



Wednesday, 23 July 2025

Report of Councillor Ashley Baxter -
The Leader of the Council, Cabinet
Member for Finance, HR and Economic
Development

Housing Revenue Account Provisional Outturn Report 2024/25

Report Author

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Purpose of Report

This report provides the Governance and Audit Committee with the details of the Housing Revenue Account (HRA) outturn position for the financial year 2024/25. The report covers the Revenue Budget, Capital Programmes and Reserves overview.

Recommendations:

Governance and Audit Committee is asked to:

- 1. Review and approve the provisional HRA Revenue and Capital Outturn position for the financial year 2024/25.**
- 2. Review and approve the following revenue reserve movements in respect of the Housing Revenue Account:**
 - Transfer £400k from the HRA Priorities Reserve to the HRA Climate Change Reserve**
 - Transfer £1m from the HRA Priorities Reserve to create a HRA Reactive Repairs Reserve**
 - Transfer £2m from the HRA Priorities Reserve to the Major Repairs Reserve**
- 3. Delegate authority to the Deputy Chief Executive and s151 Officer, in consultation with the Cabinet Member for Finance, HR & Economic Development, to finalise the reserve movements in order to ensure the Working Balance level for the Housing Revenue Account are maintained at prudent levels**

Decision Information	
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Connecting communities Sustainable South Kesteven Enabling economic opportunities Housing Effective council
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

1.1 The financial implications are included within the report.

Completed by: David Scott, Assistant Director of Finance (Deputy s151 Officer).

Legal and Governance

1.2 The terms of reference of the Governance and Audit Committee require the Committee to consider for approval the annual revenue and capital outturn report, including the movement of reserves.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

2.1 This report provides the Governance and Audit Committee with detail of the Council's provisional outturn position for the financial year 2024/25. Throughout the financial year both Cabinet and the Finance & Economic Overview and Scrutiny Committee have been provided with regular and comprehensive budget monitoring reports that has enabled members to be kept updated. The budget was set in the context of providing further investment in key service areas whilst being mindful of the need to maintain a sustainable 30 year financial business plan.

2.2 During the course of the financial year, the HRA budgets have continued to focus on:

- Meeting the housing needs of tenants
- Facilitating the delivery of new housing across a range of tenures
- Enabling those whose independence may be at risk to access housing (including their current home) that meets their needs
- Supporting investment in homes for affordable warmth for our tenants
- Meeting compliance requirements and ensuring resources are allocated appropriately.

3. HRA Revenue Budget 2024/25

3.1 The budget set by Council on 29 February 2024 resulted in a surplus of £7.004m. This surplus is used to provide funding for the external loan and to enable reserve levels to be maintained that subsequently fund the capital programme and service improvements. For the purposes of the outturn variance analysis the budget carry forwards have been removed and the actual surplus for the year is £5.674m, resulting in an overspend of £1.314m as part of the continued investment in addressing the backlog of repairs and ensuring statutory compliance.

3.2 Table 1 shows the HRA revenue outturn position for 2024/25 and shows the variance comparison between budget and provisional outturn.

Table 1 – HRA Revenue Outturn Position 2024/25

Description	2024/25 Current Budget	2024/25 Current Budget (less proposed budget c/f)	2024/25 Provisional Outturn	2024/25 Variance
	£'000	£'000	£'000	£'000
Expenditure				
Repairs and Maintenance	11,190	11,190	13,528	2,338
Supervision and Management – General	2,663	2,663	2,895	232
Supervision and Management – Special	1,964	1,964	1,824	(140)
Depreciation and Impairment of Fixed Assets *	4,062	4,062	4,062	0
Debt Management Expenses	35	35	38	3
Provision for bad debts	201	201	380	179
Support recharge to the General Fund	2,942	2,942	2,942	0
Total Expenditure	23,057	23,057	25,669	2,612
Income				
Dwelling Rents	(28,916)	(28,916)	(29,374)	(458)
Non-Dwelling Rents	(356)	(356)	(284)	72
Charges for Services and Facilities	(721)	(721)	(1,037)	(316)
Other Income	(17)	(17)	(33)	(16)
Total Income	(30,010)	(30,010)	(30,728)	(718)

