

Isle of Anglesey County Council

Report to:	EXECUTIVE
Date:	23 SEPTEMBER 2025
Subject:	HOUSING REVENUE ACCOUNT BUDGET MONITORING, QUARTER 1 2025/26
Portfolio Holder(s):	ROBIN WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER - FINANCE & HOUSING
Head of Service / Director:	MARC JONES - DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER (EXT. 2601)
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Local Members:	N/A

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 quarter 1 2025/26.
- (ii) The forecast outturn for 2025/26.

2. Background

- (i) The revenue budget was set with a budgeted surplus of £6,291k.
- (ii) The gross capital budget for 2025/26 is £23,029k. Grant funding budget of £6,990k reduces the net budget to £16,038k.
- (iii) The combination of both the revenue budget and adjusted capital budget gave a planned budget deficit of £9,747k, of which £6,820k is to be funded from the HRA reserve, with the balance of £2,927k 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 1st April 2025 to 30th June 2025.

4. Overview

- 4.1 The HRA revenue surplus / deficit at the end of quarter 1 shows an underachievement of £177k compared to the profiled budget. The forecast at year end is an underspend of £189k. More detail is given in sections 5 to 8 below and in Appendix A.
- 4.2 Capital expenditure is forecasted to be at budget at year end, as explained in section 9 below and in Appendices B and C. Grant income is expected to be at budget.
- 4.3 The forecast deficit (combining both revenue and capital) is now £9,558k, £189k less than the budget.

5. Income

- 5.1** At the end of quarter 1, income was £129k below profiled budget. The shortfall on rental income of £132k is mostly due to higher-than-expected number of void properties compared to the budget and partly due to timing differences of new properties transferring to rentable stock, with some of the timing issues expected to even out as the year progresses. By the end of the financial year, it is forecasted that income will be £10k above the budget due to some extraordinary land and fees income expected during the year.

6. Repairs and Maintenance

- 6.1** At the end of quarter 1, there was an overspend of £351k on repairs and maintenance. This is primarily due to expenditure on vacant dwellings during change of tenancy. During the year, some of these costs will be reassessed and moved against the capital WHQS budget. Due to the responsive nature of repairs, we are currently forecasting that the budget will be achieved at year end.
- 6.2** Shared and rechargeable services, which include expenditure on communal and shared areas, grass cutting etc., show £35k underspend. There is currently a mixture of timing differences that should even out during the year. One noticeable variance is high expenditure on door entry repairs, which leads us to a forecast of £10k overspend by year end.
- 6.3** Expenditure on operative staff is £95k below the profiled budget at the end of quarter 1, which is due to unfilled vacancies and pay award still to be processed. Overheads and other expenditure is £6k below budget, which is mostly due to lower transport costs related to unfilled vacancies.

7. Supervision and Management Expenditure

- 7.1** At the end of quarter 1, supervision and management expenditure was £162k below the profiled budget. The main variances relate to timing differences between the budget and actual expenditure for council tax, and in respect of the pay awards which were not agreed within the quarter, unfilled vacancies and pension costs. The majority of the timing differences should even out during the year; we forecast that unfilled vacancies and a large pension contributions adjustments will lead to about £120k underspend against the budget at year end.

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 1, we are forecasting a break-even position at year end.

9. Capital Expenditure

- 9.1** The gross capital budget for 2025/26 is £23,029k, the grant funding budget is £6,990k.

The grant funding forecast is summarised below:-

Source	Quarter 1 Forecast £
Housing with Care Fund (HCF)	568,648
ICF	867,637
Transitional Accommodation Capital Programme	423,865
Social Housing Grant (SHG)	1,235,012
Major Repairs Allowance (MRA)	2,690,000
Optimised Retrofit Programme 2025/26	1,205,221
Total Grant Funding	6,990,383

