

<b>Committee(s):</b> Community and Children's Services	<b>Dated:</b> 4 July 2024
<b>Subject:</b> Housing Revenue Account - Outturn 2023/24	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	1,2,3,4,12.
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>Report of:</b> The Director of Community and Children's Services and the Chamberlain	<b>For Information</b>
<b>Report author:</b> Goshe Munir, Senior Accountant, Chamberlain's Department	

### Summary

- This report compares the outturn for the Housing Revenue Account (HRA) in 2023/24 with the final agreed budget for the year.
  - The total net transfer to reserves for the year was £0.083m, £0.195m lower than the final agreed budgeted of £0.278m, mainly as a result of significantly higher than budgeted repairs and maintenance and supervision and management costs. This was partly offset by higher rent and service charge income than budgeted and a lower transfer to Major Repairs Reserve (MRR). As a result, Revenue Reserves ended the year with a balance of £0.309m.
  - The Major Repairs Reserve ended the year with a Nil balance, £0.250m lower than budgeted. However the MRR did not begin to borrow funds as previously expected due to slippage on major works projects and higher than expected receipt of capital grants. Borrowing by the MRR is now expected to begin in 2024/25.

<b>Table A - Summary Comparison of 2023/24 Outturn with Final Agreed Budget</b>			
	<b>Final Agreed Budget</b>	<b>Outturn</b>	<b>Variation Underspend / (Overspend)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>HRA Revenue</b> (see Table B)			
Expenditure	(12,658)	(14,461)	(1,803)
Income	16,217	16,769	552
Other (Interest Payable)	0	(153)	(153)
Transfer to MRR	<u>(3,281)</u>	<u>(2,073)</u>	<u>1,208</u>
Surplus in year	278	83	(195)
Opening Reserves	226	226	0
Closing Reserves	<u>504</u>	<u>309</u>	<u>(195)</u>
<b>Major Repairs Reserve</b> (see Table C)			
Opening reserve	(250)	(256)	(6)
Net Capital exp in year	(3,281)	(1,817)	1,464
Transfer from Revenue	<u>3,281</u>	<u>2,073</u>	<u>(1,208)</u>
Closing Reserves	<u>(250)</u>	<u>0</u>	<u>(250)</u>

## **Recommendation(s)**

2. It is recommended that this outturn report for 2023/24 is noted.

## **Main Report**

### **Housing Revenue Account**

3. The HRA is ringfenced by legislation which means that the account is financially self-supporting. Although the "Capital" Account is not ringfenced by law, the respective financial positions of the HRA and the City Fund has meant that capital expenditure is financed without placing a burden on the use of City Fund resources. All HRA related capital expenditure continues to be funded from the HRA, including the Major Repairs Reserve and certain capital receipts from sales of HRA assets, with homeowners making their appropriate contributions. In practice, therefore, the capital account is also ringfenced.

### **HRA Revenue Outturn for 2023/24**

4. The HRA revenue outturn has a net surplus of £0.83m, £0.195m lower than the expected surplus in the budget, for the reasons set out in detail in Table B below.

**Table B**

<b>Table B</b>	<b>Original Budget 2023/24 £000</b>	<b>Final Agreed Budget 2023/24 £000</b>	<b>Revenue Outturn 2023/24 £000</b>	<b>Variation (Underspend) / Overspend 2023/24 £000</b>	<b>Paragraph Number</b>
<u>Expenditure</u>					
Repairs, Maintenance & Improvements					
Breakdown and Emergency Repairs	(1,762)	(1,762)	(2,810)	(1,048)	5
Contract Servicing	(780)	(780)	(754)	26	
Cyclical and Minor Improvements	(434)	(434)	(384)	50	
Supplementary Revenue	(323)	(323)	(35)	288	6
Technical Services and City Surveyor's Costs	(1,495)	(1,495)	(1,794)	(299)	7
<b>Total Repairs, Maintenance &amp; Improvements</b>	<b>(4,794)</b>	<b>(4,794)</b>	<b>(5,778)</b>	<b>(984)</b>	
Supervision and Management	(4,805)	(5,114)	(5,448)	(334)	8
Specialised Support Services					
Central Heating	(328)	(328)	(536)	(208)	9
Estate Lighting	(381)	(381)	(663)	(282)	10
Caretaking and Cleaning	(1,526)	(1,526)	(1,592)	(66)	
Community Facilities	(184)	(184)	(176)	8	
Welfare Services	(49)	(49)	4	53	
Garden Maintenance	(282)	(282)	(272)	10	
<b>Total Expenditure</b>	<b>(12,349)</b>	<b>(12,658)</b>	<b>(14,461)</b>	<b>(1,803)</b>	
<u>Income</u>					
Rent					
Dwellings	11,646	11,646	12,012	366	11
Car Parking	624	624	331	(293)	12
Baggage Stores	127	127	125	(2)	
Commercial	1,791	1,791	1,388	(403)	13
Community Facilities	79	79	206	127	
Service Charges	1,939	1,939	2,689	750	14
Other	11	11	17	6	
<b>Total Income</b>	<b>16,217</b>	<b>16,217</b>	<b>16,769</b>	<b>552</b>	
Interest Payable	(125)	0	(153)	(153)	
<b>Net Operating Income</b>	<b>3,743</b>	<b>3,559</b>	<b>2,155</b>	<b>(1,404)</b>	
Loan Charges – Principal	(166)	0	0	0	
Transfer to Major Repairs Reserve	(3,281)	(3,281)	(2,073)	1,208	
	296	278	83	(195)	
Opening Reserves	49	226	226	0	
Closing Reserves	345	504	309	(195)	

