

**Head of Housing
Housing Revenue Account
Estimates 2024/25**

Head of Housing Housing Revenue Account Estimates 2023/24

Introduction

The Housing Revenue Account (HRA) has been prepared in accordance with the Local Government and Housing Act 1989, as amended by the Leasehold Reform, Housing and Urban Development Act 1993 and the Local Government Act 2003. Under this legislation the Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) has the power to issue directives in respect of appropriate income and expenditure items.

The balance on the HRA stood at £3.0 million as at 31 March 2023, after a deficit of £1.5 million was made in 2022/23. A deficit of £0.3 million is expected in 2023/24 followed by a deficit of £0.07 million in 2024/25.

The capital programme has been reprofiled to account for significant additional new homes expenditure in 2023/24 and future years. £11M was originally included in 2023/24 for the acquisition of additional homes to be part funded (40% or 50% for larger properties) with government grant (Local Authority Housing Fund - Round 1). The Council accepted additional funding during the year (LAHF Round 2 and extra Round 1 funding) and allocated £14.9M in the capital program for more homes. A total of 66 new homes will be acquired with the LAHF funding. 60 homes will be used to house refugees under specific migration schemes and 6 homes will be used for much needed temporary accommodation. In the longer term, these homes will revert to general needs when no longer needed for refugees. The council was invited in January to express an interest for extra funding made available from the LAHF Round 1 and 2 and a bid was submitted for the funding of 10 additional homes (9 temporary accommodation and 1 to house refugees). At the time of writing we do not know if the bid was successful. In anticipation of a possible LAHF Round 3 in 2024/25, £15.3M and the associated funding has been added to the capital program for the potential acquisition of 35 homes. The capital program has also been amended for the ongoing new homes programme and delivery of around 100 affordable homes in Cambourne as part of the South Cambridgeshire Investment Partnership (SCIP) development on land adjacent to the business park. The higher capital spend in 2023/24 will be part financed by the use of ear-marked reserves, capital reserves and the LAHF funding but borrowing of £11.5M is necessary. Further borrowing in the following years of the capital programme will be required to part fund the new homes acquisitions. The HRA will obtain preferential Public Works Loan Board (PWLB) rates when borrowing for the delivery of new housing.

The HRA Self Financing system came into effect on 1st April 2012, under which councils now keep all rents in exchange for an allocation of housing debt. At the end of 2011/12 councils were required to pay to the Government their notional HRA surplus, as determined by the self-financing settlement. The Council borrowed £205 million in the form of 41 maturity loans, with rates ranging between 3.44% and 3.53%. The loans have varying maturity dates, with the first £5 million due to be repaid on 28 March 2037 and the last on 28 March 2057.

The current debt repayment strategy for the HRA, not to set-aside resource to repay housing debt, but to instead invest resource in new build housing, assumes the need to re-finance the borrowing when loans mature.

Management and Maintenance

Management costs in 2023/24 are lower than originally budgeted due to beginning the year with vacant staff posts but these have been recruited to during the year.

The continuing high rates of inflation throughout 2023 impacted the Repairs and maintenance costs, which increased higher than expected in 2023/24. A new program of surveys for damp and mould in homes has been introduced during 2023/24 and in 2024/25 a rolling program of inspections of homes and shared areas will begin to assess risks using the housing health and safety rating system (HHSRS). £300,000 was added to the budget in 2023/24 to allow for a stock condition survey of all council owned homes and the data collected will inform the long term capital program for the maintenance and decarbonisation of the housing stock.

Major Repairs Reserve

This is a statutory reserve credited with depreciation in respect of the housing stock each year, with funding then in the Housing Capital Investment Plan, to meet the capital cost of works to HRA assets, or alternatively to repay housing debt. The Major Repairs Reserve balance as at 1 April 2023 was £2.9 million, and it is planned to use this balance to support the HRA capital programme.

