

## Isle of Anglesey County Council

Report to:	<b>EXECUTIVE</b>
Date:	<b>17 JULY 2025</b>
Subject:	<b>HOUSING REVENUE ACCOUNT OUTTURN REPORT 2024/25</b>
Portfolio Holder(s):	<b>COUNCILLOR R WILLIAMS – DEPUTY LEADER &amp; PORTFOLIO HOLDER FINANCE &amp; HOUSING</b>
Head of Service / Director:	<b>MARC JONES - DIRECTOR OF FUNCTION (RESOURCES) &amp; SECTION 151 OFFICER (EXT. 2601)</b>
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Local Members:	<b>N/A</b>

### **A –Recommendation/s and reason/s**

1. The Executive is requested to note the following:-
  - (i) The position set out in respect of the financial performance of the Housing Revenue Account (HRA) for 2024/25.
2. **Background**
  - (i) The revenue budget was set with a budgeted surplus of £8,369k.
  - (ii) The gross capital budget for 2024/25 was £29,573k. Grant funding budget of £10,578k and £509k earmarked reserve balance reduced the net budget to £18,485k.
  - (iii) The combination of both the revenue budget and adjusted capital budget gave a planned budget deficit of £10,116k, of which £7,011k was to be funded from the HRA reserve, with the balance of £3,105k to be funded by external borrowing.
  - (iv) The HRA is 'ringfenced', and its reserves cannot be transferred to the General Fund, nor can General Fund reserves be used to fund the HRA.
3. This report sets out the financial performance of the HRA for the period from 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025.
4. **Overview**
  - 4.1 The HRA revenue surplus / deficit at the end of quarter 4 shows an underspend of £543k, compared to the budget. More detail is given in Sections 5 to 8 below and in Appendix A.
  - 4.2 Capital expenditure was £2,105k below budget at year end, as explained in Section 9 below and in Appendices B and C. Grant income was overachieved by £6,623k, and capital receipts by £632k.
  - 4.3 The year end deficit (combining both revenue and capital) is £214k, which is £9,902k less than the budget. This is primarily due to a reduction in the capital deficit and is explained in Section 9 below.

## **5. Income**

- 5.1** At the end of quarter 4, income was £369k below budget. The majority of the shortfall on rental income is due to a timing issue in the budget, where full 53 weeks was budgeted instead of 52.2 weeks. The remaining shortfall is a combination of underachievement due to higher-than-expected number of void properties compared to the budget (£218k), and overachievement on other income, which included the receipt of a revenue grant (£223k).

## **6. Non-Repairs and Maintenance Expenditure**

- 6.1** At the end of quarter 4, non-repairs and maintenance expenditure was £14k above the budget. The main variances relate to:-

- an underspend in the estates management staffing costs of £24k;
- an underspend of £10k in the tenant participation team as a result of scaled back activities;
- overspend on several highly variable budget lines, such as utilities, council tax and security services etc., amounting to £48k.

- 6.2** At the end of quarter 3, a potential overspend of up to £193k was forecast at year end, mainly driven by an additional up to £140k spend related to transitioning to a new housing IT system contract. The new contract has not been agreed yet and the additional expenditure is likely to be incurred in 2025/26.

## **7. Repairs and Maintenance**

- 7.1** At the end of quarter 4, there was an underspend of £528k on repairs and maintenance. Most of the underspend is within the Housing Maintenance Unit (HMU), at £377k below budget. This is a combination of several factors:-

- (i) the vast majority of the underspend is due to subcontractor expenditure, at £175k, which likely reflects increased in-house operative staff numbers;
- (ii) there is an underspend of £80k on materials;
- (iii) an underspend of £47k on waste disposal is likely a timing issue, due to delay in invoicing by the operator (reported in quarter 3);
- (iv) another £75k underspend is due to unfilled vacancies, lower spend on fleet charges and underspend on general goods, equipment and services.

