

## HOUSING MANAGEMENT ADVISORY BOARD – 9 NOVEMBER 2022

### ITEM 4 HOUSING REVENUE ACCOUNT OUTTURN POSITION 2021/22

This report details the Housing Revenue Account outturn for 2021/22 for revenue and capital expenditure.

#### Revenue Balances Outturn 2021/22

1. The Housing Revenue Account Outturn for 2021/22 is a surplus of £2,942k compared with a break-even budgeted position. The full outturn position is detailed in Appendix 1. The Revenue Contribution to Capital budget of £3,225k was not required to finance the capital programme. This is the primary reason for the large underspend in the Housing Revenue Account for 2021/22.
2. An amount totalling £2,945k was transferred to the HRA Financing Fund. This gave the Housing Financing Fund a balance at the end of the year of £14,576k.
3. The Housing Financing Fund balance at 31 March 2022 was £14,576k. The HRA owes £79m in loans following the self-financing settlement in 2012 and, as well as paying the interest due, the principal amounts borrowed will either, in time, need to be refinanced or paid back. The first loan to be paid back following the self-financing settlement is in 2024. The money required to pay back the debt will be from HRA Reserves.
4. The Major Repairs Reserve has a balance at 31 March 2022 of £4,248k compared with £3,210k at 31 March 2021. This reserve finances capital expenditure and the repayment of debt, in accordance with the HRA Business Plan.
5. At 31 March 2022, there were general balances totalling £606k which is in line with the council's recommended £110 balance per property. The total HRA Balances at 31 March 2022 were £19,430k.

2020/21 Actual	Housing Revenue Account	2021/22 Original Budget	2021/22 Outturn
£000		£000	£000
(610)	<b>HRA Balance at beginning of year</b>	(607)	(609)
(3,395)	(Surplus)/Deficit for the year	0	(2,942)
3,396	Transfer to/from Reserves	5	2,945
<b>(609)</b>	<b>HRA Balance at end of year</b>	<b>(602)</b>	<b>(606)</b>
(8,235)	<b>HRA Financing Fund at beginning of year</b>	(11,631)	(11,631)
(3,396)	Transfer to/from Reserves	5	(2,945)
0	Revenue Contribution to Capital	298	0
<b>(11,631)</b>	<b>HRA Financing Fund at end of year</b>	<b>(11,328)</b>	<b>(14,576)</b>
<b>(3,210)</b>	<b>Major Repairs Reserve at end of year</b>	<b>(3,111)</b>	<b>(4,248)</b>
<b>(15,450)</b>	<b>Overall HRA balances at end of the year</b>	<b>(15,041)</b>	<b>(19,430)</b>

### Revenue Variances

6. Supervision and Management (excluding recharges) £43k underspend (1.1% of the budget). This includes salaries £13k, underspending on legal costs £36k, assisted transfers £18k, estate maintenance £16k, community projects £22k, and utilities £19k. These were offset by a shortfall of legal costs recovered £57k, and other income shortfall of income £24k.
7. Repairs and Maintenance (excluding recharges) £15k overspend (0.2% of the budget) This includes underspending salaries £203k and minor underspends £6k, There was an overspend in compliance of £224k as the work programme was accelerated.to catch up with prior year underspends.
8. Allocations and Lettings (excluding recharges) £64k underspend. Salaries were underspent by £124k and Car Allowances £9k. There is a carry forward request for £40.8k for an additional Housing Options Officer in 2022/23. Grant income of £69k was not required in the HRA (relating to salaries).
9. Housing Strategy (excluding recharges) £100k underspend. This included salaries of £78k and Policy/Consultant Fees £18k and other minor underspends £4k.
10. Rents, Rates, and other charges £52k overspend. Due to the higher voids position, Council Tax payments on empty properties was £52k higher than the budgeted position.

11. Net Recharge Cost to the HRA were £32k (2%) greater than the budget. The Depreciation of £3,680k was credited into the Major Repairs Reserve to and the capital programme. Revaluations were reversed out and do not affect the HRA outturn position.

