carried out due to increased specification of work.
- 5.3.2 This is offset by a forecast £0.075m underspend relating to Agile working and office set up costs, also a forecast £0.224m underspend across budgets that are service specific, such as, Older Persons Housing utilities and decoration allowances. There is an under recovery of leaseholder fee income. There is also a forecast underspend of £0.664m relating to Housing Strategy/New Build related projects.
- 5.3.3 As part of Mobilising Team Caerphilly Spend Control policy there is an ongoing review of budgets. We have applied the same principals to the HRA with an anticipated saving of approximately £0.115m at period 9. The savings however are ring fenced to the HRA.

5.4 Building Maintenance and Response Repairs (£1,009m overspend)

- 5.4.1 This area is currently projecting an overspend of £1.009m. Expenditure on the Housing Response Operations (HRO) budget is projecting a £1.524m overspend net of salaries and non-pay savings identified in 5.2 and 5.3 above. This includes a projected increased spend on Materials and Fleet related expenditure. There are also increased costs relating to Insurance disrepair works because of increased claims and subsequent legal fees. There are under spends of £0.483m within the cyclical and revenue projects which include a Contingency budget. Statutory and Compliance works are forecasting a £0.032m overspend mainly due to increased electrical testing,
- 5.4.2 A budget of £15.400m has been allocated for the In-House team who support the capital programme. The work involved includes the maintenance of the WHQS programme through the PAMS programme, initial decarbonisation and large scale void works. There is a nil cost to the HRA because the cost is fully recharged to the capital programme. However, there is a forecast underspend of £3.042m in part due to pay related savings identified in 5.2 above, and as a consequence of the redistribution of the In-House team workforce between the Planned Programme and Repairs. This ultimately means more costs shifting to the HRA under the Response Repairs budget (see 5.4.1) as opposed to being charged to the Capital Programme.

5.5 Capital Financing Requirement (CFR) (£0.051m underspend)

- 5.5.1 Borrowing levels forecasted in the 2024/25 Business Plan have not changed at this stage, and no borrowing is anticipated for this financial year.
- 5.5.2 The borrowing cap of £100m was agreed by Full Council on May 23rd 2023, which will cover anticipated borrowing up to 2026/27 to fund commitments for increasing housing supply and maintaining the WHQS.
- 5.5.3 A small underspend is projected on the HRA debt repayments due to a reduction in interest rates.

5.6 Bad Debt Provision (£0.100m underspend)

- 5.6.1 Whilst the arrears are forecasted to increase which will increase the Bad Debt Provision by £0.097k, there is a projected offset on write offs (97k) and debt relief orders (£100k) which are not being pursued.

5.7 Income (£0.032m under recovery)

- 5.7.1 Variations represent less than 0.1% of the total income budget but this area also includes an offset of rent loss due to voids which is projected at £1.9m this year

5.8 Revenue Contributions to Capital Outlay (RCCO)

- 5.8.1 The HRA allows for £19.200m of revenue contributions towards the HRA Capital programme.

- 5.8.2 The HRA RCCO allocation will fund the capital spend this year in addition to the £7.300m Major Repairs Allowance (MRA) from Welsh Government. The MRA allowance will need to be utilised first as this funding does not carry over into financial years.
- 5.8.3 Total capital spend to period 9 is £19.083m which is a combination of PAMS, Voids, Decarbonisation and the New Build Programme. Our properties continue to be upgraded to WHQS standard at void. We have also increased the specification on our voids to be in line with the new WHQS23 standard which started on April the 1st 2024. At this stage the Capital budget is projecting a £16.209m underspend which is as a combination of reprofiling the planned programme of works to address resource issues and works required from survey results. The New Build Programme has also been reprofiled, which is typical on projects of this scale but is still within budget overall. The Ty Darran site continues to progress at pace, and has therefore increased spend this year, but funding has been allocated over the length of the project so has been brought forward. Some smaller projects have been delayed this financial year and will be reprofiled into future years. Underspends are ring-fenced to the HRA and reprofiled into future years.