Net Cost of HRA Services	(6,953)	(6,953)	(5,059)	1,894
Interest Payable and Similar Charges	2,140	2,140	2,138	(2)
Interest and Investment Income*	(2,099)	(2,099)	(2,627)	(528)
Investment Property Inc & Exp *	0	0	(46)	(46)
Reserve Funding	(100)	(100)	(87)	13
Accumulated Absences	0	0	7	7
HRA (Surplus)/Deficit	(7,012)	(7,012)	(5,674)	1,338

*Provisional outturn pending completion of year end accounting entries

3.3 Appendix A provides details of the significant variances which impact across the HRA with supporting information explaining the main variances across the Expenditure and Income headings that result in a net cost overspend of £1.894m.

3.4 During the financial year, there has been significant expenditure in repairs and maintenance which has led to an overspend of £2.3m. This expenditure has enabled the Council to reduce the backlog of repairs and to remedy damp and mould cases. Material costs have also increased above standard inflation, in some cases as high as 15% together with the increase in productivity has also contributed towards this overspend. There has also been an increased focus to decrease void turnaround times which has contributed towards this overspend but this has led to increased rent receipts of £458k and reduced void times which reduced from 136 days to 79 days. This overspend has reduced the overall budgeted surplus for the HRA and it is proposed that the overspend is funded from the Priorities Reserve in order to protect the Major Repairs Reserve.

3.5 There has also been some further movement below the net cost service in relation to increased investment income returns of £528k due to the average rate of return being above 5% throughout the majority of the year compared with the budgeted rate of 4%.

4. HRA Capital Programme 2024/25

4.1 The budget set by council on 29 February 2024 for the 2024/25 HRA Capital programme was £21.315m. Budgets have been amended as projects have commenced and these changes increased the 2024/25 budget to £27.207m. For the purposes of the outturn variance analysis, the proposed budget carry forwards of £842k have been removed from this which reduces the budget for comparative purposes to £24.365m as summarised in Table 2 below. Appendix B provides a further commentary on the significant variances across the HRA capital programme for 2024/25.

Table 2 – HRA Capital Outturn Position

Capital Scheme	2024/25 Current Budget £'000	2024/25 Budget (less C/F approved by Council February 2025 and less proposed Budget C/F) £'000	2024/25 Provisional Outturn £'000	2024/25 Outturn Variance £'000
Energy Efficiency Initiatives	5,104	5,104	7,419	2,315
ICT	355	355	154	(201)
Repair Vehicles	342	342	0	(342)
New Build Programme	11,864	9,430	7,561	(1,869)
Compliance Works	3,914	3,597	3,498	(99)
Physical Adaptations	150	100	76	(24)
Refurbishment & Improvement	5,478	5,437	4,062	(1,375)
Total Expenditure	27,207	24,365	22,770	(1,595)
Financed By:				
HRA Capital Receipts Reserve	8,874	6,440	4,598	(1,842)
Grants & Contributions	2,858	2858	2,226	(632)
HRA Priorities Reserve	1,640	1640	1,368	(272)
LAHF Reserve	622	622	668	46
Major Repairs Reserve	12,988	12,580	12,831	251
S106	225	225	1,079	854
Total Financing	27,207	24,365	22,770	(1,595)

4.2 Table 3 provides a summary of the proposed budget carry forwards totalling £842k.

Table 3 – HRA Capital Proposed Budget Carry Forwards

Project	Proposed Budget Carry Forward £'000	Funding	Commentary
Repairs Vehicles	342	Major Repairs Reserve	Underspend to support 2025-26 programme
Roofing (refurbishment & Improvement)	500	Major Repairs Reserve	Underspend to support the 2025-26 programme of compliance works.
TOTAL	842		

5 HRA Reserves 2024/25

5.1 An integral element of the closedown procedure is to undertake a review of the usage and levels of the Council's reserves and balances. The financial statements reflect the proposed use of these, and specific details of the HRA balances and reserves are set out below.