- 7.2** Expenditure on non HMU building maintenance staff is £95k below budget at the end of quarter 4, which is due to unfilled vacancies. Other repairs and maintenance show underspend of £57k. Majority of this is due to lower-than-budgeted electricity costs and due to planned costs of Energy Performance Certificates being absorbed into other budget lines.

## **8. Year End Adjustments**

- 8.1** This heading covers items of expenditure (capital financing costs and recharges from the General Fund) that form part of the year end accounting process. At the end of quarter 4, the actual spend was £397k below budget, mainly driven by lower financing costs (£121k below budget), underspend of £86k on central recharges and lower cost of bad debt provision (£189k below budget).

## 9. Capital Expenditure

- 9.1 The gross capital budget for 2024/25 was £29,573k, the grant funding budget was £10,578k, and other contributions budget was £509k. At year end, the total capital spend was £27,468k, which is £2,105k under budget. The service has been very successful in securing additional grant funding, a total of £17,201k, which is £6,623k over budget, as well as additional capital receipts of £632k from the sale of new properties, under the shared equity scheme.

The grant funding of £17,201k is summarised below:-

Source	Year end £
Housing with Care Fund (HCF)	1,224,186
Levelling Up Fund (LUF)	100,000
WHQS (Welsh Housing Quality Standards)	274,105
Transitional Accommodation Capital Programme	1,387,350
Social Housing Grant (SHG)	8,609,903
Major Repairs Allowance (MRA)	3,866,377
Optimised Retrofit Programme 2024/25	872,899
Optimised Retrofit Programme 2024/25 Additional Allocation	866,267
<b>Total Grant Funding</b>	<b>17,201,087</b>

- 9.1 WHQS expenditure – The £2,700k budget is split as follows: £1,500k to tackle bringing properties up to WHQS standard as they become vacant, where the previous tenant did not wish the work to be undertaken. The remainder of £1,200k is allocated towards establishing a 5 year programme for the replacement of kitchens which now exceed 15 years in age. The contract was tendered and evaluated during quarter 2, and formally awarded to two successful contractors during quarter 3. Both budgets were utilised in full during 2024/25, and the service is pleased to report that the two contractors commenced works as planned during January and progressed positively throughout quarter 4.
- 9.2 Fire Risk expenditure – The £400k budget was planned to be spent on ensuring compliance with the Regulatory Reform Order 2005. Proposed measures primarily involve replacement of fire doors and upgrading fire alarm systems in blocks of flats. The fire door replacement contract was awarded during quarter 2, and work commenced on site during quarter 3. Actual expenditure was £110k below budget, which was attributable to a combination of timely delivery of the new door sets and access for the appointed contractor to undertake the work. The underspend will be used for further works in 2025/26.
- 9.3 Public Sector Adaptations expenditure – Housing Services expect that demand for medium or large-scale adaptations will remain high and the allocated budget of £500k would fund works such as installing stair-lifts, level access showers, ramps and extensions. Actual expenditure was just below budget at £473k.

