Isle of Anglesey County Council

Report to:	**EXECUTIVE**
Date:	**21 JULY 2026**
Subject:	**HOUSING REVENUE ACCOUNT BUDGET MONITORING, QUARTER 4 2025/26**
Portfolio Holder(s):	**CLLR ROBIN WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER FINANCE, CORPORATE BUSINESS & CUSTOMER EXPERIENCE** **CLLR CARWYN JONES – PORTFOLIO HOLDER HOUSING & COMMUNITY SAFETY**
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 4 2025/26.

(ii) The 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, after in-year adjustments, is £26,914k. Grant funding budget of £10,783k reduces the net budget to £16,131k.

(iii) The combination of both the revenue budget and adjusted capital budget gave a planned budget deficit of £9,840k, of which £6,820k is to be funded from the HRA reserve, with the balance of £3,019k 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 31st March 2026.

4. Overview

4.1 The HRA revenue surplus / deficit at year end shows an overachievement of £1,731k compared to the budget. More detail is given in sections 5 to 8 below and in Appendix A.

4.2 Capital expenditure at year end was £25,114k, meaning the capital programme was underspent by £1,800k, as explained in section 9 below and in Appendices B and C. Recognised grant income increased by £1,395k, to £12,179k.

4.3 The deficit (combining both revenue and capital) at outturn is £4,914k, £1,907k less than the budget.

5. Income

5.1 At the end of quarter 4, rent income was £64k below profiled budget. The shortfall on rental income is primarily due to timing differences of new properties transferring to rentable stock. At the same time, this shortfall was offset by increased income from some fees, charges and other contributions.

6. Repairs and Maintenance

6.1 At the end of quarter 4, there was an underspend of £521k on repairs and maintenance. This is primarily due to expenditure on vacant dwellings during change of tenancy, which reached capitalisation threshold and were moved against the capital Welsh Housing Quality Standard (WHQS) budget.

6.2 Shared and rechargeable services, which include expenditure on communal and shared areas, grass cutting etc., resulted in a £72k underspend, with a mixture of overspend and underspend on individual budget lines.

6.3 Expenditure on operative staff is £314k below the profiled budget at the end of quarter 4, which is due to a combination of pay award underspend and unfilled vacancies. Overheads and other expenditure were on budget.

7. Supervision and Management Expenditure

7.1 At the end of quarter 4, supervision and management expenditure was £523k below the profiled budget, primarily due to unfilled vacancies and an adjustment relating to the pension contribution rate.

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, there was a £288k underspend, primarily due to lower than budgeted financing costs, as no additional external borrowing had been undertaken during the year.

9. Capital Expenditure

9.1 The gross capital budget for 2025/26 was £26,914k, with the total spend at year end being £25,114k. The grant funding achieved was £12,179k.

The grant funding is summarised below:-

Source	Outturn £
HCF (Housing with Care Fund)	1,233,366
ICF (Integrated Care Fund)	813,445
Transitional Accommodation Capital Programme	1,072,346
Social Housing Grant (SHG)	1,226,740
Major Repairs Allowance (MRA)	3,580,728
Optimised Retrofit Programme 2025/26	4,193,848
Other	58,130
Total Grant Funding	**12,178,603**

9.2 WHQS expenditure – The revised £5,483k budget allocated the sum of £1,483k 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. Void capitalisation to the end of quarter 4 for works undertaken by the Housing Maintenance Unit (HMU) is in the sum of £2,088k. The budget also allocates £4,000k 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 on programmed works during quarter 4. As and when required, both contractors are also undertaking kitchen renewals and associated WHQS work at change of tenancy. The volume of unprogrammed works undertaken at change of tenancy by both contractors and the HMU was far higher than originally anticipated, and the budget was £2,491k overspent at year end. A new method for attributing expenditure between revenue and capital works was introduced during 2025/26 which has also contributed towards the over expenditure.

9.3 Fire Risk expenditure – The £500k budget was planned to be spent on ensuring compliance with the Regulatory Reform Order 2005. Proposed measures comprised of replacement 1 hour (FD60) flat fire doors and upgrading fire alarm and emergency lighting systems serving blocks of flats. At the end of quarter 4, expenditure stood at £485k. Further fire door replacements and emergency lighting upgrades are planned for 2026/27.

9.4 Public Sector Adaptations expenditure – As expected, demand for medium or large-scale adaptations remained constant and the allocated budget of £500k funded works such as installing stair-lifts, level access showers, ramps and extensions. Actual expenditure at the end of quarter 4 stood at £499k.

9.5 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 positively during quarter 4 and Housing Services had originally allocated a budget of £3,300k for these energy efficiency improvements during 2025/26. Expenditure at the end of quarter 4 stood at £4,986k. As previously reported during quarter 3, this programme had already secured financial support in the sum of £2,776k via the Welsh Government's (WG) Optimised Retrofit Programme (ORP). During quarter 4, Housing Services was invited by WG to submit a further ORP application to purchase goods and materials for installation during 2026/27. The bid, in the sum of £1,418k, was successful and accounts for the majority of over expenditure during quarter 4. The grant award will be claimed during quarter 1 2026/27.

9.6 Planned Maintenance expenditure – The total budget allocated for traditional Planned Maintenance work was £3,000k, which included 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. Morrison Crescent reached Practical Completion during quarter 1 and works at Valley reached Practical Completion during quarter 3. Housing tendered a further Planned Maintenance Contract involving 20 properties at various locations during quarter 3, which fully committed the budget for 2025/26. Expenditure at the end of quarter 4 stood at £1,676k. The budget was £1,324k underspent at year end.

