Appendix D

Quarter One 2026-27 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 9,600 tenanted properties.

2. The 2026-27 HRA budget was approved by Council last February. It budgeted for total income of £61.2 million for the year and a net surplus of £3.2 million.

Revenue account monitoring at quarter one

	2026-27 Budget £000	Full year forecast £000	Variance £000
Income			
Dwelling rents	(57,123)	(57,123)	0
Non-dwelling rents	(270)	(270)	0
Charges for services and facilities	(3,464)	(3,464)	0
Contributions to expenditure	(333)	(521)	(188)
Total income	**(61,190)**	**(61,378)**	**(188)**
Expenditure			
Repairs and Maintenance	16,505	16,366	(139)
Supervision and Management	18,833	18,833	0
Rent, rates, taxes and other charges	337	324	(13)
Bad or doubtful debts	500	500	0
Total expenditure	**36,175**	**36,023**	**(152)**
Net operating (surplus) / deficit	**(25,015)**	**(25,355)**	**(340)**
Capital charges			
Debt management costs	389	389	0
Depreciation	16,000	16,000	0
Net interest payable	5,475	5,475	0
Total capital charges	**21,864**	**21,864**	**0**
Net (surplus) / deficit	**(3,151)**	**(3,491)**	**(340)**
Appropriations			
Transfer to HRA reserve	3,151	3,491	340
Total appropriations	**3,151**	**3,491**	**340**

<u>Commentary on variances</u>

3. Dwelling rents and other income: The forecast outturn for rental income and service charges are in line with budget. Contributions to expenditure is forecast to be £0.2m favourable to budget due to insurance recoveries and rechargeable repairs.

4. Repairs & Maintenance: The forecast full-year outturn is broadly in line with budget, The current year budget represents a £2.5m (18%) increase on the previous year, when there was a significant overspend. This is to take account of increased volumes, high materials cost inflation and increased compliance costs resulting from new regulations. New procedures have been implemented to closely monitor repairs expenditure in order that timely corrective action can be taken if budget pressures are identified. The small forecast underspend is due to delay in the recruitment of the new compliance team.

5. Supervision and Management: Whilst the forecast full-year outturn is in line with budget, there are offsetting over/under-spends. BCP Homes has had to utilise additional consultants to assist with implementing the new housing management system, resulting in additional costs. Offsetting this are the savings from various staff vacancies resulting from the delay in implementing the BCP Homes restructure.

6. Depreciation: The forecast depreciation charge of £16.0m is in line with budget and is consistent with the actual charge for 2025/26.

7. Net interest payable: During 2025/26 the HRA increased its borrowing by £14.2m to fund its capital programme. This was £4.6m higher than forecast when the budget was set, due to the Project Admiral adjudication award and timing differences in the receipt of other funding sources. The higher interest cost that results from the additional borrowing is forecast to be offset by higher interest earned on reserve balances due to higher-than-expected short-term interest rates.

Capital programme

8. The HRA budget paper set out a capital programme of £43.1m for 2026/27. This included £17.4m investment in new-build projects delivered as part of the council newbuild housing & acquisitions strategy (CNHAS) and £24.9m in planned maintenance.

	2026-27 Budget £000	Full year forecast £000	Variance £000
New-build projects	17,353	21,812	4,459
Purchase of existing houses	500	0	(500)
Planned maintenance	24,920	23,160	(1,760)
Other capital expenditure	310	310	0
Total capital expenditure	**43,083**	**45,282**	**2,199**

9. New-build projects: Actual expenditure on the new-build capital programme in 2026/27 is forecast to be £21.8m, £4.5m higher than the original budget. This is due to the rescheduling of some expenditure that had been expected to be incurred in 2025/26 into the current year, principally in relation to the Hillbourne school and Hawkwood Road developments.

10. There are 5 schemes with planned expenditure in the HRA during this financial year: Hillbourne school, Surrey Road, Hawkwood Road, Constitution Hill and Oakdale. Constitution Hill and Oakdale have yet to receive budget approval for the construction phase.

11. Purchase of existing houses: This budget was approved in order to give the HRA the flexibility to repurchase ex-local authority stock when there are specific circumstances that would make this beneficial for the HRA. We currently do not expect this budget to be utilised in 2026/27.

12. Planned maintenance programme: This covers capital maintenance such as kitchen, bathroom and boiler replacements. The current forecast assumes that the capital contingency budget will not need be utilised during the year.