- 9.4** Energy Performance expenditure – A 5 year programme for the longer term delivery of renewable energy and decarbonisation measures has been put in place, which primarily involves the installation of Solar PV systems across the housing stock and targeting properties which are not connected to mains gas network. Works commenced during the final quarter. At year end, the actual expenditure was £1,053k. The programme attracted additional Welsh Government (WG) Optimised Retrofit Programme funding of £500k.
- 9.5** Planned Maintenance expenditure – The total budget allocated for traditional Planned Maintenance work was £6,216k, which included carried forward commitment from 2023/24. Quarter 4 saw increased expenditure, reducing the forecasted underspend to £906k. Works at Holyhead and Valley will roll forward to 2025/26, with anticipated completion due in the first half of the financial year.
- 9.6** Environmental Works Expenditure – A total budget of £500k was allocated towards environmental improvements in 2024/25. A proportion of this budget was utilised to continue with the programmed demolition of certain garages at Llangefni and the preparation of further schemes at Moelfre and Amlwch for garages which are no longer viable to maintain. In addition, the budget was also earmarked to be utilised for targeted estate improvements and upgrading treatment plants owned and operated by Housing Services. Discussions continue with Natural Resources Wales (NRW) in respect of upgrading a treatment plant at Carreglefn and a scheme was not agreed and on site during the current financial year. As forecasted during quarter 3, the budget was not utilised in full during 2024/25, with underspend of £298k.
- 9.7** Central Heating Contract Expenditure - During 2024/25, the service originally aimed to replace approximately 600 boilers, with a budget of £1,600k allocated for the project. A contract was awarded for this year's primary boiler replacement programme during quarter 1. Following a mid-term review of final property numbers, the project was underspent by £574k.
- 9.8** Fleet Renewal – The budget allocated the sum of £300k to commence a rolling programme of renewing the Building Maintenance Unit's vehicular fleet, primarily the van stock utilised by operatives. The budget was fully committed in quarter 4, with 10 new vehicles expected to be delivered during the first half of 2025/26.
- 9.9** Acquisition of existing properties and development of new properties - The budget of £15,657k was exceeded during 2024/25, resulting in a total spend of £16,149k.

- **Projects Completed or Nearing Completion**

Lôn Lwyd in Pentraeth and Parc y Coed (Phase 2) in Llangefni are complete, and added 10 and 6 new intermediate rent units to HRA stock. Additionally, 5 units at Parc y Coed were sold under the joint equity scheme.

Plas Alltran in Holyhead and Garreg Lwyd Road in Holyhead will add 12 units to the HRA social rent housing stock in early 2025/26.

- **Collaboration with Social Services**

There are four active projects where HRA collaborates with the Council's Social Services department. The development of the extra care facility in Menai Bridge is experiencing delays, and no substantial works took place in 2024/25. A property in Gwalchmai has been acquired with a HCF grant and will be refurbished at the cost to HRA. A new extension to a property in Bodorgan will be developed with a HCF grant. In quarter 4, another property was acquired in Llangefni for use by Social Services.

- **Other Developments**

New developments at Cae Braenar in Holyhead and Stad y Bryn in Llanfaethlu are progressing well, although progress on both projects have slightly slowed. Development of the Newborough Old School Site was planned to start in January 2024, but the start of works was delayed until June. This resulted in reduced spend in 2024/25 of about £1,139k, which will slip into 2025/26.

- **New Projects in Initial Stages and Preplanning**

Several projects are in their initial stages, namely developments at Plas Penlan in Llangefni and at the Corn Hir School in Llangefni. Plas Penlan and Corn Hir School are both expected to spend more due to the cost of the site not having been included in the 2024/25 budget, but the financial impact will be delayed to 2025/26. The development project at the Ysgol Parch Thomas Ellis site has been put on hold due to planning issues, and has, for now, been removed from the list of active projects. Its original budget of £21k has been reallocated to the Garreg Lwyd development.

Projects in preplanning stages include development and re-development at Maes William Williams in Amlwch, Maes Mona in Amlwch, Tan Y Foel in Llanerchymedd, Ysgol y Parc in Holyhead and Pencraig Mansions in Llangefni. In 2024/25, the spend on these projects was £84k.

All new projects will be assessed financially and approved in accordance with applicable procedures.

- **Buybacks and Renovations**

The annual plan included the acquisition and renovation of 15 former Council properties. Thirteen properties were purchased (one of them being for social services, noted above), with another 2 completing in April 2025. A total of £1,318k was spent on renovations. This is an overspend by £89k, however, significant extra funding was secured from Transitional Accommodation Capital Programme (TACP) towards purchases and renovations, totalling £1,387k.

Renovation works on some previously purchased properties were completed and, as a result, 17 properties were added to lettable stock.

