



<b>Report to:</b>	Council	30 November 2023
<b>Lead Cabinet Member:</b>	John Williams - Lead Cabinet Member for Finance	
<b>Lead Officer:</b>	Peter Maddock - Head of Finance	

## **2022/23 Provisional Housing Revenue Account (HRA) Outturn**

### **Executive Summary**

1. To receive the HRA revenue and Capital outturn position for the financial year 2022/23 with Reserve balances as at 31 March 2023, and to agree proposed changes to the Capital Programme.
2. The report provides a statement of the year-end financial position and progress with approved capital investment projects.

### **Key Decision**

3. No.

### **Recommendations**

4. It is recommended that Council consider the report and, if satisfied, to:
  - (a) **Acknowledge the 2022/23 revenue outturn position and the net underspend in the year of £0.473 million, and the explanations provided for the variances compared to the revised 2022/23 revenue budget;**
  - (b) **Acknowledge the overall decrease in the Housing Revenue Account balance as at 31 March 2023 to £3.878 million;**
  - (c) **In relation to the Capital Programme:**
    - (i) **Note the 2022/23 capital outturn of £21.405 million;**
    - (ii) **Acknowledge the performance achieved in relation to the Capital Programme schemes substantially completed in 2022/2023, summarised in Appendix A.**
    - (iii) **Approve the carry forward amounts of £3.034 million to 2023/24 in relation to HRA housebuilding during 2022/23, due to slippage.**

## Reasons for Recommendations

5. To advise the Council of the 2022/23 revenue and capital outturn, the impact that this will have on the Housing Revenue Account and to consider the necessary amendments to the Capital Programme. To note that a further review of the Capital Programme will be presented to Cabinet at its meeting on 05 December 2023.
- 6.

## Details

### 2022/23 Revenue Budget – Outturn

7. This report sets out the 2022/23 Outturn position with a brief commentary on some of the variances. The Council's draft Statement of Accounts for 2022/23 are still to be audited and there is a possibility that the figures within this report will change; therefore, the outturn needs to be considered as provisional.
8. The table below sets out the outturn position for the Housing Revenue Account:

	<b>22/23 Budget £ million</b>	<b>22/23 Outturn £ million</b>	<b>Variance £ million</b>	<b>%</b>
Housing Management	7.110	7.396	0.286	4.0
Housing Repairs	5.709	5.894	0.185	3.2
Depreciation	7.290	7.290	(0.000)	(0.0)
Interest Payable	7.193	7.193	(0.000)	(0.0)
Capital Expenditure funded from Revenue	9.162	8.189	(0.973)	(10.6)
Other Items	0.397	0.453	0.056	14.1
<b>Gross Expenditure</b>	<b>36.861</b>	<b>36.414</b>	<b>(0.447)</b>	<b>(1.2)</b>
Rents	31.875	31.870	0.005	0.0
Charges for Services and Facilities	1.262	1.258	0.004	0.3
Contributions towards expenditure:	0.483	0.502	(0.019)	(3.9)
Interest on Balances	1.224	1.240	(0.016)	(1.3)
<b>Gross Income</b>	<b>34.844</b>	<b>34.870</b>	<b>(0.026)</b>	<b>(0.1)</b>
<b>Amount (to)/from HRA Balance</b>	<b>2.017</b>	<b>1.544</b>	<b>(0.473)</b>	<b>(23.4)</b>

9. HRA expenditure was £0.447 million or 1.2% below budget and income was £0.026 million or 0.1% above budget. The net effect was a deficit on the HRA of £1.544 million rather than the £2.017 million estimated - £0.473 million lower than expected. This means that The General HRA reserve has been decreased by £1.544 million from £5.422 million to £3.878 million.

10. The overspend of £0.286 million on Housing Management relates to various activities with the key areas of overspend being:
- Payments for software licences and systems work on the Housing management system exceeded the budget by £0.136 million. This was due to some historic invoices that were paid following a dispute, and additional work that was required to meet the needs of the new response maintenance contract with Mears.
  - Higher costs were incurred for lighting and heating communal areas due to the increase in energy costs after the end of the prior fixed-rate tariff.
11. The overspend of £0.185 million on Housing Repairs was due to the high volume of response maintenance jobs completed during the year and the above inflationary increase in the cost of materials.
12. The overspend of £0.056 million on Other Items was driven by higher estate charges paid on the latest new build acquisitions and higher council tax payments paid on empty properties between tenancies.
13. Capital Expenditure funded from Revenue is primarily the capital spend on our new homes programme. The underspend of £0.973 million was due to slippage on two sites, which resulted in capital spend before 31 March 2023 being lower than originally planned.
14. It is usual practice to submit any requests for budget rollover to 2023/24 as part of this report but there are none required.

