

**SUBJECT: FINANCIAL PERFORMANCE – OUTTURN 2024/25**

**REPORT BY: CHIEF EXECUTIVE & TOWN CLERK**

**LEAD OFFICER: LAURA SHIPLEY, FINANCIAL SERVICES MANAGER**

**1. Purpose of Report**

- 1.1. To present to the Housing Scrutiny Sub Committee (HSSC) the provisional 2024/25 financial outturn position on the Council's revenue and capital budgets, including:

- Housing Revenue Account
- Housing Repairs Service
- Capital Programmes

and to provide details of changes to the capital programmes.

- 1.2. Financial Procedure Rules require members to receive, on a quarterly basis, a report prepared jointly by the Chief Finance Officer and Corporate Management Team commenting on financial performance to date. This report is designed to meet this requirement.
- 1.3. It should be noted that the financial outturn is still subject to Audit by KPMG, the Council's external auditors.

**2. Lincoln Tenants Panel Consultation**

- 2.1. Lincoln Tenants Panel are invited to comment on the content of this report.

**3. Executive Summary**

- 3.1. This report covers the Housing Revenue Account budgets and Investment Programmes for the current financial year and sets out the provisional financial outturn position.
- 3.2. During the last quarter of 2024/25, the position on the Housing Revenue Account (HRA) and Housing Repairs Service (HRS) has remained positive with budget surpluses/additional contributions to reserves achieved across the HRA at the end of the financial year.
- 3.3. Despite this positive outturn position the Council continues to face cost pressures in future years, above those already factored into the Medium Term Financial Strategy (MTFS). The positive outturn in 2024/25 has been largely driven by reduced borrowing costs and investment income with interest rates continuing above the levels assumed within the MTFS. This will not be the case in 2025/26 with budgets adjusted to reflect the base rate forecast, and new

demand/activity/rent levels, as such strong financial discipline and delivery of the savings targets underpinning the MTFS will remain critical in ensuring the Council maintains a sustainable financial position in the medium term.

- 3.4. The table below sets out a summary of the financial position of the Housing Revenue Account and Housing Repairs Service for the financial year 2024/25, based on the provisional outturn:

Revenue Accounts	2024/25		
	Budget £'000	Actual £'000	Variance £'000
Housing Revenue Account – Contribution (to)/from balances	101	(52)	(153)
Housing Repairs Service – (surplus)/deficit	0	(113)	(113)*

\*any HRS variance is repatriated to the HRA and as such included within the HRA balances above

Capital Programmes	2024/25		
	Budget following Q3 Report £'000	Revised Outturn Budget £'000	Movement £'000
Housing Investment Programme	17,411	16,308	(1,104)

Balances	2024/25		
	Budgeted Balance @ 31/03/25 £'000	Actual Balance @ 31/03/25 £'000	Movement £'000
Housing Revenue Account Balances	(1,030)	(1,183)	(153)

Reserves	2024/25		
	Opening Balance @ 01/04/24 £'000	Actual Balance @ 31/03/25 £'000	Movement £'000
HRA Earmarked Reserves	(4,507)	(5,588)	(1,081)

- 3.5. The detailed financial position is shown in sections 4-7 and accompanying appendices.

#### 4. Housing Revenue Account

- 4.1. For 2024/25 the Council's HRA net revenue budget was set with a planned contribution from balances of £101,220, resulting in an estimated level of general balances at the yearend of £1,030,024 (after allowing for the 2023/24 outturn position).

- 4.2. The financial performance quarterly monitoring report for the 3<sup>rd</sup> quarter predicted an underspend of £714,390 (before additional transfers to earmarked reserves and carry forward requests). The provisional outturn for 2024/25 now indicates an overall budget underspend of £1,557,873 (before additional transfers to earmarked reserves and carry forward requests). Based on this position, additional transfers to earmarked reserves and carry forward requests totalling £1,404,580 have been proposed resulting in an overall budget underspend of £153,293. This would result in HRA balances as at 31<sup>st</sup> March 2025 of £1,183,317. A summary if the HRA can be found at Appendix A.
- 4.3. There are a significant number of variations in income and expenditure against the approved budget, full details of the main variances are provided in the Appendix B, while the table below sets out the key variances:

<b>Housing Revenue Account</b>	<b>Outturn</b>
<b>Year-end key variances:</b>	<b>£'000</b>
Increased Investment Interest & Reduced Borrowing Costs	(334)
Additional Rental Income	(228)
Staff Vacancy Savings	(218)
Increase Admin Overhead Recharges to Capital on External Contracts	(162)
Reduced Repairs Programme Costs	(112)
<u>Less:</u>	
Net additional contributions to Earmarked Reserves	600
Increased contribution to Bad Debt Provision	238
Additional contribution to the Major Repairs Reserve	386
National Pay Award Settlement	119
<u>HRS Recharges:</u>	
Housing Repairs Service Overall Surplus Repatriation	(113)
HRS Repairs – Increased Responsive jobs	498
HRS Repairs – Reduced level of Voids, Aids & Adaptations and Cleansing jobs	(846)
Net Other Variances	19
<b>Overall deficit/(surplus)</b>	<b>(153)</b>

