

HRA Management Accounts

Quarter 1

30 June 2024



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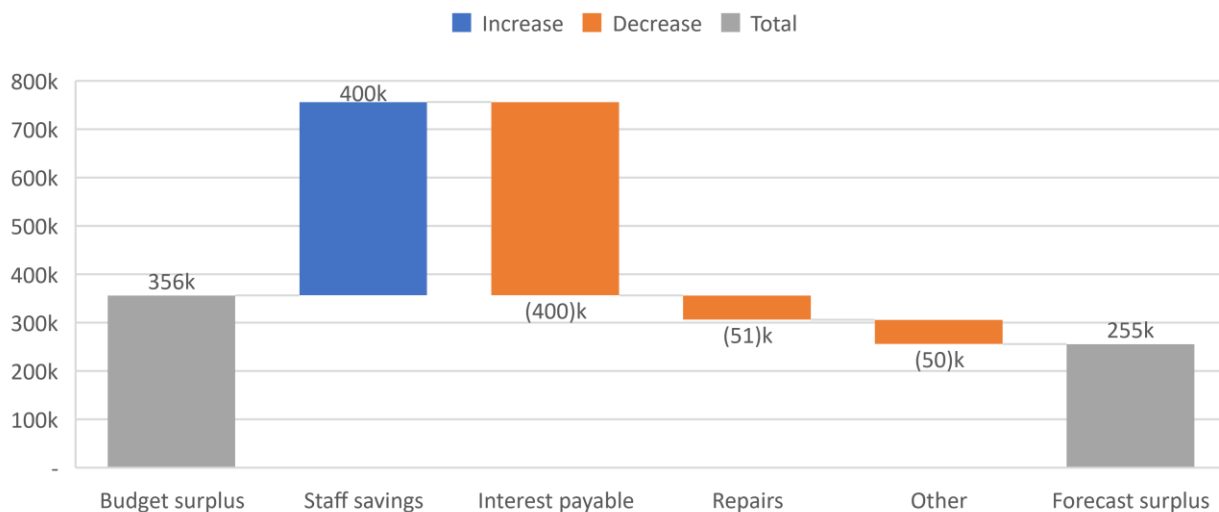
1. Executive Summary

The forecast net operating income, after the first quarter of 2024/25, shows an adverse variance of £101k from the budget. The accounts as at 30 June 2024 show a forecast surplus of £255k versus the budget of £356k for the year.

The following changes have been identified so far:

- Following the transition of the Housing Service to CBC on 1st July 2024, current estimates of staff cost related savings for the HRA are £400k.
- In 2023/24 a change was made to the calculation of loan interest to better reflect the interest payable on loans drawn down in the current year and internal borrowing between the General Fund and HRA. This approach was adopted following the budget approval leading to a higher forecast interest charge in 2024/25.
- Repairs and maintenance costs have increased by £51k due to additional agency staff required to progress EICR work (electrical safety certificates) moving to a 5 year certification basis during the current year.

Sources of major surplus/(deficit) variances



£'000	Budget 2024/25	Forecast 2024/25	Change	%
Income	25,781	25,735	(46)	0%
Expenditure	(25,500)	(25,554)	(54)	0%
NET INCOME FROM SERVICES	281	180	(101)	-36%
Interest Received	75	75	-	
NET OPERATING INCOME	356	255	(101)	
Revenue Contributions to Capital	(184)	-	184	
HRA Surplus carried to reserves	172	255	83	
Revenue Reserve brought forward	1,328	936	(392)	
Revenue Reserve carried forward	1,500	1,191	(309)	

The forecast revenue reserve remains below our target of £1.5m due to additional costs in 2023/24 charged at the year-end (including loan interest as noted above) leading to a lower opening revenue reserve balance than originally budgeted. This is expected to partially recover to £1.19m this year, however as this is still below the £1.5m target reserve level no revenue contributions to capital are forecast.

2. Borrowing

Total new HRA borrowing is currently forecast to be £16.4m (budget £17m) for the year. The new build programme has been reviewed to determine estimated spend based on the current delivery programmes (see section 6) and acquisitions leading to higher capital expenditure in year and therefore higher new borrowing.

3. Reserves and Other Funding

£'000	Revenue Reserve	Major Repairs Reserve	Capital Receipts Reserve	Total Reserves	Grants	New borrowing in year	Capital programme totals
Actual 1 April 2024	936	-	3,260	4,196			
Forecast Surplus for year	255	-	-	255			
Received in year	-	-	1,934	1,934			
Capital - Major Repairs	-	(6,064)	(534)	(6,598)	(987)	(9,144)	(16,729)
Capital - New Build	-	-	(2,970)	(2,970)	(1,332)	(7,283)	(11,585)
Depreciation	-	6,064	-	6,064			
Forecast 31 March 2025	1,191	-	1,690	2,882	(2,319)	(16,427)	(28,314)

4. Income

The income for the year is forecast to be £25,735k versus a budget of £25,781k. This represents a negative variance of £46k for the year.

