

Committee(s): Community and Children's Services	Dated: 19 June 2025
Subject: Housing Revenue Account - Outturn 2023/24	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,2,3,4,12.
Does this proposal require extra revenue and/or capital spending?	N
Report of: Executive Director of Community and Children's Services and the Chamberlain	For Information
Report author: Goshe Munir, Senior Accountant, Chamberlain's Department	

Summary

1. This report compares the outturn for the Housing Revenue Account (HRA) in 2024/25 with the final agreed budget for the year.
 - The total net revenue deficit for the year was £0.275m, £0.189m higher than the final agreed budgeted of £0.086m, mainly as a result of higher than expected interest costs. This was partly offset by higher service charge income than budgeted. As a result, Revenue Reserves ended the year with a balance of £0.034m.
 - The Major Repairs Reserve ended the year with a £0.591m balance, £0.847m higher than budgeted, due to slippage on major works projects and higher than expected receipt of capital grants.

Table A - Summary Comparison of 2024/25 Outturn with Final Agreed Budget			
	Final Agreed Budget	Outturn	Variation Underspend / (Overspend)
	£000	£000	£000
HRA Revenue (see Table B)			
Expenditure	(15,478)	(15,818)	(340)
Income	17,703	18,089	386
Interest	(250)	(484)	(234)
Transfer to MRR	(2,061)	(2,062)	(1)
Deficit in year	(86)	(275)	(189)
Opening Reserves	309	309	0
Closing Reserves	<u>223</u>	<u>34</u>	<u>(189)</u>
Major Repairs Reserve (see Table C)			
Opening reserve	(256)	(0)	256
Net Capital exp in year	(2,231)	(1,471)	760
Transfer from Revenue	<u>2,231</u>	<u>2,062</u>	<u>(169)</u>
Closing Reserves	<u>(256)</u>	<u>591</u>	<u>847</u>

Recommendation(s)

2. It is recommended that this outturn report for 2024/25 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 2024/25

4. The HRA revenue outturn has a net deficit of £0.275m, £0.189m higher than the expected surplus in the budget, for the reasons set out in detail in Table B below.

Table B

Table B	Original Budget 2024/25 £000	Final Agreed Budget 2024/25 £000	Revenue Outturn 2024/25 £000	Variation (Underspend) / Overspend 2024/25 £000	Paragraph Number
<u>Expenditure</u>					
Repairs, Maintenance & Improvements					
Breakdown and Emergency Repairs	(2,913)	(3,222)	(3,942)	(720)	5
Contract Servicing	(746)	(746)	(827)	(81)	
Cyclical and Minor Improvements	(608)	(640)	(233)	407	6
Supplementary Revenue	(150)	(235)	(61)	174	7
Technical Services and City Surveyor's Costs	(1,515)	(2,044)	(2,343)	(299)	8
Total Repairs, Maintenance & Improvements	(5,932)	(6,887)	(7,406)	(519)	
Supervision and Management	(5,632)	(5,102)	(4,779)	323	9
Specialised Support Services					
Central Heating	(667)	(667)	(721)	(54)	
Estate Lighting	(596)	(596)	(502)	94	
Caretaking and Cleaning	(1,746)	(1,705)	(1,950)	(245)	10
Community Facilities	(155)	(148)	(156)	(8)	
Welfare Services	(50)	(49)	(3)	46	
Garden Maintenance	(266)	(324)	(301)	23	
Total Expenditure	(15,044)	(15,478)	(15,818)	(340)	
<u>Income</u>					
Rent					
Dwellings	13,385	13,046	12,774	(272)	11
Car Parking	540	426	348	(78)	
Baggage Stores	127	128	128	(0)	
Commercial	1,554	1,467	1,461	(6)	
Community Facilities	118	123	175	52	
Service Charges	1,967	2,503	3,158	655	12
Other	10	10	45	35	
Total Income	17,701	17,703	18,089	386	
Loan Charges – Interest	(135)	(250)	(484)	(234)	13
Interest Receivable	33	0	0	0	
Net Operating Income	2,555	1,975	1,787	(188)	
Loan Charges – Principal	(180)	0	0	0	
Transfer to Major Repairs Reserve	(2,231)	(2,061)	(2,062)	(1)	
	144	(86)	(275)	(189)	
Opening Reserves	226	309	309	0	
Closing Reserves	370	223	34	(189)	