- 9.1 WHQS expenditure** – The £4.983m budget allocates the sum of £1.483m to tackle WHQS refusals and capital elements upgraded at change of tenancy, such as replacement kitchens, bathrooms and re-wiring systems as they reach the end of their life cycles. The budget allocates £3.5m towards Year 2 of a 5-year programme for the replacement of kitchens which now exceed 15 years in age. Housing Services report that both appointed contractors continued to perform well during quarter 1, with expenditure in the sum of £1.475m. As and when required, both contractors are also undertaking kitchen renewals and associated WHQS work at change of tenancy.
- 9.2 Fire Risk expenditure** – The £500k budget is planned to be spent on ensuring compliance with the Regulatory Reform Order 2005. Proposed measures will primarily involve replacement 1 hour (FD60) flat fire doors and upgrading fire alarm systems serving blocks of flats. The fire door replacement contract was tendered and awarded during 2024/25, and expenditure at the end of quarter 1 stood at £135k.
- 9.3 Public Sector Adaptations expenditure** – Housing Services expects that demand for medium or large-scale adaptations will remain constant and the allocated budget of £500k will fund works such as installing stair-lifts, level access showers, ramps and extensions. Actual expenditure at the end of quarter 1 was £87k, with a further £83k in confirmed commitment.
- 9.4 Energy Performance expenditure** – As previously reported, Housing Services commenced work on a 5-year programme for the longer-term delivery of renewable energy and decarbonisation measures during quarter 4 of 2024/25. The contract, primarily involving the installation of Solar PV systems and Battery Storage across the housing stock, continued at pace during quarter 1, and Housing Services have allocated a budget of £3.3m for these energy efficiency improvements during 2025/26. The programme will continue to focus on properties that are not connected to the mains gas network throughout 2025/26.

9.5 Planned Maintenance expenditure – The total budget allocated for traditional Planned Maintenance work is £3.0m, which includes carried forward commitment on schemes which were awarded and commenced on site during 2024/25. Carried forward commitment primarily involves the continuation of work at Tan y Bryn, Valley and Morrison Crescent, Holyhead, which reached Practical Completion during quarter 1. Housing Services aim to tender a further Planned Maintenance Contract involving 20 properties at various locations during quarter 2, and expects that successful award of contract will fully commit the budget for 2025/26. Expenditure during quarter 1 was in the sum of £394k, with a further £1,039k in confirmed commitment.

9.6 Environmental Works Expenditure – A total budget of £500k is allocated towards environmental improvements in 2025/26. A proportion of this budget will be utilised to continue with the programmed demolition of certain garages at Llangefni, Moelfre and Amlwch which are no longer viable to maintain. Housing Services expects that tenders will be assessed and a contract awarded during quarter 2. In addition, the budget will be utilised for targeted estate improvements and upgrading treatment plants owned and operated by Housing Services.

9.7 Central Heating Contract Expenditure - During quarter 1, a contract (CHC226) for replacement boilers awarded during the last financial year reached Practical Completion. Housing Services have allocated a capital budget of £200k for 2025/26, and expenditure was in the sum of £118k at the end of quarter 1. There are no plans to award any further major contracts during this financial year.

9.8 Fleet Renewal – The budget allocates the sum of £650k for a rolling programme of renewing the Building Maintenance Unit's vehicular fleet, primarily the van stock utilised by operatives. A total of £357k was committed at the end of quarter 1, with the delivery of 10 new vehicles expected during quarter 2.

9.9 Acquisition of Existing Properties and Development of new properties - A budget of £9,396k has been allocated to activities which increase the HRA rentable stock:-

- **Projects Completed or Nearing Completion**
Garreg Lwyd Road in Holyhead added 8 units to the HRA social rent housing stock, and Plas Alltran in Holyhead will soon follow with 4 units. New developments at Cae Braenar in Holyhead and Stad y Bryn in Llanfaethlu are progressing well, as is the development of the Newborough Old School Site. These projects should add 23, 9 and 14 units respectively to the lettable stock during 2025/26.
- **Other Developments**
Two new houses are being developed at Parc Y Coed by an external developer.
- **Collaboration with Social Services**
There are several 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, but some works are expected to take place in 2025/26. Additionally, three properties were acquired and are being developed to meet the needs of Social Services.

- **Acquisitions and Renovations**

The focus in 2025/26 is on renovations of previously acquired properties, with the expectation that the budget of £2,370k will fund 15 units to be added to lettable stock during the year. Additionally, five existing properties are being acquired in Bodedern and Llanfairpwll. These properties meet specific criteria (household size, layout suitable for tenants with specific needs, etc.) and have been acquired as part of a targeted strategy to improve the makeup of the housing stock.