#### Rent and rent arrears

12. The 2021/22 net rent income for dwellings was £464k (2.19%) lower than the budget. There was £19k of additional gross rent due to final stock levels compared with the budget, although this was offset by higher void variance of £483k.(Actual Voids were £1,064k against a budget of £581k).
13. A plan is in place to reduce the time properties are in repair with recently completed actions including the appointment of a new contractor for the completion of energy performance certificates, and the establishment of a service level agreement with Energy Angels to support the prompt energisation of void properties. Additional temporary void operatives are being recruited to increase delivery. Right to buy sales were budgeted at 40 sales, compared with 48 actual sales. An additional 10 properties were added to the HRA. Gross rents are the total amount of rents in a year assuming full occupancy. Net rents is that figure reduced by the amount of void/empty properties.
14. As of 31 March 2022, rent arrears were £1,063k compared with £1,094k on 31 March 2021. Court costs arrears were £93k on 31 March 2022 compared with £98k on 31 March 2021. These are a net reduction of £36k. As a percentage of dwelling rents, the total arrears including court costs is 5.60% compared with 5.79% in 2020/21.
15. The total amount of HRA debt written off in the year was £148k compared to £163k in 2020/21. Although bad debt top-up at £97k is £286k (75%) lower than the original budget, all outstanding income debts are covered by the HRA bad debt provision which totals approximately £1.3m on 31 March 2022.
16. Current dwelling rent arrears increased by £4k between the end of March 2021 and the end of March 2022. Former tenant arrears reduced by £32k over the same period. Former tenant arrears cash collected over the year was £63k. Rent collection for the year (including arrears brought forward) was 96.46% compared with 96.33% at the end of the previous year.
17. The numbers of tenants receiving universal credit (UC) continues to rise but the rate of change over the year slowed down compared to the two previous years: during the year numbers increased by 356 to 1,427 at the end of March 2022. As expected, and in line with the experience of other landlords, UC rent arrears have increased and the average debt of a tenant receiving universal credit at the end of the year was £641 compared to £592 at the end of March 2021. UC is paid to the claimant as a single monthly payment in arrears. It takes at least five weeks for the Department for Work and Pensions to assess a claim and for tenants to receive their first payment of the benefit. A rent debt is often accrued as a result. In some instances, on receipt of the benefit tenants do not pay the rent to the council. Advice and support are offered to all tenants moving to universal credit by the landlord services' financial inclusion and tenancy support teams. Where tenants have vulnerabilities and/or owe eight or more

weeks' rent our universal credit officer makes applications to the DWP to switch payment of the housing element of UC from the tenant to the council. Rent recovery action is taken where necessary.

18. The council's ability to take legal action for non-payment of rent was still constrained for part of the year due to the protection for tenants from eviction provided by the Coronavirus Act 2020. Restrictions were finally lifted in the autumn of 2021.
19. Housing Revenue Account Carry Forward Request £40.8k

Additional Housing Options Officer – 12-month contract – this was approved by Cabinet.

### Capital Outturn

20. The outturn for Capital expenditure was £3,518k against a budget of £9,899k, a variance of £6,380k.
21. Slippage of £250k Major Adaptations, £100k Communal Area Improvements, £25k Garages, £190k Window Replacements, £195.8k Heating, £150k Door replacements, £270k roofing, and £1.8m acquisition of new affordable housing to meet housing need, was approved to be carried forward into the 2021/22 Capital Programme.
22. The movement in the Major Repairs Reserve was:

2020/21 £'000		2021/22 £'000
(3,364)	Balance at 1st April	(3,210)
(3,463)	Transfer to Major Repairs Reserve	(3,680)
3,617	Capital Expenditure funded from Major Repairs Reserve	2,642
<b>(3,210)</b>	<b>Balance at 31st March</b>	<b>(4,248)</b>

23. The HRA contributed £3,680k into the Major Repairs Reserve via Depreciation. This reserve has a balance at 31 March 2021 of £4,248k compared with £3,110k at 31 March 2020. This balance is the unspent amount carried forward to 2022/23. This reserve finances capital expenditure and the repayment of debt, in accordance with the HRA Business Plan.
24. The HRA Capital Programme was financed as per the table below, predominantly from the Major Repairs Reserve.

	<b>2020/21</b>
	<b>£'000</b>
Capital Expenditure	4,026
Financed By:	
Major Repairs Reserve	3,618
Other Capital Contributions	204
Revenue Contributions	0
HRA Capital Receipts	204
	<b>4,026</b>

25. The Revenue Contribution to Capital budget of £3,325k was not required to finance the capital programme. That is the principal reason for the large underspend in the Housing Revenue Account for 2021/22.

