

2022-23 HRA Outturn

1. The Housing Revenue Account (HRA) is a separate account within the council that ring-fences the income and expenditure associated with the council's housing stock. The HRA does not therefore directly impact on the council's wider general fund budget.
2. Within the HRA the Council operates 9,570 tenanted properties. The management agreement with Poole Housing Partnership (PHP) was terminated on 30th June 2022 and all properties are now managed in-house by the council.

Revenue account

	Budget £000	Full year actuals £000	Variance £000
Income			
Dwelling rents	(45,043)	(45,568)	(525)
Non-dwelling rents	(270)	(241)	29
Charges for services and facilities	(2,103)	(2,264)	(161)
Contributions to expenditure	(381)	(607)	(226)
Total income	(47,797)	(48,680)	(883)
Expenditure			
Repairs and Maintenance	10,036	12,774	2,738
Supervision and Management	13,549	12,752	(797)
Rent, rates, taxes and other charges	427	468	41
Bad or doubtful debts	400	333	(67)
Total expenditure	24,412	26,327	1,915
Net operating (surplus) / deficit	(23,385)	(22,353)	1,032
Capital charges			
Debt management costs	186	192	6
Depreciation	11,791	12,396	605
Net interest payable	5,446	4,804	(642)
Total capital charges	17,423	17,392	(31)
Net (surplus) / deficit	(5,962)	(4,961)	1,001
Appropriations			
Contribution to funding of capital expenditure	0	410	410
Transfer to HRA reserve	5,962	4,551	(1,411)
Total appropriations	5,962	4,961	(1,001)

3. Dwelling rents: Total rental income of £45.6m was £0.5m favourable to budget. The favourable outturn was primarily due to the additional rental income received from new-build properties that have been completed but which were not included in the budget.
4. Charges for services and facilities: Income of £2.3m was £0.2m favourable to budget due to higher charges for communal utility costs.
5. Contributions to expenditure: Income of £0.6m was £0.2m favourable to budget due to higher-than-expected insurance reimbursements received during the year.
6. Repairs & Maintenance: Total expenditure of £12.8m was £2.7m adverse to budget. Repair costs have experienced significant inflationary cost pressures during the year. For example, the schedule of rates for Poole neighbourhood response repairs was increased by 9.8% at the start of August in accordance with the contract, which references increases to the prevailing rate of CPI inflation. Building materials inflation

has been significantly higher than CPI. This, together with high volumes of response repairs, resulted these exceeding the £3.2m budget by £1.0m. Planned repairs also exceeded budget significantly, with inflationary effects exacerbated by the need to catch-up on a backlog of electrical testing.

7. Supervision and Management: Total costs of £12.8m were £0.8m favourable to budget. Savings from no longer incurring PHP board and senior management costs amounted to £0.5m. Also, there was no need to utilise any of the £0.3m contingency fund that the HRA holds.
8. Charge for bad and doubtful debts: Charge of £0.3m for the year was £0.1m favourable to budget.
9. Depreciation: This is a notional charge to the revenue account. The amount is calculated by formula based on fixed asset values.
10. Net interest payable: Total net interest payable of £4.8m was £0.6m favourable to budget. This was due to higher-than-expected interest income due to higher interest rates. Also, the budget envisaged the HRA would have to borrow more during the year to fund its capital programme. However, due to slippage in the programme, no new borrowing was required.
11. Net surplus: The Revenue account produced a net surplus of £5.0m for the year. This was £1.0m below budget due to the net effect of the variances listed above. This surplus has been transferred to the ringfenced HRA reserves and will be used to support future capital investment in the existing stock and new-build housing.

Capital programme

12. In February 2022 Council approved an HRA capital programme budget of £63.1m for 2022/23. This included £48.1m investment in major projects, including those delivered as part of the council newbuild housing & acquisitions strategy (CNHAS)) and £15m in planned maintenance. Unspent approved capital budget on major projects of £7.8m was brought forward from the prior year and added to the 2022/23 capital budget allocation.

	Original Budget £000	Full year actuals £000	Variance £000
Planned maintenance	14,989	13,950	(1,039)
New-build projects	40,479	12,865	(27,614)
Purchase of existing houses	3,000	835	(2,165)
Other major projects (Admiral, Sterte cladding)	4,599	4,825	226
Total capital expenditure	63,067	32,475	(30,592)
Funded by:			
Current year surplus I & E	-	410	
HRA Reserve	5,913	7,972	
Major Repairs Reserve	12,786	13,156	
New-build Reserve	4,744	2,778	
Capital receipts	8,899	6,180	
Grants	1,125	1,270	
S106 contributions	550	709	
Borrowing	29,050	-	
Total funding of capital expenditure	63,067	32,475	

13. The planned maintenance programme, which covers capital maintenance such as kitchen and bathroom replacements, spent 93% of its budget during the year.
14. The CNHAS programme significantly underspent its budget during the year. Actual expenditure was £12.9m vs a budget of £40.0m.
15. A total of 23 new housing units were completed and tenanted during the year at the Moorside Road and Northbourne Day Centre sites. Also, construction of the 22 units at Alice Gardens have been completed but the council has not yet taken possession from the contractor as there are outstanding planning conditions to be discharged.
16. Other projects currently in the construction phase, including Herbert Avenue, Wilkinson Drive and Cabbage Patch car park, are due to deliver a further 49 units of housing in 2023/24.
17. The slippage in spending by the CNHAS programme was primarily due to the Princess Road, Templeman House and Hillbourne School sites not yet reaching construction phase.
18. Other major projects expenditure comprises Project Admiral, the major refurbishment of the four tower blocks in Poole old town, and the re-cladding of the Sterte towers. In December 2022 a £0.5m increase in the budget for Sterte was approved by Cabinet. An increase of £1.8m in the budget for Project Admiral to enable its progression to completion was approved by the chief executive in May 2023.
19. Funding of the capital programme: The 2022/23 HRA budget forecast that the HRA would need to borrow £29.0m to fund the capital expenditure for the year. Because of the slippage experience by the CNHAS programme, the HRA has been able to fund all capital expenditure from the various ringfenced reserves and capital receipts that it holds, without recourse to new borrowing.