

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 24 FEBRUARY 2026



Title of Report	2024/25 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	Published draft accounts Statement of Accounts 2024-25 (unaudited) v2.pdf (p.96-102) Cabinet – 25/03/2025 Quarter 3 Housing Revenue Account Finance Update	Public Report: Yes
		Key Decision: Yes
Financial Implications	The outturn position on the Housing Revenue Account is an underspend of £4,901k compared to budget which is an improvement from the £1,653k underspend forecast at Quarter 3 2024/25. Any financial implications are detailed 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 2024/25, 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 £4.9m ON THE HOUSING REVENUE ACCOUNT FOR 2024/25; AND 2. NOTES THE UNDERSPEND OF £13.2m 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. 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 2024 to 31 March 2025. It sets out the progress made against the approved programme and highlights any significant variations.
- 1.2 At Quarters 2 and 3, an underspend of £1.0m (Q2) and £1.7m (Q3) was forecast. This was primarily driven by £0.6m higher-than-expected rental income and £0.4m additional investment income. In addition, rental vacancies contributed to reduced repairs and maintenance expenditure.
- 1.3 This report presents the final outturn position for the Housing Revenue Account (HRA) for 2024/25. The HRA delivered an underspend of £4.9m, representing an improvement compared with the £1.7m underspend forecast at Quarter 3. The position was primarily driven by a reduction in planned appropriations, with budgeted contributions from revenue to capital and transfers to reserves not being required due to delays in the capital programme. The report outlines the key factors contributing to this variance and provides an overview of performance against both the revenue and capital budgets.
- 1.4 The report also outlines the level of Council 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 2024/25.

Table 1 – HRA 2024/25 Outturn Position

	Budget £'000	Outturn £'000	Variance £'000
Income	(21,327)	(21,719)	(392)
Operating Expenditure	18,325	18,656	331
Operating (surplus)/deficit	(3,002)	(3,063)	(61)
Interest Payable	1,901	1,753	(149)
Interest Receivable	(286)	(973)	(687)
Net Cost of services after financing	(1,386)	(2,283)	(897)
Appropriations	4,005	-	(4,005)
Net (surplus)/deficit	2,619	(2,283)	(4,902)

- 2.2 Income exceeded the budget by £392k. Lower-than-expected dwelling rent (£565k below budget) was more than offset by increases in other income streams, comprising higher service charges (+£735k) and higher other income (+£222k).

- 2.3 Operating Expenditure was £331k over budget. This included:
- an underspend of £438k on Repairs and Maintenance (4.5% of budget)
 - an underspend of £843k on Bad and Doubtful debts because debt recovery has been better than originally anticipated, reducing the level of provision required,
 - an overspend of £100k on Supervision and Management charges (2% of budget),
 - an overspend of £852k on Depreciation and Impairment of Fixed Assets,
 - an overspend of £465k in relation to recharged Corporate and Democratic costs,
 - an unbudgeted loss of £187k on the sale of HRA fixed assets and £8k in unbudgeted debt management expenses.
- 2.4 Interest Payable was £149k underspent, primarily due to slippage in the capital programme which resulted in lower borrowing requirements during the period.
- 2.5 Interest Receivable income was £687k above budget, driven by the continuation of elevated market interest rates throughout the period.
- 2.6 Appropriations were £4.0m lower than budgeted with a £2.5m transfer to reserves and a £1.5m revenue contribution towards capital spending not taking place. Contributions to capital spend were not required due to capital slippage, resulting in lower-than-anticipated expenditure during the financial year.

3.0 HRA CAPITAL PROGRAMME

3.1 Table 2 below shows the summary outturn on the Capital Programme for 2024/25.

Table 2 – HRA 2024/25 Capital Programme Position

Scheme	Revised budget £'000	Outturn £'000	Slippage £'000	Overspend £'000	Net Variance £'000	Outturn to Revised Budget %
Home Improvement	12,598	5,322	8,248	(972)	(7,276)	42.2%
Estate Improvements	1,344	400	944	0	(944)	29.8%
Other HRA Capital Projects	2,107	1,113	1,381	(387)	(994)	52.8%
New Supply	3,387	751	2,636	0	(2,636)	22.2%
Total	19,436	7,586	13,209	(1,359)	(11,850)	39.0%

- 3.2 The Home Improvement Programme had variances of £7,275k across a variety of projects. This included 2024/25 specific slippages of £6,075k such as:
- £390k on Asbestos Works,
 - £550k on Roof Works,
 - £68k on Commercial Boilers
 - £1,644k on Zero Carbon works and
 - £3,423k across all other projects due to capacity constraints within the in-house team.
- 3.3 Historical slippages from 2023/24 of £2.2m have increased the total slippage to £8.3m. Offset against this slippage, there were also overspends of £547k on stock condition surveys and £426k of unbudgeted capital expenditure. An external contractor has been subsequently engaged to enhance overall delivery capacity.

- 3.4 The Estate Improvements Programme had total slippage of £944k. This included £674k of historical slippage and additional slippage in-year including £72k on Footpaths and Unadopted Roads, £64k on Garage Demolitions and Replacements and £134k across other projects.
- 3.5 Other HRA Capital Projects had total slippage of £1.4m; reflecting £677k of historical slippage and slippage in-year of £704k. This included slippage of:
- £350k on Sheltered Housing Improvements,
 - £250k slippage on Scheme Lighting and
 - slippage of £104k on the Housing Management IT System.
- 3.6 Set against this, there were overspends totalling £387k which included £223k on Major Housing Aids and Adaptations, £87k on the Tunstall (supported living alarm) system programme, £71k on Passive Fire Safety and others £6k.
- 3.7 New Supply relating to the building and acquisition of additional properties had slippage of £2.6m in the year. A number of developments, including Main Street, Oakthorpe and Standard Hill, experienced delays in finalising contract agreements, resulting in slippage.
- 3.8 Slippage across the HRA capital programme in 2024/25 reflects a combination of delivery constraints, project specific delays and the impact of historical programme backlogs. Capacity challenges limited progress on several planned workstreams, while recruitment and procurement delays further affected the timing of major projects. In addition, several projects were carried forward from 2023/24, increasing overall slippage in the current year. The Council has reviewed the backlog of maintenance and works within the HRA capital programme, assessing the causes of historic under delivery and refocusing the programme on priority, deliverable schemes aligned to current capacity and resource.

4.0 HRA RESERVES

- 4.1 The HRA holds earmarked reserves set aside for specific purposes and to meet known or anticipated future expenditure.
- 4.2 HRA reserves increased by £323k during the year, primarily due to a higher-than-budgeted revenue surplus and additional capital receipts. The Major Repairs Reserve reduced as planned, reflecting its use to fund the capital programme.
- 4.3 Table 3 below shows the movements on HRA Reserves during 2024/25.

Table 3 – HRA Reserves as at 31/03/25

Reserves	Balance at 01/04/2024	Receipts In Year	Payments In Year	Balance at 31/03/2025
	£	£	£	£
HRA - Earmarked Reserves	114,535	-	-	114,535
HRA - General Balance	1,277,332	1,985,945	-	3,263,277
	1,391,867	1,985,945	-	3,377,812
HRA Capital Receipts	11,856,477	2,134,443	(736,978)	13,253,942
Major Repairs Reserve	4,235,289	3,789,219	(6,850,254)	1,174,254
Total	17,483,633	7,909,607	(7,587,232)	17,806,009

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:	The Council plans to spend up to £2.5m in retrofitting 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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