- 4.4. Some of the key variances have arisen as a result of external variables, e.g. economic factors, service demands etc, which differ from the budgeted assumptions. However, in addition, the HRA and HRS continue to experience a number of other variances due to demand pressures and continued recruitment and retention challenges. These main variances, both positive and negative, cover:
- Pay settlement inflation pressure - the impact of the nationally agreed pay award is in excess of the assumptions included within the MTFS. The 2024/25 pay award, agreed by the National Employers for Local Government Services, provided either a flat rate increase of £1,290 (prorate) or a 2.5% increase to all staff dependant on pay spinal point, equivalent to a 5.7% increase for the lowest paid members of staff.

- Borrowing costs – as a result of a delay in the anticipated reduction of the Bank of England Base Rate, which has only dropped marginally from 4.75% to 4.5% at quarter four, the Council have benefitted from reduced borrowing costs due to the continued strategy to review the reprofiling of loans and maintain adequate resource to reduce the level of budgeted borrowing while interest rates are still high.
  - Investment income – in addition to savings on interest payable, the ongoing high base rate has increased the level of interest earned on the Council's cash balances over and above the levels anticipated within the MTFS.
  - Rental income – income levels are higher than anticipated due to a higher than budgeted opening Housing stock at the start of the financial year.
  - Bad Debt Provision – an increase in tenant arrears in year, as a result of resource issues within the recovery team, has increased the level of provision required for doubtful debts.
  - Repairs Programme costs – a change in the nature of works on the Council's housing stock in year has resulted in an increase in works eligible to be funded through the capital investment programme. In addition, an increase in the eligible admin recharge to capital has arisen from the increase in the investment programme contracts.
  - HRS Repairs – while there has been a net reduction in repairs recharges from the HRS to the HRA, there has been a switch in the nature of HRS rechargeable works anticipated this year with a significant increase in demand for responsive repairs, wholly offset by a reduction in the level of voids repairs, aids and adapts and cleansing works.
- 4.5. Included within these variances is the HRS outturn position which was a surplus of £113k. This surplus is consequentially repatriated to the HRA, as a result of the information set out in Section 5 below.
- 4.6. The potential impact beyond 2024/25 of these changes in key variables has been assessed and has in some cases has required future years budgets to be reset as part of the refreshed MTFS 2025-2030. The additional staff costs arising as a result of the pay award are unavoidable and have required an ongoing increase in future pay budgets. In relation to housing repairs, the Housing Directorate Management Team continue work on the individual repairs service areas, i.e. Aids & Adaptations, Voids, Responsive Repairs etc, in order to review and manage demand and cost drivers. Work also continues within the HRA and HRS to address the recruitment and retention challenges, (this also forms part of a wider scope of work developing the Council's Workforce Development Strategy), which is already seeing some success with a reduction in level of vacancies.

#### 4.7. HRA Earmarked Reserves

#### 4.8. Carry Forward Requests

Financial Procedure Rules state that Assistant Directors are able to carry forward any budget provision not utilised during the financial year, to be used for the same purpose, in future years subject to the HRA as a whole not being overspent. The provisional outturn of a £199,090 budget underspend includes a number of carry forward requests, in addition to those transfers to/from earmarked reserves already approved and budgeted for, as follows totalling £418,310:

<b>Reason for Carry Forward Request</b>	<b>Amount £</b>
HRA Electrical Testing – in year underspend contributed to reserves to manage the cyclical nature of works in future years.	202,230
Smoke Alarm/CO2 Detector Testing – in year underspend contributed to reserves to manage the cyclical nature of works in future years.	132,810
HRA Training – in year underspend contributed to reserves to fund compulsory competence framework training next financial year	17,960
Tenant Satisfaction Survey – retain unspent grant income to fund ongoing costs in relation to tenant satisfaction measures.	18,290
HRS Social Value – transfer of contractor SV contributions to support future initiatives.	47,020
<b>Total Carry Forward Requests:</b>	<b>418,310</b>

These carry forward requests are included in the forecast outturn position.

#### 4.9. Transfers to Reserves

In addition to the above carry forward requests, a number of requests for additional transfers to reserves have been made, whereby the HRA have requested a transfer to a new, or existing, reserve from underspent budgets, to be used for alternative purposes or to mitigate risks in future years, subject to the HRA as a whole not being overspent. Based on the provisional outturn position for 2024/25, all of request(s) are shown below totalling £986,270:

<b>Reason for Reserve Transfer</b>	<b>Amount £</b>
Housing Business Plan – as part of the HRA 30 year BP a commitment was made to review the high rise provision and, where necessary, fund remediation requirements.	200,000
Regulator of Social Housing – service improvement acceleration in line with Core Service Improvements (specifically Tenancy Services) as required by 30 Year BP.	200,000

Invest to Save – to provide further resources for future invest to save opportunities.	100,000
HRA Training – to support future compulsory competence framework training requirements.	100,000
Major Repairs Reserve – to provide direct revenue financing of costs associated with the Council's Radon response.	200,000
Major Repairs Reserve – to provide direct revenue financing of additional HITREP project costs.	186,270
<b>Total Transfer to Reserves Requests:</b>	<b>986,270</b>

These additional reserve contributions are included in the forecast outturn position.

