

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL
CABINET – TUESDAY 26 AUGUST 2025**



Title of Report	QUARTER 1 2025-26 HOUSING REVENUE ACCOUNT (HRA) FINANCE UPDATE	
Presented by	Councillor Andrew Woodman Housing, Property and Customer Services Portfolio Holder PH Briefed <input type="checkbox"/> Yes	
Background Papers	Council 20 February 2025:	Public Report: Yes
	Housing Revenue Account HRA Budget and Rent Setting - 2025/26	Key Decision: Yes
Financial Implications	Any financial implications of this report are detailed in the body of the report and the attached appendices.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	No legal implications arising from this report.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	Any staffing implications of this report are detailed in the body of the report and the attached appendices.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide Cabinet with an update on the financial position on the Housing Revenue Account (HRA) as at quarter one 2025/26.	
Reason for Decision	Cabinet is responsible for making all of the necessary arrangements to ensure that the priorities identified by the Council are delivered within the Budget and Policy Framework and therefore financial reporting is brought to Cabinet to ensure that oversight is carried out. To update Cabinet on the financial position as at quarter one 2025/26, as detailed in the recommendations below.	
Recommendations	THAT CABINET: 1. NOTES THE FORECAST REVENUE POSITION ON THE HOUSING REVENUE ACCOUNT 2025/26 OF £46k UNDERSPEND BASED ON QUARTER ONE INFORMATION.	

	2. NOTES THE FORECAST CAPITAL POSITION ON THE HOUSING REVENUE ACCOUNT AS SET OUT IN SECTION 2.3
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1.0 PURPOSE OF THE REPORT

- 1.1 The Housing Revenue Account Budget and Rent Setting 2025/26 report was approved by Full Council at its meeting held on 20 February 2025.
- 1.2 This monitoring report presents a high-level financial forecast as of the end of quarter one 2025/26. Finance officers have collaborated closely with individual service areas to gain a comprehensive understanding of the key financial pressures affecting each service. This collaborative approach has enabled the production of a provisional forecast, designed to inform and support further decision-making. Whilst the forecast set out pertains to quarter one, it is pertinent to note that the Council received updated information regarding the pay award following the end of the quarter. Given the significance of these values, it is considered prudent to present Members with a forecast which incorporates this most recent data.
- 1.3 The finance team is prioritising the completion of the Statement of Accounts 2023/24, which is scheduled for submission to the external auditor at the end of August 2025, hence the reason for the high-level review. Detailed forecasting is planned for the quarter two position.
- 1.4 The provisional forecast set out in this report reflects the latest available information and should be regarded as an early indication of the financial outlook for the remainder of the year. It is expected that forecasts will be further developed and refined as the year progresses and more detailed information becomes available.

2.0 HOUSING REVENUE ACCOUNT

2.1 HRA Income and Expenditure

- 2.1.1 Table 1 below shows the summary income and expenditure forecast outturn and variance for the HRA which is currently forecasting an underspend of £46k compared to a budgeted underspend of £62k at the end of Quarter 1. A more detailed table can be found at Appendix 1.

Table 1 – HRA 2025/26 Quarter 1 Revenue Forecast Outturn Position

	Original Budget £'000	Forecast £'000	Variance £'000
Income	(21,830)	(21,830)	0
Operating Expenditure	19,002	19,018	16
Operating (surplus)/deficit	(2,828)	(2,812)	16
Appropriations	2,766	2,766	0
Net (surplus)/deficit	(62)	(46)	16

- 2.1.2 The Council continues to work actively to improve services delivered by the HRA and ensure the impact on tenants is considered in all service delivery. Work on this so far has included:

- Commissioning an independent review of processes.
- Using contractors to assist in delivering against repairs backlogs.
- Working on reconfiguration of IT systems to improve efficiency and facilitate improved processes.
- Recruiting staff to key vacant roles.

2.1.3 Based on the high-level assessment at quarter one, there is a one-off pressure of £16k forecasted due to the pay award being agreed at 3.2%, an increase of 0.2% when compared to the budget.

2.1.4 There are currently no other significant variances identified that cannot be managed within the approved budget. However, officers will continue to monitor the budgets, ensuring any financial implications are identified as soon as possible and the position reported throughout the financial year.

2.2 HRA Reserves

2.2.1 The HRA has a provisional balance of £18.8m (31 March 2025) pending the finalisation of the 2023/24 and 2024/25 accounts. A minimum balance of £1.0m is maintained to ensure the HRA has sufficient funding to cover unforeseen revenue expenditure, £2.1m in Earmarked Reserves and the remaining £15.6m is to be used for capital projects and for the repayment of debt. The provisional balance at 31 March 2026 is a total of £16.9m.