## **10. HRA Balance**

- 10.1** The opening balance of the HRA reserve stood at £8,189k. The budget allowed for the use of £7,011k of this balance, leaving the minimum level of reserve balance of £1,177k, as set out in the HRA Business Plan. This equates to 5% of the income budget for 2024/25. At year end, only £214k was needed to fund the combined revenue and capital in year deficit, with the HRA reserve closing balance being £7,975k.

## **11. HRA Borrowing**

- 11.1** The net revenue / capital deficit budgeted for the year was £10,116k. This was budgeted to be funded by £7,011k from the HRA reserve and £3,105k in external borrowing. A combination of higher than budgeted revenue surplus (by £543k), underspend on capital projects (£2,105k) and additional capital grant funding (£6,623k) and other capital receipts of £632k reduced the deficit to £214k, which can be comfortably funded from the HRA reserve, with no need for borrowing in 2024/25.

<b>B – What other options did you consider and why did you reject them and/or opt for this option?</b>		
Not applicable		
<b>C – Why is this a decision for the Executive?</b>		
This matter is delegated to the Executive.		
<b>Ch – Is this decision consistent with policy approved by the full Council?</b>		
Yes		
<b>D – Is this decision within the budget approved by the Council?</b>		
Yes		
<b>Dd – Assessing the potential impact (if relevant):</b>		
1	How does this decision impact on our long term needs as an Island?	The report is for monitoring purposes only and is used, along with other reports, to set the HRA business plan and annual budget. In setting the annual budget, the impact on the long term needs of the Island will be assessed.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	Not applicable
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom.	Not applicable
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The Housing Service regularly consult with their tenants and the results of those consultations are fed into the business planning process and then on to the annual budget process.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Not applicable
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	Not applicable
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	Not applicable
<b>E – Who did you consult?</b>		<b>What did they say?</b>
1	Chief Executive / Leadership Team (LT) (mandatory)	The report was considered by the LT on 1 July 2025. Any comments will have been incorporated into the report.
2	Finance / Section 151 (mandatory)	N/A – this is the Section 151 Officer's report.

<b>3</b>	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a member of the LT and any comments will have been considered and incorporated into the report.
<b>4</b>	Human Resources (HR)	N/A
<b>5</b>	Property	N/A
<b>6</b>	Information Communication Technology (ICT)	N/A
<b>7</b>	Procurement	N/A
<b>8</b>	Scrutiny	The results of the HRA quarterly monitoring reports are reported to the Finance Scrutiny Panel.
<b>9</b>	Local Members	N/A
<b>F - Appendices:</b>		
<ul style="list-style-type: none"> <li>• Appendix A – Revenue expenditure and forecast to end of financial year 2024/25</li> <li>• Appendix B – Capital expenditure and forecast to end of financial year 2024/25</li> <li>• Appendix C – New Build capital schemes and forecast to end of financial year 2024/25</li> </ul>		
<b>Ff - Background papers (please contact the author of the Report for any further information):</b>		
<ul style="list-style-type: none"> <li>• HRA 30 Year Business Plan 2024-2054 (as approved by this Committee in May 2024)</li> </ul>		

