



**BUDGET/COUNCIL PLAN COMMITTEE:
28 February 2023**

**LANDLORD SERVICES COMMITTEE:
2 March 2023**

Report of: Head of Finance, Procurement and Commercial Services

Relevant Portfolio Holder: Councillor N. Pryce-Roberts

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SUBJECT: HRA REVENUE AND CAPITAL Q3 REVIEW

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide a summary of the Housing Revenue Account (HRA) and Housing capital programme positions for the 2022/23 financial year.

2.0 RECOMMENDATIONS TO BUDGET/COUNCIL PLAN COMMITTEE

2.1 That the HRA revenue and capital budget position for 2022/23 be noted

3.0 RECOMMENDATIONS TO LANDLORD SERVICES COMMITTEE

3.1 That the HRA revenue and capital budget position for 2022/23 be noted.

4.0 BACKGROUND

4.1 In February 2022, Council agreed the HRA revenue and capital budgets for the 2022/23 financial year, in the context of energy and other cost pressures along with materials shortages, reported through 2021/22. Subsequently, the emerging cost of living crisis worsened. This was further exacerbated when Russia invaded Ukraine.

4.2 Q1 and Q2 HRA revenue and capital budget monitoring have reflected the position at that time in the changing financial and economic landscape. Additional pressures have also emerged during the year.

5.0 HRA – 2022/23 Financial Position and Q3 Projected Outturn

- 5.1 A summary of the projected HRA revenue outturn against the current budget is set out in the table below. The HRA is expected to outturn around £260k, (0.95%), over the expenditure budget of £27,433k. At mid-year outturn was expected to be marginally below budget. If outturn is over budget then it will be funded from balances in the budget savings and efficiency reserve.
- 5.2 The main changes from the mid-year forecast relate to staff costs and premises-related costs.
- 5.3 The mid-year forecast accounted for the expected pay uplift over the amount budgeted, Q3 recognises the actual cost of uplift to employees, (run rate), as well as the use of agency to fill vacant posts pending recruitment. There is also some unbudgeted cost in relation to work on reviewing the Property Services structure which has been funded from budget contingency.
- 5.4 Pressure on premises related costs reflect the ongoing costs of energy, (aside from the district heating account), contract pressures, and disrepair claims.
- 5.5 There are a small number of budget virements, (each below £10k), and technical adjustments that have marginally changed the structure of the expenditure budget, but not the overall value.

Budget Area	2022/23 Latest Budget £000	Q1 Var. £000	Q2 Var. £000	Q3 Var. £000	Comment
Employee Expenses	3,884	-230	-100	150	Pay settlement more than budgeted, increased use of agency staff to cover vacant posts, plus unbudgeted work on review of Property Services structure, funded from contingency.
Void repairs and response repairs	4,504	0	250	250	2022/23 contract variation.
Other premises costs	3,708	550	0	100	£350k District Heating – debtor to zero at year end. £100k other energy costs, disrepair costs and various smaller budget pressures.
Transport costs	162	0	0	10	Vehicle recharges.
Budget contingency	390	-100	-80	-50	Most contingency expected to be used.
Supplies and Services	1,254	-100	-50	-50	Cumulative from various budgets, net outturn expected is a modest favourable position.
Support Services and internal income (net)	2,627	0	0	0	
Loan interest & Contribution towards Repayment	3,419	0	0	0	
Contributions to capital	7,485	0	0	0	
Dwelling rents	-24,300	-100	-50	-50	TVD stock increases during year. 70 rtb sales expected based on run rate.
Other external income	-3,133	-20	-50	-100	Furnished lettings service. 70 rtb admin fee income.
Total	0	0	-80	260	

6.0 CAPITAL INVESTMENT PROGRAMME

6.1 The table below shows the capital budget position at the end of **December 2022**.

Scheme	2022/23 Revised Budget £000's	Q3 Actual £000's	% Spend to date
Roofing	2,105	1,519	72%
External Works	1,396	240	17%
Windows & Doors	873	11	1%
Heating	851	1,071	126%
Kitchens	740	9	1%
Bathrooms	478	14	3%
Communal Services	325	175	54%
Fire Safety Works	177	139	79%
Walls	60	0	0%
Electrics	0	0	0%
Housing Capital Investment Plan	7,005	3,178	45%
Carbon Neutral Dwellings	1,089	0	0%
Digmoor Regeneration	1,000	0	0%
Change in Standard for Smoke Detection	629	714	114%
Salary costs & Professional Fees	600	525	88%
Disabled Adaptations	400	203	51%
Contingency	300	95	32%
Sheltered Housing Upgrades	280	46	16%
Environmental Programme	275	9	3%
Lifts	140	0	0%
Purchase Service Charge Software	39	1	3%
Abritas upgrade	36	36	100%
Digital Schemes Sheltered	12	0	0%
Other Housing Schemes	4,800	1,629	34%
Capital Expenditure	11,805	4,807	41%
TVDL Expenditure	9,781	2,667	27%
Total Expenditure	21,586	7,474	35%

Funded by	2022/23 Revised Budget £000's	Q3 Actual £000's	% Spend
Revenue contributions/MRR	7,434	4,707	63%
Borrowing	11,042	0	0%
HE Grants	3,110	2,795	90%
HE Grants deferred to future periods		-28	
Total Funding	21,586	7,474	35%

6.2 Total expenditure on the capital programme to date is £4.8m which represents 41% of the total revised budget. The Housing capital budget tends to profile with more expenditure later in the financial year.

6.3 £2.795m of Homes England grants have been received in 2022/23 relating to Halton Castle, Northfield and Fairlie.

7.0 SUSTAINABILITY IMPLICATIONS

7.1 Careful monitoring of the budget position helps ensure that the HRA remains able to deliver services and is financially sustainable in the medium term. This supports the aim that local people should receive good quality homes for a fair and appropriate rent

8.0 RISK ASSESSMENT

8.1 The formal reporting of performance on the Housing Revenue Account is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council. This process is resource intensive for both Members and Officers but ensures that a robust and achievable budget is set

9.0 HEALTH AND WELLBEING IMPLICATIONS

9.1 The health and wellbeing implications arising from this report will be dependent on the particular circumstances for that budget.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.