

Quarter Three 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 last February. It budgeted for total income of £58.5 million for the year and a net surplus of £4.1 million.

Revenue account monitoring at quarter three

	2025-26 Budget £000	Full year forecast £000	Variance £000
Income			
Dwelling rents	(54,001)	(54,001)	0
Non-dwelling rents	(276)	(258)	18
Charges for services and facilities	(3,768)	(3,588)	180
Contributions to expenditure	(438)	(549)	(111)
Total income	(58,483)	(58,396)	87
Expenditure			
Repairs and Maintenance	14,031	15,828	1,797
Supervision and Management	18,373	17,617	(756)
Rent, rates, taxes and other charges	447	382	(65)
Bad or doubtful debts	400	400	0
Total expenditure	33,251	34,227	976
Net operating (surplus) / deficit	(25,232)	(24,169)	1,063
Capital charges			
Debt management costs	377	380	3
Depreciation	15,300	15,300	0
Net interest payable	5,425	4,725	(700)
Total capital charges	21,102	20,405	(697)
Net (surplus) / deficit	(4,130)	(3,764)	366
Appropriations			
Transfer to HRA reserve	4,130	3,764	(366)
Total appropriations	4,130	3,764	(366)

Commentary on variances

3. Dwelling rents: The forecast outturn is in line with budget.
4. Charges for services and facilities: Service charge income is forecast to be £0.2m adverse to budget. This is due to lower-than-expected service charges for communal utilities due to the underlying utility costs being lower than budgeted.
5. Other income: The forecast outturn is broadly in line with budget.
6. Repairs & Maintenance: The forecast full-year outturn is £1.8m adverse to budget, a deterioration of £0.7m compared with quarter two. The very high volumes of response repairs being experienced has continued and increased in quarter three. Volumes are 45% higher than budgeted and this heightened level of activity is expected to continue for the remainder of the year. The accelerated programme of stock condition surveys being undertaken has contributed to the high volume of response repairs, as has the

work being undertaken to address damp and mould issues. This has been compounded by the very cold and wet weather experienced recently, which has resulted in increased boiler and roofing repairs.

7. Supervision and Management: Forecast costs are £0.7m lower than budget. This is due to:

	Variance £m
Staff vacancies	(0.5)
Lower utility costs	(0.2)
Underspend on New-build feasibility studies	(0.1)
Offset by: Additional new Housing Management system license fees	0.1
Total Supervision and Management variance	(0.7)

8. Depreciation: The forecast depreciation charge of £15.3m is in line with budget and is consistent with the actual charge for 2024/25.

9. Net interest payable: The £0.7m favourable forecast is because start-of-year HRA reserve balances are higher than were expected when the budget was set. The HRA Earns interest on these balances. Also, some of these reserve balances can be used to fund current year capital expenditure, reducing the requirement for new borrowing and the associated borrowing costs.

10. Net surplus for the year: The forecast net surplus of £3.7m is £0.4m less than budgeted due to the repairs overspend offset by the underspends on Supervision & Management and Net interest payable.

Capital programme

11. 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	27,495	2,293
Purchase of existing houses	500	181	(319)
Other major projects (Admiral, Sterte cladding)	100	93	(7)
Planned maintenance	17,202	16,702	(500)
Total capital expenditure	43,004	44,471	1,467

12. New-build projects: Actual expenditure on the new-build capital programme in 2025/26 is forecast to be £27.5m, £2.3m 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.

13. There were originally 8 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. However, Surrey Road will transfer back to the General Fund because the conditions of the MHCLG grant are not compatible with HRA tenancies.

14. Updates on the main schemes are as follows:

- Templeman House is on course to be completed in February 2026.
- The Hillbourne development is on course to be completed in August 2026. There is an estimated £0.4m Homes England grant risk for this project due to a delay in completion date. Discussions are in progress with Homes England and the contractor to mitigate this risk.
- The construction start date at the Hawkwood Road residential site has been delayed due to ongoing discussions with the NHS regarding the letting of the ground floor space. A separate update report will be presented to Cabinet.

15. 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.

16. Planned maintenance programme: This covers capital maintenance such as kitchen, bathroom and boiler replacements. Activity and expenditure have recovered from the low level experienced at the start of the year. The current forecast now assumes that total planned maintenance capital expenditure will be in line with budget except for the £0.5m contingency budget, which is not expected to be utilised.