- 4.10. Following contributions to earmarked reserves the underspend of £153,293 would result in HRA general balance of £1,118,317 as at 31<sup>st</sup> March 2025, remaining within prudent levels.
- 4.11. The level of each of the current earmarked reserves, as at 31<sup>st</sup> March 2025 is attached at Appendix E. The appendix takes account of the contributions to earmarked reserves agreed as part of the revised budget and the drawdown of funding to cover expenditure and the additional transfers set out in para. 4.8 and 4.9 above.

## 5. Housing Repairs Service

- 5.1. For 2024/25 the Council's HRS net revenue budget was set at zero, reflecting its full cost recovery nature.
- 5.2. The outturn for 2024/25 shows the HRS had a surplus of £112,647 which was repatriated to the HRA, Appendix C provides a forecast HRS Summary. Full details of the main variances are provided within Appendix D of this report, while the key variances are summarised below:

<b>Housing Repairs Service Year-end key variances:</b>	<b>Outturn £'000</b>
Increased use of sub-contractors and increases in sub-contractor prices	840
Income shortfall as a result of a lower level of voids, aids & adapts and cleansing jobs	307
Increased skip hire costs	137
National Pay Award settlement	47
Less:	
Income surplus as a result of increase in responsive repairs, quoted jobs & other works	(666)
Staff vacancies due to recruitment and retention challenges	(409)
Decrease in material costs	(217)
Decrease in central support charges from the General Fund and HRA	(134)

Net other variances	(18)
<b>Overall deficit/(surplus)</b>	<b>(113)</b>

5.3. While overall the HRS has achieved a positive year-end position, with an overall budget underspend, there are still a number of significant income and expenditure variances. These main variances, both positive and negative, cover:

- Whilst the position is improving, the HRS is still being impacted by recruitment challenges, with continued difficulties in attracting and retaining staff resulting in a greater reliance on the use of sub-contractors to ensure that service demands are met. The cost of using subcontractors is however more expensive than the HRS's own workforce, due to the ongoing impact of inflationary factors.
- Additionally, the HRS are seeing increased levels of work in relation to regulatory compliance, such as damp and mould remediation and installation of fire doors, this is increasingly affecting the capacity to carry out routine works, further compounding the reliance on sub-contractors.
- As the increased subcontractor costs are not reflected in the service hourly rate an overhead recovery is not recouped on sub-contractors this results in an under recovery of full costs from the HRA. However, due to the change in nature of works this year and the increase in responsive repairs, which are predominantly performed by our own labour force, the HRS has seen an increase in income which does attract the overhead recovery rate.
- The outturn position also includes the impact of the national pay award settlement, which is in excess of the assumptions included within the MTFS as outlined in the HRA variances.

5.4. While the outturn position for the HRS is a budget underspend this year, ongoing there still remains uncertainty in terms of service demands, due to increasing workloads linked to regulatory compliance works. The HRS are currently reviewing options to deliver these increased demands whilst avoiding the need to engage in premium sub-contractors, as such it is essential that the tight controls are maintained, whilst this exercise is ongoing, to mitigate against a deterioration in financial performance in 2025/26.

## 6. Earmarked Reserves

- 6.1. The Council holds a number of earmarked revenue reserves within the HRA. These reserves are sums set aside for specific purposes and to mitigate against potential future known or predicted liabilities. Key reserves include Housing Repairs, HRA Strategic Priorities, HRA Invest to Save, HRA IT and Disrepairs Management, etc. A number of these reserves are budgeted for use over the period of the MTFS.
- 6.2. The details of all the earmarked reserves and their balance as at 31<sup>st</sup> March 2025 are attached in Appendix E, with further details in the MTFS 2025-2030. In summary:

<b>Earmarked Reserves</b>	<b>Opening Balance 01/04/24 £'000</b>	<b>Increase £'000</b>	<b>Decrease £'000</b>	<b>Closing Balance 31/03/25 £'000</b>
Housing Revenue Account	4,507	1,436	(355)	5,588

## 7. Capital Programme

### 7.1. Housing Investment Programme

- 7.2. The revised Housing Investment Programme for 2024/25 amounted to £17.615m following the Quarter 3 position. At quarter 4 the programme has been decreased by £1.308m to £16.308m, as shown below:

<b>Housing Investment Programme</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>
Revised Budget at Q3	<b>17,411</b>	<b>19,600</b>	<b>15,216</b>	<b>13,736</b>	<b>12,095</b>
Budget changes for approval – Quarter 4	(1,104)	1,928	90	110	0
<b>Revised Budget</b>	<b>16,308</b>	<b>21,528</b>	<b>15,306</b>	<b>13,847</b>	<b>12,095</b>