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Appendix 1 – Housing Revenue Account

2020/21 Actual	Housing Revenue Account	2021/22 Original Budget	2021/22 Outturn	2021/22 Variance
£000		£000	£000	£000
	<b>Expenditure</b>			
5,421	Supervision and Management	5,393	5,762	(369)
6,427	Repairs and Maintenance	6,752	7,088	(336)
261	Rents, Rates, and other charges	225	277	(52)
175	Provision for Bad Debt and Other Charges	383	97	286
3,464	Depreciation	3,409	3,680	(271)
(14,077)	Net Revaluation increase of non-current assets	0	(5,488)	5,488
18	Debt Management Expenses	10	10	0
1,689	<b>Expenditure Sub-total</b>	16,172	11,426	4,746
	<b>Income</b>			
(20,597)	Dwelling Rent Income	(21,100)	(20,637)	(463)
(412)	Shops, Land and Garages Rent	(355)	(348)	(7)
(52)	Warden Service Charges	(53)	(49)	(4)
(286)	Central Heating and Communal Charges	(309)	(312)	3
(143)	Leasehold Flat and Shop Service Charges	(143)	(196)	53
(28)	Hostel Service Charges	(24)	(27)	3
(9)	Council Tax recharged	(10)	(8)	(2)
(21,527)	<b>Income Sub-total</b>	(21,994)	(21,577)	(417)
(19,838)	<b>Net Cost/(income) of service</b>	(5,822)	(10,151)	4,329
(82)	Transfer from General Fund - Grounds Maintenance	(85)	(91)	6
2,701	Interest Payable	2,709	2,700	9
(45)	Investment Income	(27)	(45)	18
(17,264)	<b>Net Operating Expenditure/(Income)</b>	(3,225)	(7,587)	4,362
0	Revenue Contribution to Capital	3,225	0	3,225
(96)	Pension Adjustment	0	(859)	859
(112)	Accumulated Absence Adjustment	0	16	(16)
14,077	Reversal of Gain on Revaluation	0	5,488	(5,488)
13,869	Appropriations	3,225	4,645	(1,420)
(3,395)	<b>(Surplus)/Deficit for the year</b>	<b>0</b>	<b>(2,942)</b>	<b>2,942</b>

## Appendix 2 – Controllable Budget Variances – Housing Revenue Account

Charnwood Borough Council HRA Revenue Monitoring Report as at March 2022 Period (202113) Based on Original Budget	Full Year Budget  £000's	Year-to-Date (YTD)			YTD Variance as % of YTD Budget
		Amount	Current Budget	Variance Under/ (Over)	
		£000's	£000's	£000's	
<b><i>General Management</i></b>					
<b>Repairs &amp; Maintenance</b>					
Employee Related Costs	2,719	2,516	2,719	203	7.5%
All Other Controllable Costs	3,309	3,497	3,309	(188)	-5.7%
Controllable Income	(54)	(24)	(54)	(29)	54.7%
<b>Total Repairs &amp; Maintenance</b>	<b>5,974</b>	<b>5,988</b>	<b>5,974</b>	<b>(15)</b>	<b>-0.2%</b>
<b>Allocations &amp; Lettings</b>					
Employee Related Costs	728	603	728	124	17.1%
All Other Controllable Costs	32	23	32	9	29.2%
Controllable Income	(69)	0	(69)	(69)	100.5%
<b>Total Allocations &amp; Lettings</b>	<b>691</b>	<b>626</b>	<b>691</b>	<b>64</b>	<b>9.3%</b>
<b>Housing Strategy</b>					
Employee Related Costs	106	28	106	78	73.8%
All Other Controllable Costs	22	0	22	22	99.7%
<b>Total Housing Strategy</b>	<b>127</b>	<b>28</b>	<b>127</b>	<b>100</b>	<b>78.2%</b>
<b>Supervision &amp; Management</b>					
Employee Related Costs	2,495	2,483	2,495	12	0.5%
All Other Controllable Costs	1,595	1,484	1,595	111	7.0%
Controllable Income	(240)	(159)	(240)	(81)	33.6%
<b>Total Supervision &amp; Management</b>	<b>3,850</b>	<b>3,807</b>	<b>3,850</b>	<b>43</b>	<b>1.1%</b>
<b><i>Total General Management</i></b>					
	<b>10,641</b>	<b>10,449</b>	<b>10,641</b>	<b>192</b>	<b>1.8%</b>
<b><i>Rents, Rates and Other Charges</i></b>					
<b>Rents, Rates and Other Charges</b>					
All Other Controllable Costs	225	277	225	(52)	-23.4%
<b>Total Rents, Rates and Other Charges</b>	<b>225</b>	<b>277</b>	<b>225</b>	<b>(52)</b>	<b>-23.4%</b>
<b><i>Total Rents, Rates and Other Charges</i></b>					
	<b>225</b>	<b>277</b>	<b>225</b>	<b>(52)</b>	<b>-23.4%</b>
<b>Grand Total</b>					
	<b>10,866</b>	<b>10,726</b>	<b>10,866</b>	<b>140</b>	<b>1.3%</b>
<b>Income</b>					
Dwelling Rent Income - Gross	(21,682)	(21,701)	(21,682)	20	-0.1%
Dwelling Rent Void loss	581	1,064	581	(483)	-83.2%
<b>Net Dwelling Rent Income</b>	<b>(21,100)</b>	<b>(20,637)</b>	<b>(21,100)</b>	<b>(464)</b>	<b>2.2%</b>
<b>Non-Dwelling Rent</b>					
Non-Dwelling Rent	(484)	(493)	(484)	9	-1.9%
Non-Dwelling Rent Void Loss	129	145	129	(17)	-12.9%
<b>Net Non Dwelling Rent Income</b>	<b>(355)</b>	<b>(348)</b>	<b>(355)</b>	<b>(8)</b>	<b>2.1%</b>
<b>Charges for Services &amp; Facilities - Charge</b>					
Charges for Services & Facilities - Charge	(674)	(738)	(674)	64	-9.5%
Charges for Services & Facilities - Void Loss	135	145	135	(10)	-7.7%
<b>Net Charges for Services and Facilities</b>	<b>(539)</b>	<b>(592)</b>	<b>(539)</b>	<b>54</b>	<b>-9.9%</b>
<b>Total Income</b>					
	<b>(21,995)</b>	<b>(21,577)</b>	<b>(21,995)</b>	<b>(418)</b>	<b>1.9%</b>