Capital Expenditure

The HRA capital programme was agreed at Cabinet in December 2023 and the levels of direct revenue contributions to capital expenditure are based on the required level of funding after other sources of capital funding are taken into account and after affordability is assessed. The programme has been increased and reprofiled over the 5 year period to include the acquisition of approximately 70 homes each year.

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Proposed Rent Increase

From April 2020 local authority rents have been regulated by the Regulator of Social Housing, alongside housing associations and other registered providers. Rent increases are limited to an increase of up to CPI plus 1% (based upon CPI at the preceding September). September 2023 CPI was 6.7%. The proposed rent increase is therefore 7.7% from April 2024.

Interest on Receipts and Balances

Interest receipts are projected to reduce as balances held in reserve are utilised to fund the business plan.

Interest Payable on Loans

This is for the servicing of loans the Council has taken to fund the self-financing debt settlement and any additional borrowing.

Minimum HRA Balance

The Council's previously agreed minimum level of balance to be achieved is £2 million; this is expected to be achieved in 2023/24 and 2024/25 through the appropriation of ear-marked reserves and borrowing.

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Summary**

	2022-23	2023-24		2024-25		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Supervision & Maintenance General	5,306	5,535	4,903	5,372	-	5,372
Supervision & Maintenance Special	1,683	1,769	1,858	1,950	-	1,950
Rents, Rates & Other Charges	297	254	334	327	-	327
Repairs & Maintenance	5,896	6,314	8,010	8,088	-	8,088
Management & Maintenance Total	13,182	13,872	15,104	15,736	-	15,736
Capital Charges	7,290	7,436	8,885	9,554	-	9,554
Corporate Management Charge	301	296	299	303	-	303
Democratic Representation Charge	309	342	333	355	-	355
Provision for Bad or Doubtful Debts	87	140	86	100	-	100
Treasury Management Charge	69	80	14	42	-	42
Expenditure Total	21,238	22,166	24,722	26,090	-	26,090
Charges for Services & Facilities	(1,243)	(1,347)	(1,464)	-	(1,437)	(1,437)
Contribution from General Fund	(271)	(374)	(374)	-	(393)	(393)
De-Minimus Receipts	(2)	(3)	-	-	(3)	(3)
Garages	(383)	(402)	(416)	-	(442)	(442)
Gross Rent of Dwellings	(31,472)	(34,182)	(34,138)	-	(38,196)	(38,196)
Ground Rents	(10)	(11)	(11)	-	(11)	(11)
Other Income	(71)	(68)	(53)	-	(52)	(52)
Income Total	(33,453)	(36,386)	(36,455)	-	(40,534)	(40,534)
Net Cost of Service	(12,215)	(14,220)	(11,733)			(14,443)

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	2022-23	2023-24		2024-25		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Net Cost of Service	(12,215)	(14,220)	(11,733)	-	-	(14,443)
Interest Receivable on Balances	(1,240)	(1,082)	(911)	-	(477)	(477)
Interest Payable on Loans	7,193	7,193	7,234	8,193	-	8,193
Pension Deficit Funding	206	216	216	203	-	203
Pension Interest Payable	216	-	-	-	-	-
Net Operating Income	(5,841)	(7,894)	(5,194)	8,396	(477)	(6,524)
Revenue Funding of Capital Expenditure	8,166	14,914	14,033	6,594	-	6,594
IAS 19 (Pension Cost) Reversals	(804)	(537)	-	-	-	-
Transfer From Earmarked Reserve	-	(6,000)	(8,500)	-	-	-
Appropriations Total	7,362	8,377	5,533	6,594	-	6,594
Deficit / (Surplus) for the Year	1,522	483	339	14,990	(477)	70
Balance Brought Forward	(4,500)	(2,978)	(2,978)			(2,639)
Deficit / (Surplus) for the Year	1,522	483	339			70
Balance Carried Forward	(2,978)	(2,495)	(2,639)	-	-	(2,569)

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Supervision and Maintenance General**

