



Policy & Resources:  
Tuesday, 24 September 2024

---

**Report of: Director of Finance & Resources**

**Relevant Lead Member: Lead Member for Housing – Councillor Nicola Pryce-Roberts**

**Contact for further information: Peter Quick, Principal Finance Business Partner  
(Tel: 01695 585203)**

**(E-mail: [peter.quick@westlancs.gov.uk](mailto:peter.quick@westlancs.gov.uk))**

---

**SUBJECT: HRA 2024/25 Q1 MONITORING - REVENUE & CAPITAL**

---

Wards affected: (All Wards);

## **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 2024/25 financial year based upon quarter 1 monitoring (Q1)

## **2.0 RECOMMENDATIONS TO POLICY & RESOURCES COMMITTEE**

- 2.1 That the HRA Q1 position for revenue and capital be noted.

## **3.0 BACKGROUND**

- 3.1 In February 2024, Council agreed the HRA revenue and capital budgets for the 2024/25 financial year. The 2023/24 outturn report to Council in July 2024 agreed some budget reprofiling and adjustments.
- 3.2 The Government's current rent policy confirms annual increases of up to cpi + 1% until 31 March 2025. Government have recently advised that this rate will apply in 2025/26 too. The cpi + 1% increase is applied to the cpi rate from the September before, so for 2025/26 rent setting it will be based on September 2024 cpi.
- 3.3 Government guidance is awaited as to the rent increase policy after 2025/26, in the HRA business plan it is assumed that there will be a settlement of cpi + 1% until 2029/30 with annual increases thereafter being cpi only.

## 4.0 HRA – 2024/25 Q1 Projected Outturn

4.1 A summary of the projected HRA revenue outturn against revised budget is set out in the table below. The HRA Q1 forecast is around £120k (0.4%) over budget.

Budget Area	2024/25 Budget £000	Outturn Var. £000	Comment
Employee Expenses	5,590	-400	£190k vacant posts after vacancy factor £160k employers superannuation rate 16.7% rather than 20.4% £50k on pension past service payments
Void and response repairs plus electrical testing	7,006	300	Change in repairs contractor requirements for asbestos surveys.
Other premises costs	3,974	0	External decorations budget of £375k is key to outturn on other premises costs.
Transport costs	232	0	
Budget contingency	290	0	All contingency earmarked for identified activities.
Supplies and Services	1,177	0	Treatment of Digmoor compensation payments being reviewed, currently in revenue. Should be HRA neutral as part of the approved capital budget.
Support Services and internal income (net)	2,766	0	
Loan interest & Contribution towards Repayment	3,726	0	£3,445 self-financing interest & set aside. £281k interest on new borrowing depends on WLBC cash balances, borrowing rates and HRA capital delivery levels.
Contributions to capital	7,098	0	
Dwelling rents	-28,100	300	Run rate assumes that current void rate continues throughout the year.
Other external income	-3,759	-80	Furnishing service (Heat charges reducing shortfall)
<b>Total</b>	<b>0</b>	<b>120</b>	<b>0.4% of expenditure budget</b>

4.2 The main pressure on the HRA at Q1 relates to voids and this has two facets.

4.3 Firstly, a delay in void turnaround is impacting rental income through increased rental void loss. The Q1 forecast is based on the current run rate, so is prudently assuming that the void rate will remain at it's current level. However, a voids performance improvement plan is in place with the intention to reduce voids and therefore reduce void loss. This will improve the rental income outturn position, all other things being equal.

4.4 Secondly, the repairs contractor has changed their approach to the requirements for asbestos surveys. This is estimated to add £300k to the costs of the contract in 2024/25 and is exacerbating the other delays to void turnaround. The intention is to procure an asbestos surveyor and removal contractor directly. This will give additional control over performance, however the financial benefit will be limited.

