

Quarter One 2025-26 HRA Forecast

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. Within the HRA the Council manages approximately 9,610 tenanted properties.
2. The 2025-26 HRA budget was approved by Council in February 2025. It budgeted for total income of £58.5m for the year and a net surplus of £4.1m.

Revenue account monitoring at quarter one

	2025-26 Budget £000	Full year forecast £000	Variance £000
Income			
Dwelling rents	(54,001)	(54,001)	0
Non-dwelling rents	(276)	(236)	40
Charges for services and facilities	(3,768)	(3,720)	48
Contributions to expenditure	(438)	(447)	(9)
Total income	(58,483)	(58,404)	79
Expenditure			
Repairs and Maintenance	14,031	14,110	79
Supervision and Management	18,373	18,406	33
Rent, rates, taxes and other charges	447	451	4
Bad or doubtful debts	400	400	0
Total expenditure	33,251	33,367	116
Net operating (surplus) / deficit	(25,232)	(25,037)	195
Capital charges			
Debt management costs	377	377	0
Depreciation	15,300	15,300	0
Net interest payable	5,425	5,275	(150)
Total capital charges	21,102	20,952	(150)
Net (surplus) / deficit	(4,130)	(4,085)	45
Appropriations			
Transfer to HRA reserve	4,130	4,085	(45)
Total appropriations	4,130	4,085	(45)

Commentary on variances

3. Dwelling rents and other income: The forecast outturn for all categories of income is broadly in line with budget.
4. Repairs & Maintenance: The forecast full-year outturn is broadly in line with budget. In previous years this budget has experienced repeated cost overruns and current year repair activity levels are high, particularly in relation to damp and mould issues. Therefore, repairs & maintenance costs will be monitored carefully throughout the year to identify and manage cost pressures.
5. Supervision and Management: Whilst the forecast full-year outturn is in line with budget, there are several offsetting over/under-spends. Current year expenditure on the new housing management system will be higher than budget, due to the timing of when the provider NEC bill their implementation costs. Communal utility costs are

currently forecast to be lower than budget, but the final outturn will be dependent on the level of winter prices.

6. Depreciation: The forecast depreciation charge of £15.3m is in line with budget and is consistent with the actual charge for 2024/25.
7. Net interest payable: The £0.15m favourable forecast is because start-of-year HRA reserve balances are higher than were expected when the budget was set. Some of these reserve balances can be used to fund current year capital expenditure, rather than having to undertake new borrowing for funding. The reduced requirement for new borrowing will result in a reduction in borrowing costs.

Capital programme

8. The HRA budget paper set out a capital programme of £43.0m for 2025/26. This included £25.2m investment in new-build projects delivered as part of the council newbuild housing & acquisitions strategy (CNHAS) and £17.2m in planned maintenance.

	2025-26 Budget £000	Full year forecast £000	Variance £000
New-build projects	25,202	27,970	2,768
Purchase of existing houses	500	169	(331)
Other major projects (Admiral, Sterte cladding)	100	93	(7)
Planned maintenance	17,202	17,202	0
Total capital expenditure	43,004	45,434	2,430

9. New-build projects: Actual expenditure on the new-build capital programme in 2025/26 is forecast to be £28.0m, £2.8m higher than the original budget. This is due to the rescheduling of some expenditure that had been expected to be incurred in 2024/25 into the current year, principally in relation to the Hillbourne school development and Constitution Hill demolition works.
10. There are eight schemes with planned expenditure in the HRA during this financial year: Templeman House, Hillbourne school development, Constitution Hill, Craigmore Avenue, Grants Close, Surrey Road, Oakdale Infill and Hawkwood Road residential.
11. Purchase of existing houses: The forecast spend for the year relates to the buy-back of the last of the leasehold flats at Trinidad Village which took place in quarter one. All six flats have now been bought back. Whilst the HRA receives right-of-first-refusal to repurchase ex-local authority properties, high borrowing costs mean that repurchases are currently not financially viable.
12. Planned maintenance programme: This covers capital maintenance such as kitchen, bathroom and boiler replacements. Activity and expenditure in quarter one was behind budget due to the need to divert labour away from HRA capital programmes to the general fund purchase and repair programme and servicing programmes. The current forecast assumes that activity and expenditure will return to budgeted level over the remainder of the year. To facilitate this, in-house repairs team resources are being expanded and deployed back to the HRA. Also, a contract with an external contractor for kitchen and bathroom replacements is being extended for a further six months to increase capacity.