	2022-23	2023-24		2024-25			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Central Services and Overheads Charge	-	-	1,483	1,622	-	1,622	Allocation of costs to the HRA for central services and overheads provided within the General Fund relating to the overall operation of the authority.
Housing Repairs Administration	2,124	2,170	1,405	1,486	-	1,486	This budget is for the housing repairs team, administration and surveyors as well as software licence costs
New Homes Programme	340	223	26	34	-	34	This budget provides for the revenue costs associated with the Council's new homes programme. Such costs include the management and administrative costs which cannot be capitalised plus any abortive costs
Registration of HRA Land	8	5	6	6	-	6	The budget provides for the revenue costs associated with the payment of land registry fees.
Resident Involvement	178	240	176	193	-	193	This budget is for activities working with tenants and leaseholders. We have established a Housing Engagement Board and Housing Performance Panel with tenant representatives.
Supervision & Maintenance General	2,655	2,898	1,807	2,030	-	2,030	This budget is for the housing management team, covering housing officers and neighbourhood support as well as management and administration. There were some vacant posts within this team at the start of the year but these have now been filled.
Grand Total	5,306	5,535	4,903	5,372	-	5,372	

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Supervision and Maintenance Special**

	2022-23	2023-24		2024-25			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Central Services and Overheads Charge	-	-	294	322	-	322	Allocation of costs to the HRA for central services and overheads provided within the General Fund relating to the overall operation of the authority.
Communal Areas	48	55	23	23	-	23	This budget covers the management & insurance costs of our flat blocks across the district. Leaseholders pay a service charge based on the costs associated with their block
Outdoor Maintenance	271	367	432	442	-	442	This covers grass cutting, tree, hedges and other ground works in the district.
Sewage Disposal - Housing Sites	3	4	1	1	-	1	This budget covers the running costs of the Council owned pumping stations located in the district.
Grand Total	1,683	1,769	1,858	1,950	-	1,950	

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Rents, Rates and Other Charges**

	2022-23	2023-24		2024-25			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Other Charges	87	70	104	105	-	105	This is third-party management charges (predominantly estate charges on new build schemes, which are payable for the upkeep of communal spaces and roads) and water/sewerage charges payable.
Rents, Rates, Taxes & Insurance	189	162	208	199	-	199	Business rates, insurance payable on HRA property.
Sheltered Housing	12	13	13	13	-	13	Water/sewerage charges for Sheltered Housing communal rooms.
Stock Valuation	9	9	10	10	-	10	Annual valuation of the council owned housing stock.
Grand Total	297	254	334	327	-	327	

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Repairs and Maintenance**

	2022-23	2023-24		2024-25			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Central Services and Overheads Charge	-	-	-	-	-	-	Allocation of costs to the HRA for central services and overheads provided within the General Fund relating to the overall operation of the authority.
Communal Areas	63	77	95	81	-	81	This budget covers the maintenance (including regular emergency light testing) of our flat blocks across the district. Leaseholders pay a service charge based on the costs associated with their block
Housing Repairs Planned	1,123	2,072	2,205	2,085	-	2,085	This budget covers the planned cyclical repair programmes, including heating servicing, external decoration and electrical surveys. £300,000 was added to the budget in 2023/24 to carry out a stock condition survey of all council owned homes. A new programme for damp and mould surveys and any necessary works was added during 2023/24.
Housing Repairs Response	4,636	4,093	5,605	5,818	-	5,818	This budget covers the responsive repairs programmes, including repairs on change of tenancy and maintenance of disabled adaptations as well as the responsive repairs contract.
Sewage Disposal - Housing Sites	6	8	1	6	-	6	This budget covers the repairs and maintenance of the council owned pumping stations located in the district.
Sheltered Housing	68	63	104	99	-	99	This budget covers the maintenance of the Communal rooms and facilities on the Sheltered Housing schemes across the district.
Grand Total	5,896	6,314	8,010	8,088	-	8,088	