5.9 HRA Working Balances

- 5.9.1 Working balances at the start of 2024/25 financial year were £23.900m. The majority of this is derived from underspends in previous years and is anticipated to be used to contribute towards the capital programme this year. However, as there is a projected underspend on the capital programme, this will reduce the call on these balances this year. Any funding not utilised will be carried forward into future years to reduce borrowing.

6. ASSUMPTIONS

- 6.1 The projected outturn position is based on actual income and expenditure details for the first nine months in the 2024/25 financial year.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 This report is for information only, so an IIA is not required

8. FINANCIAL IMPLICATIONS

- 8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

- 9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

10.1 There are no consultation responses that have not been reflected in this report.

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

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Consultees: Cllr Andrew Whitcombe- Chair Housing and Environment Scrutiny Cttee
Cllr Shane Williams- Vice Chair Housing and Environment Scrutiny Cttee
Cllr Shayne Cook- Cabinet Member for Housing
Dave Street- Deputy Chief Executive
Mark S Williams- Corporate Director for Economy and Environment
Nick Taylor-Williams- Head of Housing
Stephen R Harris- Head of Financial Services and S151 Officer
Leanne Sykes- Deputy Head of Financial Services and S151 Officer
Fiona Wilkins- Housing Services Manager
Jane Roberts-Waite- Head of Development and Strategy
Chris Adams- Head of Asset Maintenance and Repairs
Michael Williams- Planned Asset Maintenance Manager
Jason Fellows- Housing Repairs Operations Manager
Kerry Denman- Housing Solutions Manager
Gerwyn Barry- Assistant Accountant (Housing)

Appendices: Appendix 1 HRA Financial Plan 2024/25 Period 9

Appendix 1

Housing	Estimate 2024/25	Projected Outturn 2024/25	Variance 2024/25
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>SUMMARY</u>			
GENERAL MANAGEMENT	1,933,715	1,671,404	262,311
CAPITAL FINANCING	8,377,781	8,326,473	51,308
CENTRAL RECHARGES	3,014,731	3,014,255	476
STRATEGY AND PERFORMANCE	3,226,785	2,273,899	952,887
PUBLIC SECTOR HOUSING	7,926,660	7,482,337	444,323
SUPPORTED HOUSING	-	-	-
BUILDING MAINTENANCE SERVICES	35,845,349	36,294,702	(449,353)
GROSS EXPENDITURE	60,325,021	59,063,069	1,261,952
INCOME	(60,325,020)	(60,293,256)	(31,764)
(SURPLUS)/DEFICIT CONTRIBUTION (TO)/FROM WORKING BALANCES	-	(1,230,188)	1,230,188
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>GENERAL MANAGEMENT</u>	1,933,715	1,671,404	262,311
<u>CAPITAL FINANCING COSTS</u>			
Interest Charge	5,771,053	5,719,745	51,308
Principal	2,571,728	2,571,728	-
Debt Management	35,000	35,000	-
Rescheduling Discount	-	-	-
EXPENDITURE TO HRA SUMMARY	8,377,781	8,326,473	51,308
<u>CENTRAL RECHARGES</u>			
Central Recharges	2,463,840	2,463,364	476
Grounds Maintenance recharge to HRA	550,891	550,891	-
EXPENDITURE TO HRA SUMMARY	3,014,731	3,014,255	476