- 7.3. New schemes, over an approved limit, are subject to Executive approval, during quarter 4 the following schemes were subject to separate Executive approval:

<b>Changes requiring Executive approval</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>
Jasmin Green (Executive 24/03/25)	0	550	0	0	0
<b>Total changes requiring Executive Approval</b>	<b>0</b>	<b>550</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 7.4. New schemes, over an approved limit, are subject to Executive approval, the following new schemes require Executive approval:

<b>Changes requiring Executive approval</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>
Radon Remediation – set aside of surplus revenue funds for future requirements (funded from DRF)	0	200	0	0	0
<b>Total new schemes requiring Executive Approval</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 7.5. Changes to current schemes, over an approved limit, are subject to Executive approval. There have been the following changes to current schemes in quarter 4 requiring Executive approval are as follows:



<b>Changes requiring Executive approval:</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>
<b>Budget Under/Overspends returned to available resources (major repairs reserves)</b>					
Kitchen Improvements	(154)	0	0	0	0
Replacement Door Entry Systems	(208)	0	0	0	0
<b>Increased budget allocations</b>					
DH Central Heating Upgrades (funded from major repairs reserve)	65	212	0	0	0
Property Acquisitions	204	0	0	0	0
Lincoln Standard Windows Replacement (funded from major repairs reserve)	476	0	0	0	0
Housing Support Services Computer Fund (funded from DRF)	0	96	90	0	0
<b>Total changes requiring Executive Approval</b>	<b>383</b>	<b>309</b>	<b>90</b>	<b>0</b>	<b>0</b>

- 7.6. The Chief Finance Officer has delegated authority to approve financial changes up to an approved limit, or to reprofile the budget, as set out under Financial Procedure Rules. The following changes and reprofiles were approved during Quarter 4:

<b>Changes approved by the Chief Finance Officer:</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>
<b>Reprofiled Budgets to other years</b>					
Environmental Works	(110)	0	0	110	0
Victory Hotel Site	250	(250)	0	0	0
Jasmin Green	(50)	50	0	0	0
Housing Support Services Computer Fund	(17)	17	0	0	0
Charterholme	(486)	486	0	0	0
Property Acquisitions	(567)	567	0	0	0
<b>Budget Under/Overspends returned to available resources (major repairs reserve and DRF)</b>					
Bathrooms & WC's	13	0	0	0	0
Thermal Comfort Works	(8)	0	0	0	0
Rewiring	(11)	0	0	0	0
Re-roofing	29	0	0	0	0
Structural Defects	(62)	0	0	0	0
New Services	(20)	0	0	0	0
Door replacement	(12)	0	0	0	0
Aids & Adaptions	(3)	0	0	0	0

Over bath showers	(36)	0	0	0	0
Communal TV Aerials	(2)	0	0	0	0
Fire Doors	(47)	0	0	0	0
Fire Alarms	1	0	0	0	0
Landscaping & Boundaries	1	0	0	0	0
Asbestos Removals	(23)	0	0	0	0
Asbestos Surveys	(46)	0	0	0	0
Communal Electrics	(13)	0	0	0	0
Garages	(8)	0	0	0	0
Void Capitalised Works	(88)	0	0	0	0
Fire Compartment Works	(47)	0	0	0	0
Thurby Crescent	(7)	0	0	0	0
<b>Budget Under/Overspends returned to available resources (Capital Receipts)</b>					
Charterholme	(79)	0	0	0	0
New Build Capital Salaries	(31)	0	0	0	0
Property Acquisitions	(11)	0	0	0	0
<b>Total Changes Approved by the CFO</b>	<b>(1,486)</b>	<b>870</b>	<b>0</b>	<b>110</b>	<b>0</b>
<b>Total HIP Delegated Approvals and Approvals by/for Executive</b>	<b>(1,104)</b>	<b>1,728</b>	<b>90</b>	<b>110</b>	<b>0</b>

7.7. The table below provides a summary of the projected outturn position for the Housing Investment Programme:

Housing Investment Programme – Outturn	2024/25			
	Budget Q3 £'000	Revised Budget Q4 £'000	Outturn £'000	Variance to Q3 Budget £'000
Decent Homes / Lincoln Standard	9,153	9,247	9,247	93
Health and Safety	580	304	304	(276)
Contingent Major Repairs / Works	0	0	0	0
New Build Programme	6,515	5,751	5,751	(764)
Other Schemes	856	715	715	(140)
Computer Fund / IT Schemes	306	290	290	(17)
<b>Total Capital Programme</b>	<b>17,411</b>	<b>16,308</b>	<b>16,308</b>	<b>(1,104)</b>

- 7.8. The overall expenditure on the Housing Investment Programme for the final quarter of 2024/25 was £16.508m, which is 93.66% of the budget. This is detailed further at Appendix G.

