NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 28 JULY 2026

Title of Report	**2025/26 FINANCIAL PROVSIONAL OUTTURN - HOUSING REVENUE ACCOUNT (HRA)**	
Presented by	Cllr Andrew Woodman Housing, Property and Customer Services portfolio holder PH Briefed: Yes	
Background Papers	**Cabinet – 16/12/2025** **Quarter 2 2025/26 Housing Revenue Account Finance Update** **Published draft accounts** **Statement of Accounts 2025-26 (unaudited).pdf**	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	The Housing Revenue Account (HRA) has a provisional deficit position of £1.690m during 2025/26 as a result of increased expenditure pressures, particularly within Repairs and Maintenance and asset impairment costs. It is proposed that the deficit is funded through a transfer from HRA General Balances, reducing unrestricted reserves from £3.263m to £1.573m. The HRA remains financially sustainable, however, continued focus will be required to manage ongoing cost pressures and protect reserve levels in future years. Any further financial implications are detailed within the body of the report.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	There are no direct legal implications arising from this report, however, regular reporting on financial outturn is an important part of the monitoring process to ensure the Council maintains a balanced budget.	
	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 2025/26, 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 2025/26 HRA REVENUE PROVISIONAL DEFICIT OF £1.690M WHICH HAS PROVISIONALLY BEEN FUNDED THROUGH DRAWING DOWN FROM THE HRA GENERAL RESERVES; 2. RECOMMENDS TO FULL COUNCIL THE APPROVAL OF THE USE OF £1.69M OF HRA GENERAL RESERVES TO FUND THE 2025/26 DEFICIT POSITION; AND 3. NOTES THE POSITION OF THE HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME, AS DETAILED IN TABLE 2. 4. RECOMMENDS TO FULL COUNCIL THE ACCELERATION OF THE HOME IMPROVEMENT PROGRAMME OF £1.260M, STOCK CONDITIONS SURVEYS OF £0.012M AND ROOFING PROGRAMME OF £0.988M TO BE FUNDED THROUGH THE MAJOR REPAIRS RESERVE.

1.0 BACKGROUND

1.1 It is considered good practice for local authorities to publish the Housing Revenue Account (HRA) outturn position, as this promotes transparency and accountability in the management of public finances. Providing a clear and timely summary of the financial outturn enables councillors, stakeholders and the public to scrutinise how resources have been utilised against the approved budget. Furthermore, this openness helps build trust in the authority's financial stewardship and supports informed decision-making regarding future spending priorities and resource allocation.

1.2 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 HRA including the Capital Programme for the period 1 April 2025 to 31 March 2026. It sets out the progress made against the approved programme and highlights any significant variations.

1.3 This report presents the provisional outturn position for the HRA for 2025/26. The outturn may change following the audit of the Statement of Accounts, any significant amendments will be reported to Cabinet once finalised. The HRA delivered a balanced outturn after reserve movements, in-line with Quarter 2 forecasts which projected the HRA to be on budget. However, an acceleration of costs in some areas like Responsive Repairs have caused financial pressures but have made a significant impact on the waiting times for tenants. 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.

1.5 Throughout the report, pressures and savings are referred to. A pressure is an instance whereby costs have exceeded budget or forecast income has not met target - these are shown as a ‘positive’ value. A saving occurs where expenditure is lower than budget or forecast income is higher than the target - these are displayed as a ‘negative’ value, using brackets.

2.0 HRA INCOME AND EXPENDITURE

2.1 Table 1 below shows the outturn and variance for the HRA for 2025/26. Further information regarding the outturn can be found in Appendix A.

Table 1 – HRA 2025/26 Outturn Position

	Budget £'000	Outturn £'000	Variance £'000
Income	(21,930)	(21,659)	270
Operating Expenditure	17,595	19,114	1,520
Operating (saving)/pressure	**(4,335)**	**(2,545)**	**1,790**
Interest Payable	1,862	1,724	(138)
Interest Receivable	(293)	(697)	(404)
Net Cost of services after financing	**(2,766)**	**(1,518)**	**1,248**
Appropriations	2,766	1,518	(1,248)
Net (surplus)/deficit	**-**	**-**	**-**

2.2 Income was £0.270m below budget, primarily caused by lower-than-expected dwelling rents (£0.149m below budget) and service charges (£0.138m below budget).

2.3 Operating Expenditure was £1.520m over budget. The variances included:

- £2.474m pressure on Repairs and Maintenance due to clearing an historic backlog of cases, during the year the backlog of cases reduced from c1500 to 900 which is a 40% reduction.
- £0.255m pressure in relation to heating servicing and repairs costs.
- (£0.645m) proceeds from Council House sales generating income above budget.
- Other Variances of £0.355m, which included support and corporate services recharges to Repairs being £0.343m higher than budgeted due to increases in the underlying costs being recharged, including higher finance costs due to temporary staffing, HR and legal.