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

Several projects are in their initial stages, namely developments at Plas Penlan in Llangefni, Maes Mona in Amlwch, and at the former Corn Hir school site in Llangefni. Projects in preplanning stages include development and re-development at Maes William Williams in Amlwch, Tan Y Foel in Llanerchymedd, former Ysgol y Parc site in Holyhead, and Pencraig Mansions in Llangefni. A budget of £300k has been allocated in 2025/26 for work related to scoping the potential of these sites for a future development project.

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

10. HRA Balance

- 10.1** The opening balance of the HRA reserve stood at £7,976k. The budget allowed for the use of £6,820k of this balance, leaving the minimum level of reserve balance of £1,155k, as set out in the HRA Business Plan. This equates to 5% of the dwelling rental income budget for 2025/26.

11. HRA Borrowing

- 11.1** The net revenue / capital deficit budgeted for the year is £9,747k. This was budgeted to be funded by £6,820k from the HRA reserve and £2,927k in external borrowing. The deficit is now forecast to be £9,558k, mainly as a result of the underspend of the revenue budget. This will be funded through £6,820k from the HRA reserve and £2,738k external borrowing.

B – What other options did you consider and why did you reject them and/or opt for this option?

Not applicable

C – Why is this a decision for the Executive?

This matter is delegated to the Executive.

Ch – Is this decision consistent with policy approved by the full Council?

Yes

D – Is this decision within the budget approved by the Council?

Yes

Dd – Assessing the potential impact (if relevant):		
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.	Housing Services 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
E – Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	The report was considered by the LT. Any comments will have been incorporated into the report.
2	Finance / Section 151 (mandatory)	N/A – this is the Section 151 Officer's report.
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a member of the LT and comments will have been considered and incorporated into the report.
4	Human Resources (HR)	N/A
5	Property	N/A
6	Information Communication Technology (ICT)	N/A
7	Procurement	N/A
8	Scrutiny	The results of the HRA quarterly monitoring reports are reported to the Finance Scrutiny Panel.
9	Local Members	N/A
F - Appendices:		
<ul style="list-style-type: none"> Appendix A – Revenue expenditure and forecasts to end of quarter 1 2025/26 Appendix B – Capital expenditure and forecast to end of quarter 1 2025/26 Appendix C – New Build capital schemes and forecast to end of quarter 1 2025/26 		
Ff - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> HRA 30 Year Business Plan 2025-2054 (as approved by this Committee in March 2025) 		

APPENDIX A

HOUSING REVENUE ACCOUNT BUDGET 2025/26

HRA	Current budget 2025/26 £	Profiled budget at Q1 £	Spend / (income) at Q1 £	Variance at Q1 £	Year end forecast at Q1 £	Year end variance £
Income						
Rent income	(23,398,090)	(6,411,074)	(6,279,528)	131,546	(23,398,090)	-
Service charges	(247,090)	(67,702)	(69,411)	(1,709)	(248,799)	(1,709)
Other income	(270,950)	(40,086)	(40,475)	(389)	(278,917)	(7,967)
Income total	(23,916,130)	(6,518,862)	(6,389,414)	129,448	(23,925,807)	(9,677)
Expenditure						
Repairs and Maintenance	4,317,650	1,079,428	1,430,786	351,358	4,317,650	-
Responsive repairs			536,025		3,285,980	-
Planned and cyclical work			45,989		177,500	-
Vacant dwellings			848,772		854,170	-
Shared and rechargeable services	961,950	397,700	362,832	(34,868)	972,005	10,055
Operative employees costs	2,391,820	597,209	501,950	(95,259)	2,326,977	(64,843)
Overheads and other expenditure	567,990	132,523	126,073	(6,450)	563,477	(4,513)
Repairs and maintenance total	8,239,410	2,206,860	2,421,641	214,781	8,180,108	(59,302)
Supervision and management						
Rent administration	501,530	125,213	114,754	(10,459)	503,189	1,659
Tenant participation and support	914,300	225,108	196,489	(28,619)	905,195	(9,105)
Estate management	768,290	191,855	157,587	(34,268)	754,901	(13,389)
Development	260,190	64,997	64,642	(355)	260,222	32
Management and technical staff	1,821,650	441,716	399,540	(42,176)	1,749,821	(71,829)
Business support	1,632,820	382,371	336,503	(45,868)	1,605,680	(27,140)
Supervision and management total	5,898,780	1,431,260	1,269,514	(161,746)	5,779,009	(119,771)
Total Operations	(9,777,940)	(2,880,742)	(2,698,258)	182,484	(9,966,689)	(188,749)
HRA	Current budget 2025/26 £	Profiled budget at Q1 £	Spend / (Income) at Q1 £	Variance at Q1 £	Year end forecast at Q1 £	Year end variance £