Description	Actual Balance as at 31 March 2024	Net Provisional Movement	Provisional Balance as at 31 March 2025
	£'000	£'000	£'000
Revenue Reserve			
HRA Climate Reserve	100	400	500
HRA Priorities Reserve	12,116	(4,855)	7,261
LAHF Reserve	668	(668)	0
Repairs Reactive Repairs Reserve	0	1,000	1,000
Working Balance*	2,296	(893)	1,403
Total HRA Revenue Reserves	15,180	(5,016)	10,164
HRA Capital Reserve			
HRA Capital Receipts Reserve	12,899	(1,326)	11,573
Major Repairs Reserve *	18,718	(5,324)	13,394
Total HRA Capital Reserves	31,617	(4,750)	26,867
Total HRA Reserves	46,797	(9,766)	37,031

* this is an estimated position and will be finalised when the statement of accounts are produced.

5.2 HRA Priorities Reserve movements

- £1.3m has been used from this reserve to fund capital programme projects including new build feasibility work and match funding the LAHF grant to enable the purchase of 8 houses.
- A new HRA Climate Reserve was established in 2023/24 and it is proposed to increase the balance to £500k as at 31 March 2025 which will be transferred from the HRA Priorities Reserve.
- It is proposed a further £1m is being transferred to a new reactive Repairs Reserve. This reserve will be used to fund reactive and urgent works that are not able to be met from the approved revenue budget.
- A contribution of £2m is proposed from this reserve to fund the revenue overspend to ensure the balance on the Major Repairs Reserve remains at a level to support the HRA business plan and associated compliance works.

5.3 The LAHF Reserve held the Local Authority Housing Fund grant awarded to the Council in 2023/24 which has been used to fund capital expenditure in fulfilment of the grant conditions in 2024/25.

- 5.4 HRA Capital Receipts Reserve – The Council has established a capital receipts reserve where the 'Right to Buy' (RTB) sale receipts are allocated. During the year £3.3m receipts have been received with 31 RTB sales and 2 non RTB sales (compared to 25 RTB sales in 2023/24). During the year £4.6m of the reserve has been used to contribute towards the financing of the capital programme. This reserve will continue to be utilised to contribute to the provision of affordable housing and the provision of additional Council housing stock.
- 5.5 Major Repairs Reserve – This reserve has been decreased by £5.324m, in accordance with the HRA business plan an annual allocation is required in order to provide sustainable funding for the HRA capital programme. To provide financing for the future programme an allocation of £12.8m has been utilised including £3.6m grant match funding for the decarbonisation programme. This will continue to be the primary financing for the housing improvement elements of the Capital Programme.

6. Reasons for the Recommendations

- 6.1 It is important that members are aware of the financial position of the General Fund to ensure they can make informed decisions that are affordable and financially sustainable for the Council. Effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council's priorities.
- 6.2 This report provides an overview of the provisional Housing Revenue Account outturn financial position for 2024/25.

7. Other Options Considered

- 7.1 As the terms of reference of the Governance and Audit Committee require the Committee to consider for approval the annual revenue and capital outturn report, including the movement of reserves Governance and Audit the option for not producing a provisional outturn report was discounted.
- 7.2 In order to ensure the necessary budgets are in place to support service delivery a delegation has been requested to action the approved carry forwards as opposed to waiting for Cabinet in September which would be over 6 months into the financial year.

8. Consultation

8.1 The Outturn report is presented to the Governance & Audit Committee and will also be presented to the Finance & Economic Overview and Scrutiny Committee on 24 July 2025 before they provide feedback for Cabinet to consider at its meeting on 9 September 2025.

9. Appendices

9.1 Appendix A – 2024/25 HRA Significant Variance Analysis

9.2 Appendix B – 2024/25 HRA Capital Programme – Outturn