

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 24 FEBRUARY 2026



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|--|--|---------------------------|
| Title of Report | 2023/24 FINANCIAL OUTTURN - HOUSING REVENUE ACCOUNT (HRA) | |
| Presented by | Cllr Andrew Woodman Housing, Property and Customer Services portfolio holder PH Briefed <input type="checkbox"/> Yes | |
| Background Papers | Cabinet – 26 March 2024 2023/24 Quarter 3 Housing Revenue Account (HRA) Update | Public Report: Yes |
| | Published draft accounts Statement of Accounts 2023-24.pdf (p.95-101) | Key Decision: Yes |
| Financial Implications | The outturn position on the Housing Revenue Account is a deficit of £2.5m, an overspend of £5.5m compared to budget. This was offset against a reduction in appropriations of £5.3m resulting in a surplus of £189k, Further detail is included in the body of the report. | |
| | 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 are detailed in the body of the report. | |
| | Signed off by the Head of Paid Service: Yes | |
| Purpose of Report | To update Members on the Housing Revenue Account (HRA) outturn position for 2023/24, including income, expenditure and capital programme performance, and to highlight significant variances from the approved budget. | |
| Reason for Decision | To enable Cabinet to consider the outturn position and ensure appropriate oversight of the financial performance of the HRA. | |
| Recommendations | THAT CABINET: 1. NOTES THE UNDERSPEND OF £189K ON THE HOUSING REVENUE ACCOUNT FOR 2023/24; AND | |

2. NOTES THE UNDERSPEND OF £3.5m ON THE HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME, AS DETAILED IN TABLE 2.

1.0 BACKGROUND

- 1.1 The Council must produce annual financial statements that accurately reflect the financial position and performance of the Housing Revenue Account (HRA). The HRA is legally ringfenced, meaning that its income and expenditure must be used solely for housing services.
- 1.2 This report presents the final outturn position for the Housing Revenue Account (HRA) for 2023/24. The HRA delivered an overspend of £5.5m. The position was primarily driven by higher-than-expected costs within Repairs and Maintenance and Supervision and Management. The overspend was offset against a reduction in appropriations of £5.3m, which are used to fund the capital programme, resulting in an overall surplus of £189k. The report outlines the key factors contributing to this variance and provides an overview of performance against both the revenue and capital budgets.
- 1.3 The purpose of this report is to provide members with an update on the Housing Revenue Account (HRA) including the Capital Programme for the period 1 April 2023 to 31 March 2024. It sets out the progress made against the approved programme and highlights any significant variations.
- 1.4 The report also outlines the level of capital resources available to support the programme. In doing so, it enables members to consider the adequacy of available resources, assess the financial sustainability of the programme, and support effective decision-making in relation to future capital investment within the HRA.

2.0 HRA INCOME AND EXPENDITURE

- 2.1 Table 1 below shows the outturn and variance for the HRA for 2023/24.

Table 1 – HRA 2023/24 Outturn Position

| | Budget | Outturn | Variance |
|------------------------------|---------------|----------------|-----------------|
| | £'000 | £'000 | £'000 |
| Net (Income) from Operations | (3,061) | 2,474 | (5,535) |
| Appropriations | 7,541 | 2,195 | 5,346 |
| NET (SURPLUS)/DEFICIT | 4,480 | 4,669 | (189) |

- 2.2 The main variances are summarised below:
 - Repairs and maintenance costs were £4.0m over budget (£7.6m budgeted, £11.6m actual). A new Housing Management System was installed in the year. Initially, the system experienced difficulties in correctly recovering costs from capital schemes. This resulted in an under-recovery of costs from capital projects resulting in the variance seen. The service has implemented measures to prevent these issues continuing into future years.

- Supervision and Management costs were £0.4m below budget (£4.0m budgeted, £3.6m actual) due to staff vacancies.
- The increase in provision for doubtful debts was £0.4m over budget (£0.1m budgeted, £0.5m actual). The increase in the provision was higher than budgeted due to fluctuations in tenant arrears and changes in the ageing of rent debts, which can vary throughout the year and are inherently difficult to forecast with precision.
- Income of £20.3m was broadly in-line with the £20.1m budgeted. Most of the income is derived from individual dwelling rents, which generated £19.2m in the year.
- Appropriations were reduced by £5.3m to fund the above higher-than-expected operational costs, which reduced the cash available to support the capital programme and transfer to reserves.