5. Breakdown and Emergency Repairs costs were overspent by £720k. The increased expenditure was driven by increased demand for breakdown and emergency repairs and additional contractual costs associated with the Wates R&M contract.
6. Cyclical and Minor Improvements underspend by £407K due to the agreed capitalisation of Decent Homes boiler and heating replacement costs associated with the major works programmes delivery.
7. Supplementary Revenue Projects underspent by £174k due to projects coming in under budget and some slippage in planned works – a detailed breakdown by project is provided in Annex A.
8. The overspend of £299k in Technical Services and City Surveyor costs is due to the allocation of time spent on working on HRA related projects being higher than anticipated and is a reflection of higher repairs and capitalised project costs generally.
9. Supervision and Management costs had an underspend of £323k mainly due to the reduction in management fees by £97k and reduction in staffing costs due to vacancies by £226k.
10. Caretaking and Cleaning had an overspend of £245k which was mainly related to increased cost in cleaning & domestic services.
11. Dwellings rental income had an adverse variance of £272k, mainly due to lower than budgeted income from Black Raven Court due to delays in the occupation of the new units.
12. The Service Charge has a favourable variance by £655k compared to the latest budget profiled, this is mainly due to the balancing recovery of higher than expected repairs expenditure in the year and additional reimbursements from long lessees charged for major works.
13. Loan Interest charges adverse variance of £234k is based on the higher than anticipated HRA cash balance overdraft during the year.
14. Comparison of the 2024/25 Major Repairs Reserves Outturn with Final Budget as set out in Table C below.

Table C

Table C	Original Budget	Final Agreed Budget	Revenue Outturn	Variation (Underspend) Final Agreed Budget	Notes
	£000	£000	£000	£000	
HRA Reserves					
Major Repairs Reserve					
Balance Brought Forward	256	0	0	0	Table B Annex A
Transfer from HRA	(2,231)	(2,062)	(2,062)	0	
Capital Expenditure	66,129	64,521	46,792	(17,729)	
Section 106 funding	(18,261)	(55,086)	(39,752)	15,334	
Capital Receipts applied	(14,623)	(2,952)	(3,450)	(498)	
Community Infrastructure Levy	(500)	(500)	(500)	0	
GLA and City Cash Grants	(6,555)	0	(209)	(209)	
Reimbursements from Homeowners	(7,568)	(1,804)	(1,296)	508	
Fire Safety Grant	0	0	0	0	
Climate Action Strategy	0	0	(114)	(114)	
City Fund Loan	(16,391)	(2,117)	0	2,117	
Major Repairs Reserve					
Balance Carried Forward	256	0	(591)	(591)	