  Variances reported in operating expenditure with have no impact on the overall HRA position as they net off through accounting adjustments in Appropriations:
- a variance of £1.789m relating to depreciation and Impairment of Fixed Assets, due to a downwards revaluation of the stock.
- Grant income received of £2.710m from the Department for Energy Security and Net Zero (DESNZ) in excess of original target.
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2.4 There was a saving on Interest Payable of (£0.138m), primarily due to slippage in the capital programme which resulted in lower borrowing requirements during the period.

2.5 Interest Receivable income was (£0.404m) above budget, driven by the continuation of elevated market interest rates throughout the period.

2.6 Appropriations were £1.248m lower than budgeted with a budgeted £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 provides a summary of the HRA Capital Programme outturn for 2025/26. A detailed breakdown of all capital schemes, including expenditure, slippage, funding sources and reprofiling requirements, is provided in Appendix B.

Table 2 – HRA 2025/26 Capital Programme Position

HRA Capital Programme	Revised Budget	Final Outturn	(Under)/Over Spend	(Slippage)
Schemes	**£'000**	**£'000**	**£'000**	**£'000**
Stock Investment	9,715	10,425	710	710
Fleet Replacement	100	0	(100)	(100)
Estate Improvement	500	503	3	3
Other Capital	2,250	841	(1,409)	(1,409)
New Supply	3,013	602	(2,411)	(2,411)
HRA Total Capital Programme	**15,578**	**12,371**	**(3,207)**	**(3,207)**

3.2 The Stock Investment Programme had net budget position of £0.710m which includes slippage of £1.551m and accelerated schemes of £2.260m. Key deliverables during the year included:

- 883 properties with roofing works, 113 windows replaced, 109 boiler replacements, 16 new bathrooms and work to kitchens under the decent homes programme.
- Survey and removal of asbestos from many properties
- Over £3m spent on the zero-carbon programme to do work including 15 external wall insulations, 112 Solar PV installations, 70 loft insulations and 134 mechanical installations among others.

3.3 This acceleration and slippage of the programme will be offset against the equivalent indicative budgets for future years. This means that the original targeted programme will remain the same.

3.4 The Estate Improvement Programme delivered projects across footpath and unadopted roads including provision of parking bays, tarmac and drainage works. Road resurfacing works were also carried out in Kegworth and Coalville. Whilst the overall spend was broadly in line with budget, this included accelerated spend on off-street parking and footpaths, offset by slippages on estate project works and garage demolitions.

3.5 Other HRA Capital Programme has total slippage of £1.409m. This includes:

- £0.700m on Sheltered Housing Improvements due to procurement delays and staffing shortages. The budget has been reprofiled to 2026/27 when the work is expected to begin.

- £0.350m on Scheme Lighting due to workforce shortages and procurement delays
- £0.324m on the Passive Fire Safety scheme to be used in future years.

3.6 Expenditure incurred under the major aid and adaptations scheme included work to install ramps, level-access bathrooms, stair-lifts and hand-rail installations. Various fire safety works were also undertaken such as removal and work to cladding, fire door replacements, signage works and arson prevention.

3.7 New Supply relating to the building and acquisition of additional properties had slippage of £2.410m in the year. Some developments including Queen Street and Standard Hill experienced delays resulting in slippage. Main Street, Oakthorpe is scheduled to complete in Quarter 1 2026/27 and Standard Hill is due to complete in Quarter 4 2026/27. Two property acquisitions were made in year as well as spend on refurbishment work on previously purchased properties to make them lettable.

3.8 Slippage across the HRA capital programme in 2025/26 reflects a combination of delivery constraints, project specific delays and the impact of historical programme backlogs. Staffing shortages and delays in procurement equally impacted on the delivery of programmes. Work is underway to increase the workforce to speed up the delivery of capital projects in future years.

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 £3.033m during the year, primarily due to higher HRA capital receipts. However, the unrestricted HRA reserves have fallen from £3.263m to £1.573m due to the financial pressures arising from higher operating costs, subject to Council approval. There will need to be a renewed focus on Repairs and Maintenance costs next year to ensure these are sustainable and do not cause unrestricted reserves to fall further. 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 2025/26.

Table 3 – HRA Reserves as at 31/03/26

Reserves	Balance at 01/04/2025 £'000	Receipts in year £'000	Payments in year £'000	Balance at 31/03/2026 £'000
HRA - Earmarked Reserves	115	0	0	115
HRA - General Balance	3,263	0	(1,690)	1,573
	3,378	**0**	**(1,690)**	**1,688**
HRA Capital Receipts	13,254	5,851	0	19,105
Major Repairs Reserve	1,174	3,851	(4,980)	46
Total	**17,806**	**9,702**	**(6,670)**	**20,839**

5.0 Looking Ahead

5.1 Following the conclusion of the 2025/26 financial year officers will undertake a review of the reporting process for 2026/27 reporting. Following this review engagement with the Chief Executive, Directors and Cabinet will take place. It is expected that a refreshed reporting format will be introduced to improve readability and provide clearer explanations of key financial information, helping Members and other readers better understand the Council's financial performance and emerging issues.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council.
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:	None.
Consultation/Community/Tenant Engagement:	None.
Risks:	None.
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