## APPENDIX A

<u>HRA</u>	<u>Current Budget</u> <u>24/25</u>	<u>Total</u> <u>actual</u>	<u>Year End Variance</u>	<u>Forecast as at</u> <u>Q3</u>	<u>Change from</u> <u>Q3 forecast</u>
<b>Income</b>					
Income - Dwellings	(22,764,700)	(22,184,526)	580,174	(22,574,038)	389,512
Income - Garages	(267,820)	(263,749)	4,071	(267,935)	4,186
Income - Service Charges	(185,730)	(177,750)	7,980	(182,737)	4,987
Income - Other	(233,340)	(456,652)	(223,312)	(248,465)	(208,187)
<b>Total Income</b>	<b>(23,451,590)</b>	<b>(23,082,677)</b>	<b>368,913</b>	<b>(23,273,175)</b>	<b>190,498</b>
<b>Expenditure</b>					
Tenant Participation	252,940	242,340	(10,600)	241,322	1,018
Rent Administration	450,530	468,645	18,115	476,823	(8,178)
Estate Management	684,480	660,824	(23,656)	674,304	(13,480)
Other Revenue Expenditure	2,354,450	2,384,391	29,941	2,542,668	(158,277)
<b>Total Non-repairs Expenditure</b>	<b>3,742,400</b>	<b>3,756,199</b>	<b>13,799</b>	<b>3,935,117</b>	<b>(178,918)</b>
HMU	6,576,240	6,199,041	(377,199)	6,343,636	(144,595)
Building Maintenance Staff (Non HMU)	1,192,960	1,098,244	(94,716)	1,112,358	(14,113)
Other Repairs and Maintenance	1,098,220	1,041,357	(56,863)	1,078,124	(36,767)
<b>Repairs and Maintenance</b>	<b>8,867,420</b>	<b>8,338,642</b>	<b>(528,778)</b>	<b>8,534,118</b>	<b>(195,476)</b>
<b>Total operations</b>	<b>(10,841,770)</b>	<b>(10,987,835)</b>	<b>(146,065)</b>	<b>(10,803,940)</b>	<b>(183,896)</b>
<b>Year end adjustments</b>					
Interest Payable	1,500,000	1,379,030	(120,970)	1,500,000	(120,970)
MRP	141,000	140,594	(406)	141,000	(406)
PWLB Premium	5,000	5,061	61	5,000	61
Interest Receivable	(400,000)	(385,198)	14,802	(400,000)	14,802



<u>HRA</u>	<u>Current Budget</u> <u>2024/25</u>	<u>Total actual</u>	<u>Year End</u> <u>Variance</u>	<u>Forecast as at</u> <u>Q3</u>	<u>Change from</u> <u>Q3 forecast</u>
Bad Debt Provision	341,470	152,857	(188,613)	341,470	(188,613)
Recharge from Housing Services	53,870	37,961	(15,909)	53,870	(15,909)
Recharge from Central Services	831,260	745,395	(85,865)	831,260	(85,865)
<b>Total Year end adjustments</b>	<b>2,472,600</b>	<b>2,075,700</b>	<b>(396,900)</b>	<b>2,472,600</b>	<b>(396,900)</b>
<b>Total revenue expenditure</b>	<b>15,082,420</b>	<b>14,170,542</b>	<b>(911,878)</b>	<b>14,941,836</b>	<b>(771,294)</b>
<b>Total revenue (surplus) / deficit</b>	<b>(8,369,170)</b>	<b>(8,912,135)</b>	<b>(542,965)</b>	<b>(8,331,340)</b>	<b>(580,796)</b>
<b>Capital expenditure account</b>					
Capital expenditure	29,573,006	27,468,466	(2,104,540)	27,840,802	(372,336)
Capital Grants Receivable	(10,578,339)	(17,201,088)	(6,622,749)	(11,783,441)	(5,417,647)
Other contributions	(509,441)	(1,141,446)	(632,005)	(637,441)	(504,005)
<b>Total capital (surplus) / deficit</b>	<b>18,485,226</b>	<b>9,125,932</b>	<b>(9,359,294)</b>	<b>15,419,920</b>	<b>(6,293,988)</b>
<b>Capital deficit funded by</b>					
Revenue surplus	(8,369,170)	(8,912,135)	(542,965)	(8,331,340)	(580,796)
HRA reserve	(7,011,400)	(213,797)	6,797,603	(7,011,400)	6,797,603
Unsupported borrowing	(3,104,656)	-	3,104,656	(77,180)	77,180
<b>Total funding of capital expenditure</b>	<b>(18,485,226)</b>	<b>(9,125,932)</b>	<b>9,359,294</b>	<b>(15,419,920)</b>	<b>6,293,988</b>
Opening HRA balance	(8,188,500)	(8,188,500)		(8,188,500)	
Net (increase) / decrease in HRA reserve	7,011,400	213,797		7,011,400	
<b>Closing HRA reserve</b>	<b>(1,177,100)</b>	<b>(7,974,703)</b>	<b>-</b>	<b>(1,177,100)</b>	<b>-</b>
<b>Total revenue + capital (surplus) / deficit</b>	<b>10,116,056</b>	<b>213,797</b>	<b>-9,902,259</b>	<b>7,088,580</b>	<b>-6,874,784</b>
Revenue Contribution to Capital Programme	15,380,570	9,125,932	(6,254,638)	15,342,740	(6,216,808)