- 4.5 This pressure is offset by a number of favourable matters relating primarily to employee expenses:
- Around £160k improvement because employers superannuation contributions were budgeted at 20.4% whereas the actuarial calculation has set the level at 16.7%
  - Around £50k improvement anticipated on year-end transactions relating to the HRA share of WLBC past service contributions to the LCC pension fund.
  - Around £190k improvement on employee costs net of the budgeted vacancy factor due to vacant posts.
- 4.6 The Council furnishing service continues to grow and this is expected to lead to outturn furnishing charge income ahead of budget, though there may also be additional costs involved in growing the service. These costs are anticipated to be contained within furnishing income funding.
- 4.7 The final HRA outturn will be significantly influenced by whether the revenue planned maintenance (external decorations) budget of £375k is utilised in year and whether there is a need to use budget contingency in year. The Q1 forecast assumes that both budgets will be used. In recent years the revenue planned maintenance budget has tended to outturn significantly below budget though there are operational plans to complete works in 2024/25, subject to paragraph 4.9 below. If costs earmarked for budget contingency can be contained within operational budgets then they will be.
- 4.8 As part of the Digmaor redevelopment project, previously approved by Council, costs relating to disturbance and relocation compensation are being paid out of revenue. Review of the accounting treatment of this is being undertaken. If the costs can be capitalised they will be moved to capital in-year. If they are to remain as revenue expenses then a budget virement from the existing capital budget will be requested at mid-year. In either case the effect on the HRA bottom line will be net zero.
- 4.9 WLBC Executive Management Team have asked all Council managers and staff to refrain from non-essential expenditure and they have also put in place a rigorous review of staff vacancies. This is primarily to support the GRA financial position in 2024/25, though the instruction also applies to the HRA. The Q1 forecast assumes that HRA expenditure will largely continue as planned as most decisions will be informed by HRA resources rather than GRA resources. If non-essential expenditure is curtailed in the HRA and/or vacancies are held vacant, then outturn is likely to be better than the Q1 forecast, all other things being equal.

## **5.0 Capital Investment Programme**

- 5.1 The table below shows that capital expenditure at the end of Q1 is £1.655m, this represents 16% of the £10.607m revised Capital Programme budget.
- 5.2 In addition, a further £0.261m (4%) has been invested in retrofitting works to support decarbonisation of the housing stock, this is partially grant funded.

Scheme	2024/25 Revised Budget £000's	2024/25 Actual £000's	% spent	Comments
Kitchens	1,632	133	8%	On hold pending asbestos surveys, expected to recommence in Q2
Heating	1,229	104	8%	All heating works being done on a responsive basis. No program heating works taking place.
Walls	1,167	9	1%	Whitburn & Waverley works expected to be completed in year
Electrics	608	32	5%	Working on completion of Saville's actions. Reactive works from ECIR's taking place along with reactive repairs and tenant requests
Roofs	550	0	0%	Works to support solar panels will be completed in year.
Windows & Doors	492	55	11%	2023/24 programme will be completed. No 2024/25 scheme – review budget at mid year.
Bathrooms	425	135	32%	Expected to complete in year
Communal Areas	366	0	0%	To be reviewed at mid year
External Areas	200	0	0%	Expected to complete in year
<b>Housing Investment Plan</b>	<b>6,669</b>	<b>468</b>	<b>7%</b>	
Salary & Professional Fees	791	771	97%	Mainly capitalised salaries
Smoke Detection	650	20	3%	Works progressing 400 properties left to access.
Environmental Programme	600	0	0%	To be reviewed at mid year
Disabled Adaptations	502	127	25%	On track
Contingency	434	222	51%	Voids backlog likely to utilise
Sheltered Housing Upgrades	320	20	6%	
Disrepair mitigation	250	0	0%	
Fire Safety Works	228	3	1%	On hold pending contractors and officers being appointed.
Heat Meter & Billing	120	0	0%	
Lifts	37	24	65%	
Abritas upgrade	6	0	0%	
<b>Other Housing Schemes</b>	<b>3,938</b>	<b>1,187</b>	<b>30%</b>	
<b>Capital Programme</b>	<b>10,607</b>	<b>1,655</b>	<b>16%</b>	
Decarbonisation – wave 2.1	6,563	261	4%	Works progressing. Additional roofing works identified. Risk that the full

Scheme	2024/25 Revised Budget £000's	2024/25 Actual £000's	% spent	Comments
				allocation may not be achieved
Decarbonisation grant	-1,068	-126	12%	To be reviewed in line with delivery
TVDL Expenditure	9,450	0	0%	
Homes England Grants	-1,860	0	0%	
<b>Total Capital Expenditure</b>	<b>25,552</b>	<b>1,790</b>	<b>7%</b>	

Funded by	2024/25 Revised £000's	2024/25 Actual £000's	% spent	Comments
Revenue contributions/MRR	7,098	1,790	25%	
Capital Receipts				
Borrowing	18,454	0	0%	
<b>Total Funding</b>	<b>25,552</b>	<b>1,790</b>	<b>7%</b>	

## 6.0 SUSTAINABILITY IMPLICATIONS

6.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

## 7.0 FINANCIAL AND RESOURCE IMPLICATIONS

7.1 There are financial implications arising from this report in respect of the matters discussed throughout, however these are expected to be met using existing HRA resources.

## 8.0 RISK ASSESSMENT

8.1 This item is for information only and makes no recommendations. It therefore does not require a formal risk assessment and no changes have been made to risk registers.

## 9.0 HEALTH AND WELLBEING IMPLICATIONS

9.1 There are no health and wellbeing implications arising from this report.

## 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.

## **Appendices**

*None*