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Other Expenditure**

	2022-23	2023-24		2024-25			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Corporate Management Charge	301	296	299	303	-	303	Allocation of costs to the HRA for services provided within the General Fund relating to the overall management of the authority, including the heads of paid service and leadership team.
Democratic Representation Charge	309	342	333	355	-	355	Allocation of costs to the HRA for services provided within the General Fund relating to the cost of Member meetings and support.
Provision for Bad or Doubtful Debts	87	140	86	100	-	100	The bad debts provision is based on the level of arrears expected at the year end.
Revenue Funding of Capital Expenditure	8,166	14,914	14,033	6,594	-	6,594	The direct revenue contributions made to partially fund the HRA capital programme can vary quite significantly. It will depend on: the level of capital investment each year, in particular the size of the housebuilding programme; other capital funding available; and the affordability of the contribution in terms of the surplus funds generated on the HRA.
Treasury Management Charge	69	80	14	42	-	42	The costs here relate to the allocation of managing the HRA cash balances, provided within the General Fund by the Treasury Management team.
Grand Total	8,932	15,773	14,766	7,394	-	7,394	

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Capital Charges and Interest Payable on Loans**

	2022-23	2023-24		2024-25			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Depreciation	7,290	7,436	8,885	9,554	-	9,554	Depreciation is based on the value of HRA assets and the expected useful lives of assets and components. The Probable Outturn figures for 2023/24 and Original estimates for 2024/25 reflect the revised average expected useful lives of the Council dwellings. The calculation has resulted in an increase in depreciation charges in both years.
Self Financing Interest	7,193	7,193	7,234	8,193	-	8,193	Annual interest payments on the debt portfolio, which comprises loans totalling £205 million at fixed rates between 3.44% and 3.53%. The loans have varying maturity dates, with the first £5 million due to be repaid on 28th March 2037 and the last loan on 28th March 2057. Additional borrowing is required in 2023/24 and 2024/25 to finance the new homes program.
Grand Total	14,483	14,629	16,119	17,747	-	17,747	

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Property Related Income**

	2022-23	2023-24		2024-25			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
Charges for Services & Facilities	(1,243)	(1,347)	(1,464)	-	(1,437)	(1,437)	This is the income received in the form of service charges for special services provided by the HRA, such as sheltered housing provision, lifeline alarm provision and sewerage services. Also included is service charges paid by leaseholders living in HRA owned flat blocks, equity-share and shared-ownership properties where the HRA is responsible for maintaining the fabric of the property. The reduction in the probable outturn follows the reclassification of £180,000 income as Contribution from General Fund rather than a service charge.
Contribution from General Fund	(271)	(374)	(374)	-	(393)	(393)	This is the contribution made towards grounds maintenance costs of housing land in relation to properties that have been sold under the Housing Right to Buy legislation and the contribution for general fund owned properties managed within sheltered housing schemes. The increase in the probable outturn follows the reclassification of £180,000 income as Contribution from General Fund rather than a service charge in addition to higher grounds maintenance costs to be recovered.
De-Minimus Receipts	(2)	(3)	-	-	(3)	(3)	This budget includes individual receipts below £10,000 from the sale of HRA land
Garages	(383)	(402)	(416)	-	(442)	(442)	Rental income from garages / storage units. Garage rents in 2024/25 will be increased by 7.7%
Gross Rent of Dwellings	(31,472)	(34,182)	(34,138)	-	(38,196)	(38,196)	Rental income from council homes. Rents in 2024/25 will be increased by 7.7%
Ground Rents	(10)	(11)	(11)	-	(11)	(11)	This relates to Ground rent received from leasehold properties which remains static.
Other Income	(71)	(68)	(53)	-	(52)	(52)	Payments received from Domestic Renewable Heat Incentive (RHI) and wayleaves.
Grand Total	(33,453)	(36,386)	(36,455)	-	(40,534)	(40,534)	

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Interest Receivable on Balances**