5. Repairs, Maintenance and Improvements costs were overspent by £1048k. The increased expenditure was driven by increased demand for breakdown and emergency repairs including significant fire safety work.
6. Supplementary Revenue Projects underspent by £288k due to projects coming in under budget and some slippage in planned works.
7. The overspend of £299k in Technical Services and City Surveyor costs is due to the technical recharge cost, which is based on time spent (worked) on HRA Projects, being higher than anticipated.
8. Supervision and Management costs had an overspend of £334k mainly due to the increase in Central Support & IS Staff Recharge by £300k. During 2023/24 a review of central support services recharges was carried out. This involved updating the basis of apportionment for all recharges following the Target Operating Model and Governance Review along with trying to make them more transparent and fairer across all services. The updated basis has led to several variations to the originally budgeted charge across committees, but overall total recharges have remained within the total original envelope. The full review has not yet been formally approved by Members as work is ongoing as to how the new basis will affect 2024/25 budgets. Once the review is fully adopted the 2024/25 budget will be reviewed and updated where necessary and the paper on the review made available.
9. Central Heating had an overspend of £208k which was mainly related to the higher gas cost at Golden Lane Estate & Middlesex Street Estate.
10. Estate Lighting actual cost was £282k more than budgeted at William Blake, Golden Lane, Middlesex and York Way Estates. This is due to higher than increases in unit prices (tariffs) and standing charges, and the use of estimated, rather than actual, meter readings. Priority will be given to use actual meter readings in future.
11. Dwellings rental income had a favourable variance of £366k, mainly due to higher than budgeted income from Golden Lane Estate & Avondale Square Estate.
12. The Car Parking Income underachieved by 293k mainly due to reduced income from Middlesex Street Estate and York Way Estate and across other Estates.
13. The decrease in commercial income by £403k is due to reduced income from Retail Premises on Middlesex St Estate & William Blake Estate.
14. The Service Charge has a favourable variance by £750k compared to the latest budget profiled, this is mainly due to the balancing recovery of higher than expected expenditure in the year and additional reimbursements from long lessees.

15. Comparison of 2023/24 Major Repairs Reserves Outturn with Final Budget as set out in Table C below.

**Table C**

<b>Table C</b>	Original Budget <b>£000</b>	Latest Budget	Revenue Outturn <b>£000</b>	Variation (Underspend) <b>£000</b>	Notes
<b>HRA Reserves</b>					
<b>Major Repairs Reserve</b>					
Balance Brought Forward	250	1,018	256	6	
Transfer from HRA	(3,281)	(2,076)	(2,073)	1,208	Table B
Capital Expenditure	72,711	50,466	32,380	(40,331)	Annex A
Section 106 funding	(44,691)	(34,286)	(2,453)	42,239	
Capital Receipts applied	(13,533)	(2,009)	(7,860)	5,673	
Community Infrastructure Levy	(500)	(500)	(500)	0	
GLA and City Cash Grants	0	(4,933)	(14,024)	(14,024)	
Reimbursements from					
Homeowners	(4,163)	(2,911)	(2,654)	1,509	
Fire Safety Grant	0	0	(3,071)	(3,071)	
City Fund Loan	(6,543)	(3,751)	0	6,543	
<b>Major Repairs Reserve Balance Carried Forward</b>	<b>250</b>	<b>1,018</b>	<b>0</b>	<b>(250)</b>	