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>STRATEGY AND PERFORMANCE</u>			
Housing Strategy and Development	3,226,785	2,273,899	952,807
Transforming Lives and Communities	-	-	-
EXPENDITURE TO HRA SUMMARY	3,226,785	2,273,899	952,887
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>PUBLIC SECTOR HOUSING</u>			
Landlord General	531,199	472,959	58,240
Sheltered Accommodation	1,987,626	1,707,764	279,862
Floating Support	43,435	37,852	5,583
Holly Road Community Support	6,271	4,526	1,745
Eastern Valley Area Housing Office	1,001,545	1,083,504	(81,958)
Upper Rhymney Area Housing Office	1,091,763	1,201,572	(109,809)
Lower Rhymney Valley Area Housing Office	-	-	-
Lansbury Park Neighbourhood Housing Office	430,283	385,264	45,019
Graig Y Rhacca Neighbourhood Housing Office	348,009	358,358	(10,349)
Housing Allocations Contribution	175,585	159,896	15,689
Tenants & Communities Involvement	447,464	413,654	33,810
Leaseholders Management	51,452	74,244	(22,792)
Tenancy Enforcement	403,987	372,572	31,415
Rents	1,324,505	1,129,715	194,791
Community Wardens	(56,465)	(52,097)	(4,368)
Renting Homes Act	-	-	-
Supporting People	140,000	132,554	7,446

EXPENDITURE TO HRA SUMMARY	7,926,660	7,482,337	444,323
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>RESPONSE REPAIRS AND MAINTENANCE</u>			
Employee Expenses net of recharges	813,379	726,615	86,764
Repairs & Maintenance on Housing Stock			
Responsive Repairs	11,811,780	12,881,783	(1,070,003)
Revenue Contribution to Capital – WHQS Programme	19,206,128	19,206,128	-
Group/Planned Repairs (priorities 5 & 8)	-	-	-
Void Repairs (priority 6)	-	-	-
Depot Recharges	-	-	-
Revenue Projects	720,000	237,387	482,613
Planned Cyclical	3,096,515	3,082,109	14,406
Planned Programme	-	-	-
Compliance	-	-	-
Decarbonisation of Assets	19,000	1,180	17,820
Asset Management	-	-	-
	34,853,424	35,408,586	(555,163)
Transport Related	19,839	17,722	2,116
Supplies and Services	158,708	141,778	16,930
EXPENDITURE TO HRA SUMMARY	35,845,349	36,294,702	(449,353)

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>INCOME</u>			
<u>Rents – Dwelling</u>			
Gross Rent – Dwellings	(55,773,486)	(55,853,957)	80,471
Gross Rent – Sheltered	(4,346,421)	(4,231,684)	(114,737)
Gross Rent – Hostel	-	-	-
Voids – General Needs Dwelling/Sheltered	1,636,636	1,859,859	(223,223)
Additional Income O/Side Rent Debit (WHQS)	-	-	-
Voids – Hostel	-	-	-
Net Rent	(58,483,271)	(58,225,782)	(257,489)
<u>Rents – Other</u>			
Garages	(410,291)	(410,009)	(282)
Garage Voids	119,340	118,073	1,267
Shop Rental	(43,134)	(43,134)	-
	(334,085)	(335,070)	985
<u>Service Charges</u>			
Sheltered – Service Charges	(1,309,186)	(1,514,509)	205,323
Sheltered – Heating & Lighting	(33,541)	(52,380)	18,839
Sheltered & Dispersed – Alarms	-	-	-
Catering Recharge – Sheltered Accommodation	-	-	-
Voids Schedule Water	-	-	-
Non Scheduled Water Rates	(21,937)	(22,515)	(579)
Welsh Water Commission	-	-	-
Leaseholder – Service Charges	-	-	-
	(1,364,664)	(1,589,405)	224,741
<u>Government Subsidies</u>			
Housing Subsidy	-	-	-
	-	-	-
<u>Interest Receivable</u>			
Mortgage Interest	-	-	-
Investment Income	(140,000)	(140,000)	-
	(140,000)	(140,000)	-
<u>Miscellaneous</u>			
Miscellaneous	-	-	-
Private Alarms	-	-	-
Ground Rent	(3,000)	(3,000)	-
	(3,000)	(3,000)	-
INCOME TO HRA SUMMARY	(60,325,020)	(60,293,256)	(31,764)