

Housing Revenue Account (HRA) Income & Expenditure How is money being spent

Tenants & Leaseholder Panel update

11 October 2022

Overview of the HRA

- **HRA** - Housings Revenue Account – records the income and expenditure of running the council’s own housing stock and related services
- HRA Income budget for 2022-23 is **£91m**

Income		£	
			All income from HRA Rental stock /Dwelling Rents (circa 13.4k dwellings)- net of voids losses
Tenants Rents	89%	80,964,000	
Service charges	5%	4,324,000	Service charge income from rental flats
Leaseholder charges	3%	2,483,000	Leaseholder Service income (Service charge/ Leaseholder Major works income)
Recharge to capital	2%	1,926,000	HRA Staff Capitalisation
Other income	2%	1,543,000	Commercial properties - fees & charges recovery across HRA stock;
Total Income	100%	91,240,000	

Overview of the HRA

- HRA Expenditure budget for 2022-23 is **£91m**

Expenditure		£							
Repairs & Maintenance	14%	12,616,000	Responsive Repairs						
			Staff costs & overheads (direct proportion of costs incurred by departments where they provide a service to tenants)						
Supervisions & Management	34%	30,592,000							
Rates & Insurance	6%	5,851,000	Premises & Fire Insurance; Water & Sewerage charge for Estates, Communal services						
Bad debt Provision	1%	750,000	Bad Debt- increase in provision for Tenants Rents/ Service charge						
Interest Charges	13%	12,269,000	Loan & Debt management Charges						
Internal Recharges	7%	6,705,000	SERCOP corporate services recharges (Indirect proportion of costs)						
Revenue contribution to capital	10%	8,969,000	HRA Revenue contribution to capital outlay capital financing; REFCUS						
Depreciation	15%	13,488,000	Depreciation (moves an allowance from HRA reserves to the Major Repairs Reserve)						
Total Expenditure	100%	91,240,000							

HRA Monitoring & Budget Setting

- As part of the development of the Housing Improvement Programme which seeks to ensure HRA-funded services meet the needs of the Council's tenant and leaseholders, our monitoring of the HRA expenditure has indicated that further work is required on:
 - Direct proportion of costs incurred by departments where they provide a service to tenants
 - Indirect proportioning of cost from central council departments
- This work is in progress and will form the basis of the budget setting for 2023-24

HRA Future Spend

- The HRA maintains a reserve balance ensuring the financial viability of the HRA business plan position is sustained over the business plan life cycle.
- As at 31 March 2022, the HRA reserves balance was £27m.
- Modelling is underway on the funding required for the redevelopment projects.
- The option to borrow through the HRA can be considered as there is capacity within the current business plan to allow for that
- HRA currently has borrowing of £322.5m