Year end adjustments						
Financing costs and bad debt provision	2,618,800	-	(5,080)	(5,080)	2,618,800	-
Recharge from central services	842,820	-	-	-	842,820	-
Recharge from the housing services	25,130	-	-	-	25,130	-
Year end adjustments total	3,486,750	-	(5,080)	(5,080)	3,486,750	-
Total revenue (surplus) / deficit	(6,291,190)	(2,880,742)	(2,703,338)	177,404	(6,479,939)	(188,749)
Capital expenditure account						
Capital expenditure	23,028,814	-	5,055,705	-	23,028,814	-
Capital grants receivable	(6,990,383)	-	(6,990,383)	-	(6,990,383)	-
Other contributions	-	-	-	-	-	-
Total capital (surplus) / deficit	16,038,431	-	(1,934,678)	-	16,038,431	-
Capital deficit funded by						
Revenue surplus	(6,291,190)	-	-	-	(6,479,939)	(188,749)
HRA reserve	(6,820,303)	-	-	-	(6,820,303)	-
Unsupported borrowing	(2,926,938)	-	-	-	(2,738,189)	188,749
Total funding of capital expenditure	(16,038,431)	-	-	-	(16,038,431)	-
Opening HRA balance	(7,975,679)	-	-	-	(7,975,679)	-
Net (increase) / decrease in HRA reserve	6,820,303	-	-	-	6,820,303	-
Closing HRA Reserve	(1,155,376)	-	-	-	(1,155,376)	-

APPENDIX B

HOUSING REVENUE ACCOUNT CAPITAL BUDGET 2025/26

	Annual Budget 2025/26	Expenditure Q1	Year end forecast	Year end variance
	£	£	£	£
Central Heating Contract	200,000	89,617	200,000	-
Planned Maintenance Contract	3,000,000	302,304	3,000,000	-
Energy Performance Improvement	3,300,000	579,101	3,300,000	-
Environmental Works	500,000	-	500,000	-
Acquisition of Existing Properties and Development of New Properties	9,395,814	2,277,275	9,395,814	-
Public Sector Adaptations	500,000	86,936	500,000	-
Fire Risk	500,000	128,388	500,000	-
WHQS	1,483,000	59,143	1,483,000	-
Kitchen Replacement Programme	3,500,000	1,474,810	3,500,000	-
Fleet Renewal	650,000	58,130	650,000	-
Total	23,028,814	5,055,705	23,028,814	-

Schemes / Projects	Number of additional units	Budget 2025/26	Expenditure Q1	Year end forecast
		£	£	£
New build dwellings				
Newborough Old School Site	14	1,427,530	311,410	1,427,530
Cae Braenar, Caergybi	23	1,535,707	292,523	1,535,707
Parc Y Coed, Llangejni, Phase 2	2	293,200	-	293,200
Stad y Bryn, Llanfaethlu	10	562,736	278,381	562,736
Plas Alltran, Caergybi	4	-	-	-
Acquisition of existing properties				-
Acquisitions	5	1,438,356	657,030	1,438,356
Refurbishment	15	2,370,000	479,157	2,370,000
Collaboration with Social Services	4	600,648	222,983	600,648
Aethwy Extra Care	73	867,637	26,719	867,637
Projects in pre-development stages		300,000	9,072	300,000
Total	150	9,395,814	2,277,275	9,395,814