## **8. Strategic Priorities**

- 8.1. The MTFS underpins this policy and financial planning framework and set out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's vision and strategic priorities. Vision 2030 identifies the Council's strategic priorities, setting the vision and direction for the council and the city for the next five years. The proposals in this report allow the Council to maintain a balanced budget position in 2024/25 in order that it can continue to deliver services in support of Vision 2030.

## **9. Resource Implications**

- 9.1. The financial implications are contained throughout the report.

Under the Local Government Act 2003 the Chief Finance Officer (S151 Officer) is required to give Council an opinion on the robustness of the budget estimates and the adequacy of reserves. Based on the provisional outturn position on income and expenditure, the HRA has maintained a balanced budget position in the current financial year.

General Balances, on the HRA, are the only resource not ear-marked to a particular future need. The prudent minimum level of balance that should be maintained is £1m-£1.5m on the HRA. Based on the provisional outturn the level of balances as at 31<sup>st</sup> March 2025 will be maintained within, or in excess of, these ranges.

Although this report sets out positive outturn positions for the HRA, this does not mean that the financial issues for the Council are resolved. Beyond 2024/25 the Council is set to face ongoing pressures as a result of increasing baseline costs due to inflationary impacts, escalating service demands and income pressures. The Council will continue to face further financial challenges as it responds to the impact of these issues and an increased need to deliver ongoing reductions in the net cost base, as set out in the MTFS 2025-2030.

- 9.2. Legal implications including Procurement Rules

There are no legal implications arising from this report.

- 9.3. Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination;

- Advance equality of opportunity;
- Foster good relations between different people when carrying out their activities.

Due to the nature of the report, there are no direct equality, diversity, or human rights implications.

## 10. Risk Implications

A full financial risk assessment is included in the MTFS, this is continually reviewed in light of changes in the underlying financial assumptions. There are currently a significant number of critical risk factors to the budget and MTFS, with further details provided within the MTFS 2025-30.

## 11. Recommendations

HSSC are recommended to:

- 11.1. Note the provisional 2024/25 financial outturn for the Housing Revenue Account, Housing Repairs Service and Capital Programmes as set out in sections 3 – 7.

<b>Key Decision</b>	No
<b>Key Decision Reference No.</b>	N/A
<b>Do the exempt information categories apply?</b>	No
<b>Call in and Urgency:</b> Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply?	No
<b>Does the report contain appendices?</b>	Yes
<b>List of Background Papers:</b>	Medium Term Financial Strategy 2024-2025 Medium Term Financial Strategy 2025-2030
<b>Lead Officer:</b>	Laura Shipley, Financial Services Manager <a href="mailto:Laura.shipley@lincoln.gov.uk">Laura.shipley@lincoln.gov.uk</a>

## APPENDIX A

## HOUSING REVENUE ACCOUNT FUND SUMMARY – OUTTURN 2024/25

	Ref	Revised Budget £'000	Outturn £'000	Variance £'000
Gross Rental Income	A	(35,220)	(35,425)	(205)
Charges for Services & Facilities	B	(658)	(699)	(41)
Contribution towards Expenditure	C	(50)	(9)	41
Repairs Account – Income	D1	(68)	(166)	(98)
Supervision & Management – General	D2	(808)	(946)	(138)
Supervision & Management – Special	D3	(75)	(149)	(74)
Repairs & Maintenance	E	11,712	11,157	(555)
Supervision & Management – General	F1	7,627	7,779	173
Supervision & Management – Special	F2	1,897	2,008	111
Rents, Rates and Other Premises	G	861	826	(35)
Increase in Bad Debt Provisions	H	251	488	237
Insurance Claims Contingency	I	439	412	(27)
Contingencies	J	348	0	(348)
Depreciation	K	8,198	8,307	109
Impairments	L	0	0	0
Debt Management Expenses	M	16	9	(7)
HRS Trading (Surplus) / Deficit	N	0	(113)	(113)
<b>Net Cost of Service</b>	<b>O</b>	<b>(5,530)</b>	<b>(6,499)</b>	<b>(970)</b>
Loan Charges Interest	P	2,331	2,244	(87)
Investment/Mortgage Interest	Q	(427)	(674)	(247)
<b>Net Operating Inc/Exp</b>	<b>R</b>	<b>(3,626)</b>	<b>(4,930)</b>	<b>(1,304)</b>
Major Repairs Reserve Adjustment	T	3,423	3,809	386
Transfers to/from reserves	U	304	1,069	765
<b>(Surplus)/Deficit in Year</b>	<b>V</b>	<b>101</b>	<b>(52)</b>	<b>(153)</b>

### **Housing Revenue Account Variances – Outturn 2024/25**

The variances analysed in the table below exclude any technical adjustments and only cover the true under of overspends. Figures in brackets indicate an underspend of expenditure or additional income.