	2022-23	2023-24		2024-25			
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000's	£000's	£000's	£000's	£000's	£000's	
External Interest Receivable	(1,218)	(1,053)	(887)	-	(447)	(447)	This is the interest received on general and ear-marked revenue balances, any funds set-aside in the major repairs reserve or the revenue debt repayment reserve and any unapplied capital balances. The expected interest income for 2024-25 is lower as reserve balances are drawn on to fund the new build program.
Internal Interest Receivable	(23)	(30)	(24)	-	(30)	(30)	This is the interest received on the small amount of internal lending to the General Fund from the HRA.
Grand Total	(1,240)	(1,082)	(911)	-	(477)	(477)	

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Subjective Analysis 2024/25**

	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Contracted Services	Depreciation and Impairment Losses	Support Services	Internal Recharges	Total Expenditure	Fees & Charges	Government Contributions	Misc Income	Other Contributions	Total Income	Net Expenditure
Supervision & Maintenance General															
Central Services and Overheads Charge								1,622,260	1,622,260						1,622,260
Housing Repairs Administration	1,320,615	-	21,000	161,120	-		-	(16,430)	1,486,305						1,486,305
New Homes Programme	384,260	6,000	2,000	90,200				(448,170)	34,290						34,290
Registration of HRA Land				6,000					6,000						6,000
Resident Involvement	142,270		1,770	48,985					193,025		-			-	193,025
Supervision & Maintenance General	1,618,830	-	20,000	262,380				128,680	2,029,890		-			-	2,029,890
Supervision & Maintenance Special															
Central Services and Overheads Charge								321,640	321,640						321,640
Communal Areas		23,000							23,000						23,000
Outdoor Maintenance	-	356,030		6,500			79,062		441,592						441,592
Sewage Disposal - Housing Sites		1,200							1,200						1,200
Sheltered Housing	713,550	307,550	21,000	124,880	350			(5,000)	1,162,330						1,162,330
Rents, Rates & Other Charges															
Other Charges		105,000							105,000						105,000
Rents, Rates, Taxes & Insurance		198,610							198,610						198,610
Sheltered Housing		13,230							13,230						13,230
Stock Valuation				9,700					9,700						9,700
Repairs & Maintenance															
Central Services and Overheads Charge									-						-
Communal Areas		81,000							81,000						81,000
Housing Repairs Planned		447,200		140,400	1,497,600				2,085,200						2,085,200
Housing Repairs Response		-		12,600	5,805,000				5,817,600						5,817,600
Sewage Disposal - Housing Sites		-			6,000				6,000						6,000
Sheltered Housing		84,000			14,600				98,600						98,600
Other Expenditure															
Corporate Management Charge								303,460	303,460						303,460
Democratic Representation Charge								354,640	354,640						354,640
Provision for Bad or Doubtful Debts				100,000					100,000						100,000
Revenue Funding of Capital Expenditure						6,594,000			6,594,000						6,594,000
Treasury Management Charge								41,750	41,750						41,750
Capital Charges															
Depreciation						9,554,000			9,554,000						9,554,000
Interest Payable on Loans															
Self Financing Interest						8,192,810			8,192,810						8,192,810
Income															
Charges for Services & Facilities										(1,311,675)		(58,000)	(67,200)	(1,436,875)	(1,436,875)
Contribution from General Fund										(392,710)				(392,710)	(392,710)
De-Minimus Receipts										(3,000)				(3,000)	(3,000)
Garages										(441,890)				(441,890)	(441,890)
Gross Rent of Dwellings										(38,196,300)				(38,196,300)	(38,196,300)
Ground Rents										(10,750)				(10,750)	(10,750)
Other Income										(22,000)			(30,000)	(52,000)	(52,000)
Interest Receivable on Balances															
External Interest Receivable												(447,000)		(447,000)	(447,000)
Internal Interest Receivable												(30,000)		(30,000)	(30,000)
IAS 19 (Pension Cost) Reversals															
Pension Deficit Funding	203,450								203,450						203,450
Pension Interest Payable															
Transfer From Earmarked Reserve															
Grand Total	4,382,975	1,622,820	65,770	962,765	7,323,550	24,340,810	79,062	2,302,830	41,080,582	(40,378,325)	-	(535,000)	(97,200)	(41,010,525)	70,057