



Report to:	Council	22 September 2022
Lead Cabinet Member:	Councillor John Williams, Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock, Head of Finance	

2021/22 Provisional Housing Revenue Account (HRA) Outturn

Executive Summary

1. To receive the HRA revenue and Capital outturn position for the financial year 2021/22 with Reserve balances as at 31 March 2022, 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 as noted by Cabinet and, if satisfied, to:
 - (a) **Note the 2021/22 revenue outturn position and the net overspend in the year of £0.029 million, and the explanations provided for the variances compared to the revised 2021/22 revenue budget;**
 - (b) **Note the overall increase in the Housing Revenue Account balance as at 31 March 2021 to £5.681 million;**
 - (c) **In relation to the Capital Programme:**
 - (i) **Note the 2021/22 capital outturn of £17.485 million;**
 - (ii) **Acknowledge the performance achieved in relation to the Capital Programme schemes substantially completed in 2021/2022, summarised in Appendix A.**
 - (iii) **approve the carry forwards to 2022/23 of £0.836 million in relation to HRA Housing improvements due mainly to slippage.**
 - (iv) **approve the carry forward amounts of £1.896 million to 2022/23 in relation to HRA housebuilding during 2021/22, due to slippage.**

- (v) Note that a full review of the Capital Programme will be submitted to Cabinet at its December 2022 meeting to include re-phasing of the existing programme and new Capital bids for the next budget cycle.

Reasons for Recommendations

5. To advise the Council of the 2021/22 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 12 December 2022.

Details

2021/22 Revenue Budget – Outturn

6. This report sets out the 2021/22 Outturn position with a brief commentary on some of the variances. The Council's draft Statement of Accounts for 2021/22 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.
7. The table below sets out the outturn position for the Housing Revenue Account:

	21/22 Budget £ million	21/22 Outturn £ million	Variance £ million	%
Housing Management	6.730	6.777	0.047	0.7
Housing Repairs	5.235	5.278	0.043	0.8
Depreciation	6.902	6.902	0.000	0.0
Interest Payable	7.193	7.193	0.000	0.0
Capital Expenditure funded from Revenue	3.946	3.946	0.000	0.0
Other Items	0.401	0.376	(0.025)	(6.3)
Gross Expenditure	30.407	30.472	0.065	0.2
Rents	29.915	29.957	(0.042)	(0.1)
Charges for services and Facilities	1.337	1.319	0.018	1.4
Contributions towards expenditure:	0.253	0.242	0.011	4.4
Interest on Balances	0.992	1.015	(0.023)	(2.3)
Gross Income	32.497	32.533	0.036	(0.1)
Amount (to)/from HRA Balance	(2.090)	(2.061)	0.029	1.4

8. HRA expenditure was £0.064 million or 0.2% above budget and income was £0.036 million or 0.1% above budget. The net effect was a surplus on the HRA of £2.061 million rather than the £2.090 million estimated - £0.029 million lower than expected. This means that

The General HRA reserve has been increased by £2.061 million from £3.620 million to £5.681 million.

9. There were minor overspends in relation to responsive repairs and system costs and overheads.
10. It is usual practice to submit any requests for budget rollover to 2022/23 as part of this report but there are none required.

Reserves

11. 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 2021/22. 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 2021/22 – Outturn

12. The outturn in relation to the 2021/22 Capital Programme identifies an expenditure underspend of £2.818 million and equivalent financing underspend. The budget for comparison purposes is the revised budget that was reported to Council on 22 February 2022 as part of the 2022/23 budget papers:

	21/22 Net Budget £ million	21/22 Outturn £ million	Variance £ million	C/fwd
New Homes Programme	11.421	9.525	(1.896)	1.896
Capitalised Repairs	8.422	7.586	(0.836)	0.836
Self-Build Plot Preparation	0.025	0.006	(0.019)	0
Re-Purchase of Shared Ownership Properties	0.300	0.368	0.068	0
Gross Expenditure	20.168	17.485	(2.683)	2.732
Capital Receipts	7.464	5.651	(1.813)	
Major Repairs Reserve	8.422	7.584	(0.838)	
Revenue Funding	3.857	3.823	(0.034)	
Contributions including S106	0.425	0.427	0.002	
Total Funding	20.168	17.485	(2.683)	

13. The original budget for New Homes Programme was reduced by £10.5 million from £21.923 million to £11.421 million as it was recognised that it was not possible to deliver the full original programme as planned. This included £4.817 million that had been allocated for the Phase 2a scheme at Northstowe. After considerable delays we withdrew from contract negotiations, and this scheme has been removed from the capital

programme. Also included was an unallocated element of £5.685 million which was re-profiled into future years. In the event an underspend of £1.896 million on the revised position occurred. Spend on the scheme at Strawberry Farm, Great Abington did not start in Q4 as planned, as contracts were not agreed until June 2022. However, handover of the 3 affordable homes on this scheme is expected to take place in October 2022. There was slippage on schemes at Bennell Farm, Toft and Babraham Road, Sawston but these will complete in 2022/23. The overall position is that £1.896 million of expenditure expected in 2021/22 needs to be carried forward to 2022/23.

14. There was an underspend on capitalised repairs of £0.836 million. A significant programme of external wall insulation at Musgrave Way, Teversham was delayed and has slipped into the following year. The full £0.836 million underspend is requested as a carry forward to 2021/2022.
15. The re-purchase of Shared Ownership properties budget was set for 2021/22 at £0.150 million to cover any necessary purchases. The budget was increased to £0.300 million in the revised estimate however expenditure was somewhat higher at £0.368 million giving an overspend of £0.068 million. No carry forward is proposed or indeed necessary because of the nature of the schemes.
16. The major repairs reserve funding, capital receipts usage and revenue funding were all lower than initially proposed in the programme due to the slippage of various projects as outlined in this report
17. It should be noted that the revenue funding for capital differs in the Revenue Outturn table to the Capital Outturn table as £0.123 million of HRA revenue contributions are used to fund the HRA share of ICT expenditure which is accounted for in the General Fund.
18. A summary of the performance achieved in relation to the Capital Programme schemes (excluding rolling programmes) substantially completed in 2021/2022 is detailed in **Appendix A**.
19. 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

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

Implications

21. 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

22. The original 2021/22 Housing Revenue Account budget was approved by Council during February 2021, however the revised estimate is used for comparative purposes. The

latest capital budget was approved during February 2022. This report compares the actual outturn for Housing Revenue Account revenue and capital to the appropriate most recently agreed budgets.

Legal

23. 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 2021 in respect of revenue expenditure and that set in February 2022 for capital expenditure.

Risks/Opportunities

24. 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

25. None

Alignment with Council Priority Areas

Housing that is truly affordable for everyone to live in

26. The Council is committed to providing new homes for tenants through the New Build programme which was built into the Capital Programme for 2021/22. This report supports the Councils business plan by recommending carrying forward amounts from 2021/22 to 2022/23 in relation to HRA housebuilding.

Background Papers

- Budget Report – Report to Cabinet: 07 February 2022
- Budget Report to Council - Report to Council: 22 February 2022
- Business Plan 2020 - 2025 – Report to Council: 22 February 2022
- Medium Term Financial Strategy – Report to Council: 23 September 2021

Appendices

Appendix A: Completed Capital Projects 2021/2022: Performance

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