<b>Ref</b>		<b>£</b>	<b>Reason for variance</b>
	<b><u>Increased Expenditure</u></b>		
U	Transfers To/(From) Reserves	600,000	Net transfer to reserves (as outlined in paragraph 4.9 and Appendix G).
E	Repairs & Maintenance - HRS	498,080	Increased HRS expenditure on Responsive Repairs (£498k), offset by underspend above (net underspend £348k)
T	Revenue Contribution to Capital Outlay	386,270	Increased revenue contribution to Major Repairs Reserve to provide direct revenue financing of additional HITREP project costs & Radon remediation works.
H	Bad Debt Provision	237,520	Increase in tenant arrears as a result of reduced resources within the Recovery Team.
F1	Pay Award Impact	119,390	Impact of National Employers pay award settlement in excess of budgeted assumptions.
K	Depreciation	108,660	Increase in depreciation costs following revaluation of housing stock, offset by Major Repairs Reserve.
F1	Membership Fees	57,540	Membership Fee increases on Housing Ombudsman and additional Regulator of Social Housing annual subscription costs.
E	HRS Skips	49,200	Increased skip charge from HRS.
F1	Fly Tipping	46,160	Caretakers fly tipping cost increase.
F1	Grounds Maintenance	43,730	Net increase of Grounds Maintenance expenditure.
E	Asbestos Surveys & Removal	40,090	Reactive asbestos removal & survey costs
F1	Agency	39,170	Cost of agency staff to cover staff vacancies within Supervision & Management, offset by Vacancy savings above.
E	Gas Servicing of Central Heating	37,640	Gas Servicing of Central Heating increase in market prices and addition of relet costs.
F1	Tenancy Services	37,520	Increase in Postage and IT costs.

Ref		£	Reason for variance
F1	Supervision & Management	36,910	Increased expenditure primarily due to additional Housing IT costs.
	<b><u>Reduced Income</u></b>		
C	Court Costs	40,910	Reduction in recovered income from court costs as less cases in year than anticipated.
	Reduced Expenditure		
E	Repairs & Maintenance – HRS	(846,060)	Reduced HRS expenditure on Voids (£768k), Aids and Adapts (£77k) and Cleansing (£1k), wholly offsetting the increase on Responsive Repairs costs below (net underspend £348k).
F	Employee Costs	(376,404)	Reduced expenditure on employee costs due to staff vacancies, offset by agency costs below (excl. Pay Award below).
T	Revenue Contribution to Capital Outlay	(108,660)	Reduced contribution to Major Repairs Reserve to offset the increase in depreciation costs following revaluations of properties in year.
P	Loan Charges Interest	(86,870)	Reprofiling of loans and adequate resources resulting in reduction in planned borrowing costs.
E	Gas Maintenance	(68,530)	Reduced expenditure due to a change in nature between capital and revenue costs with more costs being eligible to be capitalised.
E	Fire Risk Surveys	(43,810)	New contractor to be engaged – unable to procure in 24/25 due to timing delays
	<b><u>Increased Income</u></b>		
Q	Investment Interest	(247,360)	Increased investment income as a result of higher interest rates.
D2	Supervision & Management: General	(162,110)	Increase in admin overhead recharges to capital on external contracts.
A	Gross Rental Income	(176,780)	Additional rental income as a result of higher than budgeted opening housing stock levels.
N	HRS Surplus/Deficit	(112,650)	HRS surplus position (refer to further detail in Section 5 and Appendix F).
B	Non Dwelling Rents	(50,880)	Reduction in void loss garage rental income

**HOUSING REPAIRS SERVICE SUMMARY – OUTTURN 2024/25**

	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Employees	4,107	3,745	(362)
Premises	193	161	(32)
Transport	440	231	(208)
Materials	1,561	1,344	(217)
Sub-Contractors	2,635	3,475	840
Supplies & Services	323	496	173
Central Support Charges	707	573	(134)
Capital Charges	0	185	185
<b>Total Expenditure</b>	<b>9,965</b>	<b>10,211</b>	<b>246</b>
Income	(9,965)	(10,324)	(359)
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(113)</b>	<b>(113)</b>



### **Housing Repairs Service Variances – Outturn 2024/25**

Figures in brackets indicate an underspend of expenditure or additional income.

	£	Reason for Variance
<b><u>Increased Expenditure</u></b>		
Sub-Contractors	840,426	Increased use of sub-contractors to meet void turnaround targets, new work streams and impact of Hermit Street properties becoming available.
Skip Hire	136,955	Increased usage of skips.
Employee Costs	46,570	Impact of the National Employers pay settlement, in excess of budget assumptions.
<b><u>Reduced Income</u></b>		
Voids, Aids & Adapts and Cleansing Works Income	306,826	Reduced income as a result of sub-contractor costs on overhead recovery and old SOR rates used for billing (pending update). Voids works at £201k, Aids & Adapts £87k and Cleansing works at £18k.
<b><u>Reduced Expenditure</u></b>		
Employee Costs	(408,412)	Vacancies within the Operative staff.
Premises	(31,603)	Reduction in utility forecasts due to delay in depot being in use.
Central Support Costs	(133,868)	Reduction in Corporate Support Service charges to the HRS due to savings within the General Fund and HRA.
Direct Materials	(217,408)	Reduction in material spend due to vacancies within the operatives.
<b><u>Increased Income</u></b>		
Response Repairs, Quoted Jobs & Other Income	(666,507)	Higher level of responsive work carried out by HRS Operatives, as a result of a switch in the nature of HRS works between voids and responsive repairs, generating increased income through the internal overhead recovery rate.