2.2.2 Table 2 below shows a summary of provisional HRA usable reserves:

Table 2 – Provisional HRA Usable Reserves forecast 2025/26

Reserve name	*Provisional Balance at 31/03/25	2025/26 contributions received	2025/26 Expenditure	*Provisional Balance at 31/03/26
	£'000	£'000	£'000	£'000
Earmarked	2,115	0	(2,000)	115
General Balance	1,098	0	(98)	1,000
	3,213	0	(2,098)	1,115
Capital Receipts	6,575	0	(1,165)	5,410
Major Repairs	2,840	1,322	0	4,162
Debt Repayment	6,218	0	0	6,218
	15,633	1,322	(1,165)	15,790
Total	18,846	1,322	(3,263)	16,905

*Pending closure of 2023/24 and 2024/25 accounts

2.3 HOUSING REVENUE ACCOUNT CAPITAL – ACTIVE PROGRAMME

2.3.1 The 2025/26 approved capital active programme budget for the HRA is £12.565m and actual spend to the end of quarter one (June 2025) is £0.658m (5.2%) of the budget. At this early stage of the financial year, the forecast outturn position is £12.565m representing 100% of the budget, although historically there has been some slippage on capital schemes.

2.3.2 There are no schemes currently predicted to slip into future years, and the resourcing of the capital programme is as per the approved budget 2025/26. A more refined forecast will be brought for consideration at quarter two reflecting any issues identified and their respective financial implications at the first half of the financial year.

2.3.1 Table 3 summarises the expenditure and forecast outturn against budget at quarter one.

Table 3 - Quarter 1 2025/2026 Outturn on the HRA Capital Programme – Active Programme

Scheme	Original Budget	Prior Year C/fwd	Revised Budget	Expenditure Quarter 1	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
Stock Investments	9,715	0	9,715	225	9,715
Estate Improvements/Assets Management	500	0	500	77	500
Fleet Replacement	100	0	100	0	100
Other HRA Capital Projects	2,250	0	2,250	356	2,250
Total	12,565	0	12,565	658	12,565

2.3.2 The housing capital programme broadly consists of the Home and Estate Improvements Programme as well as the New Supply Programme.

2.3.3 The Stock Investments, Estate Improvement Programme and Other Housing Capital Projects

The Stock Investments and Estate Improvement Programme includes a range of works including:

- Undertaking vital fire safety works.
- Undertaking major aids and adaptation works around safety, accessibility and increasing independent living for residents.
- Transforming older persons schemes to an integrated digital service, giving full and timely works, events and visits information to residents. This also allows the Council to share a digital layout with the Fire Service so in the event of an incident they can guide crews through the building.
- Replacing heating schemes, installing new Ideal Logic (hydrogen ready) efficient boilers or air source heat pumps (if replacing solid fuel systems) and correct insulation to improve thermal efficiency of Council homes. This will improve affordability of heating for tenants this winter as well as assisting the Council in achieving progress towards every property meeting Energy Performance Certificate Level C by 2028.
- Undertaking estate improvement programme of works which includes off street parking and footpaths and unadopted roads works.

Policies and other considerations, as appropriate	
Council Priorities:	The spending from the budget provides funding for the Council to deliver against all its priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment and Climate Change:	The Council is forecast to invest £4m on Zero Carbon Home Improvements.
Consultation/Community/Tenant Engagement:	None
Risks:	<p>Consumer Price Inflation (CPI) is the highest at 3.6% since January 2024 which means the real purchasing power of the Council's reserves steadily erodes, meaning the same amount of money can purchase progressively fewer goods and services. This erosion of value poses a challenge to the organisation's ability to maintain financial stability and achieve its long-term financial objectives.</p> <p>Real returns (i.e. after inflation) are and have been negative despite investment returns rising. So even if the Council changed its policy to add interest earnings to reserves it still would not solve the whole problem. Indeed, very few investment returns are beating inflation and in general if you wanted higher returns the Council would need to invest for a longer period and/or with riskier assets. This is not something the Council has decided to do.</p> <p>The budgets will continue to be monitored throughout the year to ensure that Council expenditure remains within its funding envelope.</p>
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NORTH WEST LEICESTERSHIRE

HOUSING REVENUE ACCOUNT (HRA) REVENUE FORECAST OUTTURN QUARTER 1 2025/26

	Original Budget £'000	Forecast £'000	Variance £'000	Comments
EXPENDITURE				
Repairs and Maintenance	8,493	8,493	0	
Supervision and Management	4,385	4,401	16	Pay award 2025/26 has been agreed at 3.2%, which is 0.2% higher than budgeted
Provision for Doubtful Debts	100	100	0	
Depreciation	4,162	4,162	0	
Capital Financing and Debt Management	1,862	1,862	0	
TOTAL OPERATING EXPENDITURE	19,002	19,018	16	
INCOME				
Rent and Service Charges	(21,483)	(21,483)	0	
Non-Dwelling Rents	(40)	(40)	0	
Other Income	(13)	(13)	0	
Investment Income	(294)	(294)	0	
TOTAL INCOME	(21,830)	(21,830)	0	
NET OPERATING EXPENDITURE (SURPLUS) DEFICIT	(2,828)	(2,812)	16	
APPROPRIATIONS				
Debt repayment	1,290	1,290	0	
Transfer to/from reserves	0	0	0	
Revenue Contribution to Capital	1,476	1,476	0	
TOTAL APPROPRIATIONS	2,766	2,766	0	
NET (SURPLUS)/DEFICIT	(62)	(46)	16	