£'000	Budget 2024/25	Forecast 2024/25	Change	%
Dwelling Rents	23,959	23,928	(31)	0%
Non Dwelling Rents - Garages	231	227	(4)	-2%
Non Dwelling Rents - Commercial properties etc	31	31	-	-1%
Charges for Services and Facilities	863	851	(12)	-1%
Charges for services to Leaseholders	331	331	-	0%
Charges for services to Shared Owners	3	4	1	46%
Charges for services to Leaseholders - James Donovan Court	54	54	-	0%
Feed in Tariff from PV Installations	309	309	-	0%
HRA Income	25,781	25,735	(46)	0%

The forecast for dwelling rents is below budget due to a reduction in the number of acquisitions expected to be purchased this year from 25 to 18 (including 2 LAHF properties). There were 5 Right to Buy sales to the end of this month which is in line with budget of 20 for the year.

Two additional LAHF property acquisitions were completed on 20th June 2024 utilising additional Government grant funding.

5. Expenditure

£'000	Budget 2024/25	Forecast 2024/25	Change	%
Expenditure				
Repairs and Maintenance	5,870	5,921	(51)	-1%
Management Costs - Housing Service	6,318	5,918	400	6%
Management Costs - Corporate	1,285	1,285	-	0%
Estate Services - Estate Cleaning	473	473	-	0%
Estate Services - Ubico Grounds Maintenance	432	432	-	0%
Estate Services - Other	349	349	-	0%
Sheltered Schemes	223	213	10	4%
Insurances	327	345	(18)	-6%
Provision for Bad Debts	240	240	-	0%
Rents, Rates, Taxes and Other charges	138	138	-	0%
Fees & Services	493	488	5	1%
Operating expenditure	16,148	15,802	346	2%
Depreciation on Dwellings	5,715	5,715	-	0%
Depreciation on Other Assets	349	349	-	0%
Depreciation	6,064	6,064	-	0%
Interest Payable	3,177	3,577	(400)	-13%
Debt Management Charges	111	111	-	0%
Interest and related charges	3,288	3,688	(400)	-12%
Expenditure	25,500	25,554	(54)	0%

In the repairs team, agency staff is being used to cover 8 vacant positions, 1 long term sickness and additional electrical resource to complete the transition from a 10-year electrical test programme to 5-year test certification for all rented dwellings.

The budget for housing services was set on the basis of a full CBH staffing budget. The estimated savings related to the HRA for the transition of the housing service are currently estimated to be £400k for the year. This includes changes to the executive team, HR and governance.

6. Capital Programme

The HRA Capital spend is currently forecast at £28,314k against a revised budget of £27,864k. This represents a £450k additional spend for the year.

£'000		Original Budget 2024/25	Rollover	Revised Budget 2023-34	Forecast 2024/25	Change	%
Major voids inc Option Appraisal Voids		1,470	-	1,470	1,470	-	0%
External improvements		1,603	-	1,603	1,603	-	0%
Internal improvements	a	4,409	-	4,409	3,309	1,100	25%
Neighbourhood Works		600	327	927	927	-	0%
Garage improvements		30	-	30	30	-	0%
New Heating Installations		329	53	382	382	-	0%
Door entry schemes		134	-	134	134	-	0%
Lift replacements		231	-	231	231	-	0%
Asbestos removal		400	-	400	400	-	0%
Stock Condition Surveys		600	-	600	600	-	0%
Sheltered accommodation		160	-	160	160	-	0%
Fire protection works	b	161	62	223	773	(550)	-247%
Structural - Damp works/Miscellaneous		175	-	175	175	-	0%
Windows and Doors		250	-	250	250	-	0%
Paths, Fences & Walls		332	-	332	332	-	0%
Warden Call Replacement		510	128	638	638	-	0%
Investment Team management charge		1,202	-	1,202	1,202	-	0%
Energy saving measures		40	-	40	40	-	0%
Internal Improvements - Communal		243	-	243	243	-	0%
Non Traditional Homes		180	-	180	180	-	0%
Social Housing Decarbonisation		3,290	-	3,290	3,290	-	0%
Adaptations for the Disabled		600	-	600	600	-	0%
Repurchase of JDC Dwellings		60	-	60	60	-	0%
		17,009	570	17,579	17,029	550	3%
Leaseholder Contributions		(300)	-	(300)	(300)	-	0%
		16,709	570	17,279	16,729	550	3%
HRA New Build	c	10,585	-	10,585	11,585	(1,000)	-9%
HRA Capital Expenditure		27,294	570	27,864	28,314	(450)	-2%

- a. Internal improvements – The new term contract for internal improvements, including kitchens, bathrooms and void works, is expected to start in Q4. The programmed kitchen and bathroom renewals will be delivered later in the four year capital programme.

- b. Fire protection works – a provision of £550k has been made to cover the cost of fire protection works in the current year.
- c. New Build – The budget includes expected works beginning on 320 Swindon Road, planning and design costs for Monkscroft Schools, market acquisitions and the Swindon Farm S106 scheme. The final draft contract for the Swindon Farm scheme shows an accelerated development period by the contractor compared to the original budget increasing the payments on account and completions expected in 2024/25. The total 4-year capital programme budget approved by Council in February has not changed only the timing of this spend.