Appendices

- Annex A - CAPITAL PROJECTS

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Annex A

Core Project	Project Number	Type	Budget 24/25	Actuals 24/25	Variance (Slippage)	Comments on main variations
L5-Avondale Square Play & Ball Games Areas Refurbishment	29100160	Capital	5,535	0	(5,535)	Project complete, retention
L5-Dron House - Fire Door Replacement	29100169	Capital	37,000	2,528	(34,472)	Project complete, retention
L5-Dron House Windows Replacement	29100105	Capital	0	51	51	Project complete, in closedown
L5-Fire Door Replacement - Avondale	29100167	Capital	1,641,444	724,137	(917,307)	Project delivery in progress, completion delayed due to over-running sprinkler project
L5-Fire Door Replacement - Holloway	29100166	Capital	34,636	0	(34,636)	Project complete, retention
L5-Fire Door Replacement - York Way	29100165	Capital	10,364	0	(10,364)	Project complete, retention
L5-Fire Safety Doors - Great Arthur House	29100113	Capital	84,963	28,780	(56,183)	Project delayed for rescoping and integration within wider works programme
L5-Great Arthur House Window Cladding	29100010	Capital	10,835	(114,166)	(125,001)	Project complete
L5-Harman Close Decent Homes	29100111	Capital	12,892	0	(12,892)	Project complete
L5-Installation of Sprinklers - Avondale Square Estate	29100159	Capital	554,304	241,874	(312,430)	Project delivery in progress
L5-Installation of Sprinklers - Great Arthur House	29100157	Capital	3,288	3,301	13	Project delayed for rescoping and integration within wider works programme
L5-Installation of Sprinklers - Petticoat Tower	29100158	Capital	958,818	777,181	(181,637)	Project delivery in progress
L5-Isleden House Additional Housing	29100079	Capital	214,919	93,272	(121,647)	Project complete
L5-Middlesex Street Estate - Replacement of Heating & Hot Water	29100130	Capital	1,068,108	1,035,557	(32,551)	Project delivery in progress
L5-Petticoat Tower - Fire Door Replacement	29100172	Capital	238,643	10,587	(228,056)	Project delivery in progress, completion delayed due to over-running sprinkler project
L5-Richard Cloudesley Housing	29100078	Capital	551	3,857	3,306	Project delivery in progress
L5-Richard Cloudesley Housing	29100098	Capital	52,536	(812,583)	(865,119)	Project delivery in progress
L5-Southwark Estate Concrete Testing & Repair	29800144	Capital	30,000	0	(30,000)	Project delayed for rescoping and integration within wider works programme
L5-Sumner Buildings - Fire Door Replacement	29100170	Capital	13,000	10,424	(2,576)	Project complete, retention
L5-Sydenham Hill - Provision of Social Housing	29100067	Capital	20,975,289	23,756,807	2,781,518	Project delay due to asbestos removal and building regulation change
L5-Tenants Electrical Services Testing & Smoke Detector Installation - Phase 5	29100150	Capital	200,271	29,119	(171,152)	Project delivery in progress, completion delayed due to access issues to properties
L5-William Blake Door Entry System	29100089	Capital	0	0	0	Project complete
L5-William Blake Estate - Fire Door Replacement	29100171	Capital	30,327	37,860	7,533	Project delivery in progress
L5-York Way Estate - Replacement of Heating & Hot Water	29100129	Capital	1,068	1,197	129	Project complete
L5-York Way Estate Provision of Social Housing	29100141	Capital	33,965,203	16,386,332	(17,578,871)	The Completion Date for the project has been adjusted due Extension of Time Awards to the contractor.
L5-Sydenham Hill Windows Replacement	29100106	Capital	74,021	46,565	(27,456)	Project complete, retention
L5-Windsor House Windows Replacement	29100108	Capital	538,329	482,280	(56,049)	Project complete, retention
L5-Holloway Estate Windows Replacement	29100103	Capital	194,713	(217,289)	(412,002)	Project complete, retention
L5-Southwark Estate Windows Replacement	29100104	Capital	2,880,117	2,278,802	(601,315)	Project now complete, completion slightly delayed in 25/26, retention sums held
L5-William Blake Windows Replacement	29100107	Capital	67,500	0	(67,500)	Design work now progressing following delayed procurement to update scope of works
L5-Fire Door Replacements - Various Estates	29100101	Capital	84,891	58,591	(26,300)	Project delivery in progress
L5-Golden Lane Windows Replacement	29100102	Capital	31,370	87,069	55,699	Project delayed for rescoping and integration within wider works programme
L5-Golden Lane Windows Replacement	29100173	Capital	146,370	107,749	(38,621)	Project delayed for rescoping and integration within wider works programme
L5-Golden Lane Windows Replacement	29100174	Capital	324,240	598,787	274,547	Project delayed for rescoping and integration within wider works programme
L5-York Way Estate - Corridor & Lift Lobby Refurbishment	29100175	Capital	35,000	10,349	(24,651)	Design work progressing
L5-Decent Homes Works 2024-26	29100182	Capital	0	475,992	475,992	New budget approved during 24/25 , Project delivery in progress
L5-Isleden House Heating System Improvements	29100183	Capital	0	223,070	223,070	New budget approved during 24/25 , Project delivery in progress
L5-Richard Cloudesley Housing	29100178	Capital	0	139,391	139,391	Project delivery in progress
L5-36 Proctor House Avondale Square	29100180	Capital	0	285,000	285,000	Section 106 / Buy Back
Total			64,520,545	46,792,473	(17,728,072)	
Core Project	oject Numb	Type	Budget 24/25	Actuals 24/25	Variance	Comments on main variations
L5-George Elliston & Eric Wilkins Houses Refurbishment	29800156	SRP	93,057	24,487	(68,570)	Design work progressing but behind schedule
L5-Renewal of Flat Roof Coverings - Various Blocks	29800151	SRP	7,500	0	(7,500)	Design work progressing, will be integrated into other projects
L5-Sumner Buildings Proposals	29800115	SRP	62,500	0	(62,500)	Design work progressing
L5-Isleden House Heating System	29800176	SRP	71,200	36,200	(35,000)	Project delivery in progress
L5-Southwark Estate Concrete Testing & Repair	29800144	SRP		35	35	Project delayed for rescoping and integration within wider works programme
L5-Tenants & Landlord Electrical Services	29800120	SRP	0	(1)	(1)	Design work progressing
Total			234,257	60,722	(173,535)	