**EARMARKED RESERVES – OUTTURN 2024/25**

	Revised Opening Balance	In Year Increase	In Year Decrease	Closing Balance
	01/04/2024 £'000	£'000	£'000	31/03/2025 £'000
<b>HRA</b>				
Capital Fees Equalisation	110	-	-	110
Cyclical Smoke Alarm/CO2 Detector Testing	0	133	-	133
De Wint Court	73	-	-	73
De Wint Court Sinking Fund	113	74	-	187
Disrepairs Management	287	-	(31)	256
Housing Business Plan	842	200	(153)	889
Housing Repairs Service	76	-	(69)	7
HRA Electrical Testing	0	202	-	202
HRA IT	170	335	-	505
HRA Repairs Account	1,352	-	(55)	1,297
HRA Training	0	118	-	118
Housing Strategic Priority	764	-	-	764
HRS Social Value	111	47	-	158
Invest to Save (HRA)	375	100	(21)	454
NSAP/RSAP Sinking Fund	18	9	-	27
Regulator of Social Housing	180	200	(15)	365
Strategic Growth Reserve	5	-	-	5
Tenant Satisfaction Survey	31	18	(11)	38
<b>Total Earmarked Reserves</b>	<b>4,507</b>	<b>1,436</b>	<b>(355)</b>	<b>5,588</b>

**CAPITAL RESOURCES – OUTTURN 2024/25**

	<b>Opening balance 01/04/24</b>	<b>Contributions</b>	<b>Used in financing</b>	<b>Closing balance 31/03/25</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Grants/Contributions HRA	275	1,155	(1,155)	275
Capital receipts HRA	2,560	968	(294)	3,234
Capital receipts 1-4-1	3,780	1,666	(510)	4,935
Major Repairs Reserve	14,180	8,457	(9,240)	13,397
HRA DRF	9,555	3,809	(3,802)	9,562
<b>Total Capital Resources</b>	<b>30,350</b>	<b>16,055</b>	<b>(15,002)</b>	<b>31,403</b>

Currently the HIP has schemes planned to facilitate use of all 1:4:1 receipts with no repayment required in 24/25.

**Housing Investment Programme – Summary of Expenditure as at 31st March 2025**

<b><u>HOUSING INVESTMENT PROGRAMME</u></b>	<b>Budget 2024/25 - Reported at Q3</b>	<b>Q4 Budget Increase / Decrease</b>	<b>Q4 Budget Reprofile</b>	<b>2024/25 Revised Budget</b>	<b>2024/25 Total Spend</b>	<b>Variance to Q3 Approved Budget</b>	<b>2024/25 % Spend to Q3 Revised Budget</b>
<b><u>Contingency Schemes</u></b>							
Contingency Reserve	0	0	0	0	0	0	0.00%
<b>Contingency Schemes Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b><u>Decent Homes</u></b>							
Bathrooms & WC's	500,000	12,784	0	512,784	512,784	12,784	102.56%
DH Central Heating Upgrades	2,016,960	64,626	0	2,081,586	2,081,586	64,626	103.20%
Door Replacement	834,000	(12,114)	0	821,886	821,886	(12,114)	98.55%
Fire Compartment works	50,000	(47,191)	0	2,809	2,809	(47,191)	5.62%
Fire Doors	200,000	(47,319)	0	152,681	152,681	(47,319)	76.34%
Kitchen Improvements	1,680,000	(154,003)	0	1,525,997	1,525,997	(154,003)	90.83%
Lincoln Standard Windows Replacement	1,183,000	475,824	0	1,658,824	1,658,824	475,824	140.22%
New services	75,000	(19,570)	0	55,430	55,430	(19,570)	73.91%
Re-roofing	100,000	28,976	0	128,976	128,976	28,976	128.98%
Rewiring	20,000	(10,919)	0	9,081	9,081	(10,919)	45.41%
Structural Defects	100,000	(61,596)	0	38,404	38,404	(61,596)	38.40%
Thermal Comfort Works	8,000	(8,000)	0	0	0	(8,000)	0.00%
Aids & Adaptations	50,000	(3,121)	0	46,879	46,879	(3,121)	93.76%
Void Capitalised Works	2,300,000	(88,444)	0	2,211,556	2,211,556	(88,444)	96.15%
<b>Decent Homes Total</b>	<b>9,116,959</b>	<b>129,933</b>	<b>0</b>	<b>9,246,892</b>	<b>9,246,892</b>	<b>129,933</b>	<b>101.43%</b>
<b><u>Health and Safety</u></b>							
Asbestos Removal	198,702	(22,588)	0	176,114	176,114	(22,588)	88.63%
Asbestos Surveys	133,763	(45,707)	0	88,057	88,057	(45,707)	65.83%