# APPENDIX B

## HOUSING REVENUE ACCOUNT CAPITAL BUDGET 2024/25

	Annual Budget 2024/25 £	Actuals to Month 12 £	Year end variance £	Forecast at Month 9 £	Change from Month 9 forecast £
Central Heating Contract	1,600,000	1,025,504	(574,496)	1,100,000	(74,496)
Planned Maintenance Contract	6,216,006	5,309,563	(906,443)	4,800,766	508,797
Energy Performance Improvement	1,700,000	1,053,041	(646,959)	900,000	153,041
Environmental Works	500,000	201,747	(298,253)	220,000	(18,253)
Acquisition of Existing Properties and Development of New Properties	15,657,000	16,148,690	491,690	16,820,036	(671,346)
Public Sector Adaptations	500,000	473,681	(26,319)	500,000	(26,319)
Fire Risk	400,000	289,215	(110,785)	500,000	(210,785)
WHQS	1,500,000	1,612,448	112,448	1,500,000	112,448
Kitchen replacement programme	1,200,000	1,354,577	154,577	1,200,000	154,577
Fleet Renewal	300,000	0	(300,000)	300,000	(300,000)
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>29,573,006</b>	<b>27,468,466</b>	<b>(2,104,540)</b>	<b>27,840,802</b>	<b>(372,336)</b>

## APPENDIX C

### NEW DEVELOPMENT BUDGET 2024/25

Schemes	Number of Additional Units	2024/25 Budget	Expenditure to M12	Year end variance	Forecast at M9	Change from M9 forecast
		£	£	£	£	£
Lôn Lwyd, Pentraeth	10	2,723,500	2,726,065	2,565	2,724,547	1,518
Parc y Coed, Llangefni Phase 2	10	294,000	334,601	40,601	215,000	119,601
Plas Alltran, Caergybi	4	238,000	509,521	271,521	562,395	(52,874)
Garreg Lwyd Road, Caergybi	8	886,500	1,010,093	123,593	965,000	45,093
Extra Care Menai Bridge	45	100,000	325,923	225,923	250,000	75,923
Homes for social services	3	0	981,218	981,218	910,000	71,218
Cae Braenar, Caergybi	23	4,000,000	3,933,746	(66,254)	3,800,000	133,746
Newborough Old School Site	14	2,500,000	1,607,178	(892,822)	1,750,000	(142,822)
Stad y Bryn, Llanfaethlu	9	2,175,000	1,995,008	(179,992)	1,900,000	95,008
Plas Penlan, Llangefni	12	50,000	32,097	(17,903)	350,000	(317,903)
Ysgol Corn Hir Site		100,000	19,481	(80,519)	520,000	(500,519)
Schemes in Pre Planning Stage		90,000	84,288	(5,712)	125,969	(41,681)
Renovation 15 Units	0	1,000,000	1,317,705	317,705	1,403,693	(85,988)
Buyback 15 Units	15	1,500,000	1,271,765	(228,235)	1,343,432	(71,667)
<b>Total</b>	<b>153</b>	<b>15,657,000</b>	<b>16,148,690</b>	<b>491,690</b>	<b>16,820,036</b>	<b>(671,346)</b>