3.0 HRA CAPITAL PROGRAMME

3.1 Table 2 below shows the summary outturn on the Capital Programme for 2023/24.

Table 2 – HRA 2023/24 Capital Programme Position

| Schemes | Revised Budget | Outturn | Variance | (Slippage) / Accelerated Spend |
|---|----------------|--------------|----------------|--------------------------------|
| | £ '000 | £ '000 | £ '000 | £ '000 |
| Housing Improvement Programme | 4,500 | 2,327 | (2,173) | (2,173) |
| Estate Improvement | 1,266 | 592 | (674) | (674) |
| Zero Carbon | 850 | 412 | (438) | (438) |
| Other Capital Projects including Compliance | 1,740 | 1,501 | (239) | (239) |
| Acquisition and New Builds | 55 | 68 | 13 | 13 |
| Total | 8,411 | 4,900 | (3,511) | (3,511) |

3.2 The total HRA capital expenditure for the year was £4.9m against a revised budget of £8.4m. The spend represents 58% of the revised budget.

3.3 Projects delivered during the year included:

- **Home Improvement Programme:** During the year, £2.3m was invested in maintaining the council's housing stock. This included the installation of new kitchens and bathrooms across a number of properties. Additional works were undertaken to upgrade heating systems, windows, and roofing alongside major fire safety improvements.
- **Estate Improvement:** The Council spent £0.6m on various estate improvements projects such as footpaths and adopted roads, and off-street parking schemes.
- **Other Capital Projects including Compliance:** £0.5m was spent on Passive Fire Safety, £0.1m on electrical upgrades and £0.5m on housing aids.

3.4 The programme had variances; the budget underspends have been carried forward to future years to deliver the HRA capital programme. Extensive budget review sessions have been undertaken with departments to ensure that underspends are robustly profiled and reallocated to the appropriate future financial years. The table above details the profiled budgets.

3.5 The schemes with significant slippage include:

- **Home Improvement Programme:** The project budget has incurred slippage of £2.2m into 2024/25 due to contractors' delay.
- **Estate Improvement** project budget has experienced slippage of £0.7m due to resourcing challenges within the teams responsible for delivering elements of the maintenance programme - such as sheltered housing improvements, electrical upgrades and off-street parking. These pressures resulted in delays and slippage into future years.
- **Zero Carbon budget** has incurred slippage of £0.4m due to delays in the programme to retrofit existing dwellings to improve their environmental performance. These delays resulted in expenditure slipping into future years.
- **Other Capital Projects** had a total slippage of £0.2m due to resourcing delays.

4 HRA RESERVES

4.1 The HRA holds earmarked reserves set aside for specific purposes and to meet known or anticipated future expenditure.

4.2 Table 3 below shows the movements on HRA Reserves during 2023/24. HRA reserves decreased by £1.8m. This position reflects higher-than-anticipated operational costs, resulting in a net operational cost of £2.5m. In addition, there were £2.2m of appropriations. These combined impacts of £4.7m were partly offset by contributions from Capital Receipts (£1.5m) and from the Major Repairs Reserve (£1.3m).

Table 3 – HRA Reserves as at 31 March 2024

| Reserves | Balance at 31/03/2023 £m | In Year changes £m | No longer required £m | Balance at 31/03/2024 £m |
|--|--------------------------------|--------------------------|--------------------------------|--------------------------------|
| <u>Housing Revenue Account</u> | | | | |
| Earmarked Reserves | 0.00 | 0.00 | (0.00) | 0.00 |
| HRA Medium Term Financial Plan Reserve | 0.11 | 0.00 | (0.00) | 0.11 |
| HRA Balance | 7.26 | (4.67) | | 2.59 |
| | 7.37 | (4.67) | (0.00) | 2.70 |
| HRA Capital Receipts | 10.33 | 1.53 | (0.00) | 11.86 |
| Major Repairs Allowance | 2.91 | 1.33 | (0.00) | 4.24 |
| | 20.61 | (1.81) | (0.00) | 18.80 |

| Policies and other considerations, as appropriate | |
|--|---|
| Council Priorities: | The spending from the budget allows the council to deliver against its housing priorities. |
| Policy Considerations: | There are no specific policy considerations arising from this report. |
| Safeguarding: | No direct implications identified. |
| Equalities/Diversity: | There are no direct equalities implications. |
| Customer Impact: | No direct implications identified. |
| Economic and Social Impact: | The Council is investing in developing additional affordable housing to support residents. |
| Environment, Climate Change and Zero Carbon: | As part of the capital programme, the Council plans to apply retrofitting to Council homes to make them carbon neutral. |
| Consultation/Community/Tenant Engagement: | None. |
| Risks: | <p>The Council has borrowing relating to the development of social housing. Whilst much of this is not due to be repaid for a number of years, there is an interest rate risk arising should be choice be taken to refinance rather than repay debt at maturity.</p> <p>The Council is required to follow the government's Rent Standard in relation to rent increases. Historically there have been some periods where rents have had to be reduced or increases capped below inflation, which has caused financial pressure to the HRA with costs rising at a faster rate than revenues. There is a risk that this may reoccur in future.</p> |
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