## APPENDIX G

<b><u>HOUSING INVESTMENT PROGRAMME</u></b>	<b>Budget 2024/25 - Reported at Q3</b>	<b>Q4 Budget Increase / Decrease</b>	<b>Q4 Budget Reprofile</b>	<b>2024/25 Revised Budget</b>	<b>2024/25 Total Spend</b>	<b>Variance to Q3 Approved Budget</b>	<b>2024/25 % Spend to Q3 Revised Budget</b>
Fire Alarms	9,062	453	0	9,515	9,515	453	105.00%
Renew stair structure	0	0	0	0	0	0	0.00%
Replacement Door Entry Systems	238,846	(208,287)	0	30,560	30,560	(208,287)	12.79%
<b>Health and Safety Total</b>	<b>580,373</b>	<b>(276,128)</b>	<b>0</b>	<b>304,245</b>	<b>304,245</b>	<b>(276,128)</b>	<b>52.42%</b>
<b><u>IT/Infrastructure</u></b>							
Housing Support Services Computer Fund	306,441	0	(16,625)	289,816	289,816	(16,625)	94.57%
<b>IT/Infrastructure Total</b>	<b>306,441</b>	<b>0</b>	<b>(16,625)</b>	<b>289,816</b>	<b>289,816</b>	<b>(16,625)</b>	<b>94.57%</b>
<b><u>Lincoln Standard</u></b>							
Over bath showers (10 year programme)	36,450	(36,450)	0	0	0	(36,450)	0.00%
<b>Lincoln Standard Total</b>	<b>36,450</b>	<b>(36,450)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(36,450)</b>	<b>0.00%</b>
<b><u>Other Current Developments</u></b>							
Communal Electrics	152,000	(13,423)	0	138,577	138,577	(13,423)	91.17%
Communal TV Aerials	13,000	(2,086)	0	10,914	10,914	(2,086)	83.95%
Environmental works	300,000	0	(110,494)	189,506	189,506	(110,494)	63.17%
Garages	60,000	(8,160)	0	51,840	51,840	(8,160)	86.40%
Hiab and Mule	130,689	0	0	130,689	130,689	0	100.00%
HRA Buildings	0	0	0	0	0	0	0.00%
Landscaping & Boundaries	200,000	518	0	200,518	200,518	518	100.26%
Thurlby Crescent	0	(6,615)	0	(6,615)	(6,615)	(6,615)	0.00%
<b>Other Current Developments Total</b>	<b>855,689</b>	<b>(29,766)</b>	<b>(110,494)</b>	<b>715,429</b>	<b>715,429</b>	<b>(140,260)</b>	<b>83.61%</b>
<b>HOUSING INVESTMENT TOTAL</b>	<b>10,895,912</b>	<b>(212,411)</b>	<b>(110,494)</b>	<b>10,556,382</b>	<b>10,556,382</b>	<b>(322,905)</b>	<b>96.88%</b>

<b><u>HOUSING INVESTMENT PROGRAMME</u></b>	<b>Budget 2024/25 - Reported at Q3</b>	<b>Q4 Budget Increase / Decrease</b>	<b>Q4 Budget Reprofile</b>	<b>2024/25 Revised Budget</b>	<b>2024/25 Total Spend</b>	<b>Variance to Q3 Approved Budget</b>	<b>2024/25 % Spend to Q3 Revised Budget</b>
<b><u>HOUSING STRATEGY AND INVESTMENT</u></b>							
<b><u>New Build Programme</u></b>							
Property Acquisitions	2,731,717	202,450	(566,629)	2,367,539	2,367,539	(364,179)	86.67%
Ermine Church Land	349,893	(9,736)	0	340,157	340,157	(9,736)	97.22%
New Build Capital Salaries	46,953	(30,683)	0	16,270	16,270	(30,683)	34.65%
Jasmin Green	50,000	0	(50,000)	0	0	(50,000)	0.00%
Victory Hotel Site Boultham Park Road	0	0	250,169	250,169	250,169	250,169	0.00%
Hermit Street	1,995,857	5,802	0	2,001,659	2,001,659	5,802	100.29%
Charterholme	1,340,941	(79,000)	(486,484)	775,457	775,457	(565,484)	57.83%
<b>New Build Programme Total</b>	<b>6,515,361</b>	<b>88,834</b>	<b>(852,945)</b>	<b>5,751,250</b>	<b>5,751,250</b>	<b>(764,111)</b>	<b>88.27%</b>
<b>HOUSING STRATEGY AND INVESTMENT TOTAL</b>	<b>6,515,361</b>	<b>88,834</b>	<b>(852,945)</b>	<b>5,751,250</b>	<b>5,751,250</b>	<b>(764,111)</b>	<b>88.27%</b>
<b>TOTAL HOUSING INVESTMENT PROGRAMME</b>	<b>17,411,273</b>	<b>(123,577)</b>	<b>(980,063)</b>	<b>16,307,632</b>	<b>16,307,632</b>	<b>(1,103,641)</b>	<b>93.66%</b>