## Appendices

- Annex A - CAPITAL PROJECTS

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## Annex A

Project Name	Project Code	Type	Orginal Budget 2023/24 £000	LAB Budget 2023/24 £000	2023/24 Outturn ( Expenditure)	Variance (Slippage)	Comments on main variations
L5-Avondale Square Play & Ball Games Areas Refurbishment	29100160	Capital	559	6	(7)	(566)	Project complete, retention
L5-Crescent House & Cullum House Heating Replacement	29100076	Capital	0	0	(5)	(5)	Project no longer progressing
L5-Decent Homes Call-backs 2020-22	29100146	Capital	0	9	(28)	(28)	Project complete
L5-Dron House - Fire Door Replacement	29100169	Capital	0	306	234	234	Project delivery in progress
L5-Fire Door Replacement - Avondale	29100167	Capital	1,915	3,001	1,281	(634)	Project delivery in progress - works to Point blocks delayed due to sprinkler install
L5-Fire Door Replacement - Holloway	29100166	Capital	0	41	(35)	(35)	Project complete, retention
L5-Fire Door Replacement - York Way	29100165	Capital	0	95	59	59	Project complete, retention
L5-Roof Replacements - Various Estates	29100100	Capital	2,533	0	0	(2,533)	Deferred to next 5 year programme
L5-Fire Door Replacements - Various Estates	29100101	Capital	4,376	87	2	(4,374)	Design work for remaining phases ongoing
L5-Fire Safety Doors - Great Arthur House	29100113	Capital	0	0	(1)	(1)	Project on hold pending sprinkler install
L5-George Elliston & Eric Wilkins Houses Refurbishment	29100156	Capital	0	0	26	26	Design work progressing
L5-Golden Lane Windows Replacement	29100102	Capital	6,945	37	203	(6,742)	Additional budget to progress design work was approved
L5-Great Arthur House Window Cladding	29100010	Capital	0	11	0	0	Project complete
L5-Harman Close Decent Homes	29100111	Capital	0	13	0	0	Project complete
L5-Holloway Estate Windows Replacement	29100103	Capital	1,342	1,992	4,131	2,789	Additional budget to complete project delivery was approved
L5-Housing Management System Upgrade	29100123	Capital	1,094		0	(1,094)	Additional budget required to complete project work on Civica Housing System
L5-Installation of Sprinklers - Avondale Square Estate	29100159	Capital	0	1,279	1,779	1,779	Work in progress
L5-Installation of Sprinklers - Great Arthur House	29100157	Capital	0	9	33	33	Awaiting Fire Strategy
L5-Installation of Sprinklers - Petticoat Tower	29100158	Capital	0	498	384	384	Work in progress
L5-Isleden House Additional Housing	29100079	Capital	135	761	71	(64)	Project complete
L5-Middlesex Street Estate - Cold Water Distribution System Replacement	29100164	Capital	0	25	21	21	Project complete
L5-Middlesex Street Estate - Replacement of Heating & Hot Water	29100130	Capital	1,455	1,329	1,732	277	Project delivery in progress - Additional budget to complete project delivery was approved
L5-Petticoat Tower - Fire Door Replacement	29100172	Capital	0	15	1	1	Project on hold pending sprinkler install
L5-Richard Cloudesley Housing	29100078	Capital	2,597	2,573	880	(1,717)	Project is in dispute
L5-Southwark Estate Windows Replacement	29100104	Capital	4,223	2,850	2,418	(1,805)	Project delivery in progress
L5-Sumner Buildings - Fire Door Replacement	29100170	Capital	972	371	308	(664)	Project delivery in progress
L5-Sydenham Hill - Provision of Social Housing	29100067	Capital	17,877	10,014	6,529	(11,348)	Project delivery in progress
L5-Sydenham Hill Windows Replacement	29100106	Capital	0	392	772	772	Additional budget to complete project delivery was approved
L5-Tenants Electrical Services Testing & Smoke Detector Installation - Phase 5	29100150	Capital	0	186	19	19	Project delivery in progress
L5-William Blake Estate -Fire Door Replacement	29100171	Capital	1,945	455	352	(1,593)	Project delivery in progress
L5-Windsor House Windows Replacement	29100108	Capital	1,580	217	1,406	(174)	Additional budget to complete project delivery was approved
L5-York Way Estate - Cold Water Distribution System	29100163	Capital	0	3	0	0	Project complete
L5-York Way Estate - Replacement of Heating & Hot Water	29100129	Capital	0	525	319	319	Project complete, retention
L5-York Way Estate Provision of Social Housing	29100141	Capital	23,163	23,366	9,497	(13,666)	Project delivery in progress
<b>Total</b>			<b>72,711</b>	<b>50,466</b>	<b>32,380</b>	<b>(40,331)</b>	