#### Reserves

15. There are two Earmarked Reserves relating to the HRA. These are an insurance reserve holding £1 million and a reserve set up when Housing Self Financing was introduced in 2012 holding £8.5 million. There was no usage or addition to either of these reserves during 2022/23. Earmarked Reserves that are held should be appropriate and be needed for the purpose that they were originally set up for. The Self Financing Reserve in particular needs to be reviewed in the light of this which will be carried out as part of the 2023/24 budget cycle.

### Capital Programme 2022/23 – Outturn

16. The outturn in relation to the 2022/23 Capital Programme identifies an expenditure underspend of £2.618 million and equivalent financing underspend. The budget for comparison purposes is the revised budget that was reported to Council on 21 February 2023 as part of the 2023/24 budget papers:

	<b>22/23 Net Budget £ million</b>	<b>22/23 Outturn £ million</b>	<b>Variance £ million</b>	<b>C/fwd</b>
New Homes Programme	15.662	12.644	(3.018)	3.018
Capitalised Repairs	8.186	8.761	0.575	0
Self-Build Plot Preparation	0.025	0.000	(0.025)	0
Re-Purchase of Shared Ownership Properties	0.150	0.000	(0.150)	0
<b>Gross Expenditure</b>	<b>24.023</b>	<b>21.405</b>	<b>(2.618)</b>	<b>3.018</b>
Capital Receipts	6.236	3.703	(2.533)	
Major Repairs Reserve	8.186	8.760	0.574	
Revenue Funding	9.126	8.166	(0.960)	
Contributions including S106	0.475	0.776	0.301	
<b>Total Funding</b>	<b>24.023</b>	<b>21.405</b>	<b>(2.618)</b>	

17. Spend on the new build scheme at New Road, Over started later than planned due to prolonged contract negotiations with the developer and this gave rise to an underspend of £1.6 million. Spend on the scheme at Rampton Road, Cottenham did not start in Q4 as planned, as contracts were not agreed until Q1 of 2023/24. The overall position is that £3.018 million of expenditure expected in 2022/23 on the New Homes Programme needs to be carried forward to 2023/24.
18. The overspend £0.575 million on capitalised repairs was driven by void works on change of tenancy. During the year, many properties were handed back from long standing tenancies where we hadn't been allowed access to replace kitchens, bathrooms etc, so significant works were required. We reported underspends during the period of Covid lockdowns and so had carried forward balances on the major repairs reserve, which was able to finance the overspend this year.
19. The re-purchase of Shared Ownership properties budget was set for 2022/23 at £0.150 million to cover any necessary purchases. No carry forward is proposed or indeed necessary because of the nature of the schemes.
20. The capital receipts usage and revenue funding were lower than initially proposed in the programme due to the slippage on the New Homes Programme as outlined in this report.

21. It should be noted that the revenue funding for capital differs in the Revenue Outturn table to the Capital Outturn table as £0.022 million of HRA revenue contributions are used to fund the HRA share of ICT expenditure which is accounted for in the General Fund.
22. A summary of the performance achieved in relation to the Capital Programme schemes (excluding rolling programmes) substantially completed in 2022/2023 is detailed in **Appendix A**.
23. A more detailed post implementation review of key capital projects has been undertaken by relevant Officers in accordance with the Capital Strategy and a summary of the scheme progress is also identified in **Appendix A**.

## **Options**

24. Other options involve not agreeing some or all of the carry forward amounts but this could lead to delays and unfinished works.

## **Implications**

25. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

## **Financial**

26. The original 2022/23 Housing Revenue Account budget was approved by Council during February 2022, however the revised estimate is used for comparative purposes. The latest capital budget was approved during February 2023. This report compares the actual outturn for Housing Revenue Account revenue and capital to the appropriate most recently agreed budgets.

## **Legal**

27. It is a legal requirement for a Local Authority to set a balanced budget (which can include the use of past surpluses). This report is measuring the actual position against the budget set in February 2022 in respect of revenue expenditure and that set in February 2023 for capital expenditure.

## **Risks/Opportunities**

28. Measuring actuals against budgets is essential for good financial management. A failure to do so carries the risk of not knowing the true financial position.

## **Consultation responses**

29. None

## **Alignment with Council Priority Areas**

### **Housing that is truly affordable for everyone to live in**

30. The Council is committed to providing new homes for tenants through the New Build programme which was built into the Capital Programme for 2022/23. This report supports the Councils business plan by recommending carrying forward amounts from 2022/23 to 2023/24 in relation to HRA housebuilding.

## **Background Papers**

- Budget Report – Report to Cabinet: 06 February 2023
- Budget Report to Council - Report to Council: 21 February 2023
- Business Plan – Report to Council: 21 February 2023
- Medium Term Financial Strategy – Report to Cabinet: 12 December 2022

## **Appendices**

Appendix A: Capital Projects 2022/2023: Performance

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