### Appendix 3 – Capital Outturn – Housing Revenue Account

Scheme Details	2021/22				
	Current Budget £	Spend as at 31/3/22 £	Balance Under/(Over spend) £	Year End Slippage Request £	Under (Overspend) £
<b>SUMMARY OF CAPITAL PLAN</b>					
<b>Community, Planning and Housing - HRA</b>					
<b>Live Schemes</b>					
Z761 Major Adaptations	580,000	137,664	442,336	250,000	192,336
Z301 Minor Adaptations	50,000	10,823	39,177	0	39,177
Z302 Stairlifts	80,000	72,156	7,844	0	7,844
Z762 Major Voids	280,000	0	280,000	0	280,000
<b>Compliance</b>					
Z434 Asbestos Removal	200,000	262,802	(62,802)	0	(62,802)
Z771 Communal Area Improvements	200,000	19,403	180,597	100,000	80,597
Z742 Communal Area Electrical Upgrades	172,000	1,335	170,665	0	170,665
Z772 Smoke/CO & Heat Detection	30,000	12,778	17,222	0	17,222
Z773 Fire Safety Works	100,000	198,039	(98,039)	0	(98,039)
Z774 Cavity Loft Insulation	0	860	(860)	0	(860)
Z374 CO Monitors	0	403	(403)	0	(403)
<b>Stock Maximisation</b>					
Z375 Garages	25,000	0	25,000	25,000	0
<b>Decent Homes</b>					
Z763 Kitchens	805,500	(24,007)	829,507	0	829,507
Z764 Bathrooms	787,800	53,677	734,123	0	734,123
Z765 Electrical Upgrades	290,000	207	289,793	0	289,793
Z766 Window Replacement	195,000	4,030	190,970	190,900	70
Z767 Heating	331,200	135,327	195,873	195,800	73
Z743 Sheltered Housing Improvements	228,000	242,854	(14,854)	0	(14,854)
Z768 Door Replacement	360,000	106,349	253,651	150,000	103,651
Z769 Roofing Works & Insulation	710,000	183,746	526,254	270,000	256,254
Z770 Major Structural Works	250,000	91,549	158,451	0	158,451
<b>General Capital Works</b>					
Z776 Estate and External Works	155,000	(140,198)	295,198	0	295,198
Z857 Housing Capital Technical Costs	312,000	211,836	100,164	0	100,164
Z378 Door Entry Systems	200,000	198,538	1,462	0	1,462
Z760 Acquisition of Affordable Housing to meet housing need	3,263,400	1,460,720	1,802,680	1,802,700	(20)
Z851 Acquisition of Dwellings - S106	278,700	277,538	1,162	1,200	(38)
Z775 Mobility Scooter Storage	15,000	0	15,000	0	15,000
<b>Sub-total Live Schemes</b>	<b>9,898,600</b>	<b>3,518,433</b>	<b>6,380,167</b>	<b>2,985,600</b>	<b>3,394,567</b>
<b>Community, Planning and Housing - HRA - Total</b>	<b>9,898,600</b>	<b>3,518,433</b>	<b>6,380,167</b>	<b>2,985,600</b>	<b>3,394,567</b>