9.7 Environmental Works Expenditure – A total budget of £500k was allocated towards environmental improvements in 2025/26. A proportion of this budget was utilised to continue with the programmed demolition of certain garages at Llangefni, Moelfre and Amlwch which were no longer viable to maintain. Housing Services confirms that tenders were received and that a contract was awarded for the demolition of these garages during quarter 2. A further tender was prepared during quarter 4 for garages earmarked for demolition in the Holyhead area. Housing Services did not expect any upgrading of treatment plants to incur any significant expenditure during the last financial year and the budget was £337k underspent at year end.

9.8 Central Heating Contract Expenditure - During quarter 1 2025/26, a contract (CHC226) for replacement boilers awarded during the last financial year reached Practical Completion. Housing Services has allocated a capital budget of £200k for 2025/26 and expenditure, inclusive of commitment, was in the sum of £117k at the end of quarter 4. There were no plans to award any further major contracts during 2025/26 and, as expected, the budget was £83k underspent at year end.

9.9 Fleet Renewal – The budget allocates the sum of £650k for a rolling programme of renewing the Building Maintenance Unit's (BMU) vehicular fleet, primarily the van stock utilised by operatives. A total of 10 new vehicles were received during quarter 3 and expenditure stood at £369k. A further 10 vehicles have been ordered, and commitment is in the sum of £395k. Housing Services expect delivery of these 10 vehicles during quarter 1 2026/27.

9.10 Acquisition of Existing Properties and Development of new properties - A budget of £11,363k has been allocated to activities which increase the HRA rentable stock.

- **Projects Completed or Nearing Completion**
  To quarter 4, a total to 46 units were added to the lettable stock. These were newly developed houses at Stad y Bryn in Llanfaethlu, as well as existing properties acquired and refurbished by HRA. New developments at Cae Braenar in Holyhead and at the Newborough Old School Site are progressing and are expected to add 23 and 14 units respectively to the lettable stock in early 2026/27.

- **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 took place in 2025/26 and the project commenced in the first quarter of 2026/27. Additionally, four properties were acquired and are being developed to meet the needs of Social Services.

- **Acquisitions and Renovations**
  The focus in 2025/26 was on renovations of previously acquired properties, with an allocation of £2,370k to fund 15 units to be added to lettable stock during the year. Due to some delays earlier in the year, there was an underspend of £733k.

  Five properties were approved for acquisition in quarter 1, and additional 5 properties are being acquired, following an additional allocation of TACP grant (Transitional Accommodation Capital Programme) by the WG. Two of these properties experienced delays in completion and, as a consequence, the budget was underspent by £202k.

- **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 old 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, Ysgol y Parc 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; a total of £165k was spent by year end.

9.11 Overall, the capital programme at year end was underspent by £1,800k. This includes an overspend of £2,154k on several budget lines, and an underspend of £3,954k. A request to approve slippage of the underspend into 2026/27 is submitted as part of the main capital outturn report.

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. The closing balance of the HRA reserve is £3,062k.

11. HRA Borrowing

11.1 After capital budget and capital grants adjustments, the net revenue / capital deficit at year end was £4,914k. This was fully funded from the HRA reserve and no external borrowing was required in 2025/26.

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.	The Housing Services regularly consults with its 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:

- Appendix A – Revenue expenditure and forecasts to end of quarter 4 2025/26
- Appendix B – Capital expenditure and forecast to end of quarter 4 2025/26
- Appendix C – New Build capital schemes and forecast to end of quarter 4 2025/26

Ff - Background papers (please contact the author of the Report for any further information):

- HRA 30 Year Business Plan 2025-2054 (as approved by this Committee in March 2025)

Appendix A

HOUSING REVENUE ACCOUNT BUDGET 2025/26

	Current budget 2025/26 £	Expenditure / (income) at Q4 £	Year end variance £	Year end forecast at Q3 £	Change from Q3 forecast £
Income					
Rent income	(23,398,090)	(23,333,620)	64,470	(23,341,356)	7,737
Service charges	(247,090)	(255,468)	(8,378)	(254,251)	(1,217)
Other income	(270,950)	(335,984)	(65,034)	(338,915)	2,931
Income total	**(23,916,130)**	**(23,925,072)**	**(8,941)**	**(23,934,522)**	**9,451**
Expenditure					
Repairs and Maintenance	4,237,650	3,716,125	(521,525)	4,267,302	(551,178)
Responsive repairs		*2,136,090*		*3,075,330*	(939,241)
Planned and cyclical work		*198,572*		*198,480*	92
Vacant dwellings		*1,381,463*		*993,492*	387,971
Shared and rechargeable services	961,950	889,230	(72,720)	937,523	(48,293)
Operative employees costs	2,391,820	2,078,297	(313,523)	2,208,995	(130,698)
Ovearheads and other expenditure	647,990	646,428	(1,562)	708,571	(62,143)
Repairs and maintenance total	**8,239,410**	**7,330,080**	**(909,330)**	**8,122,391**	**(792,311)**
Supervision and management					
Rent administration	501,530	457,094	(44,436)	460,297	(3,203)
Tenant participation and support	914,300	851,627	(62,673)	844,860	6,767
Estate management	768,290	700,988	(67,302)	730,271	(29,283)
Development	260,190	284,189	23,999	270,475	13,714
Management and technical staff	1,821,650	1,638,984	(182,666)	1,660,843	(21,859)
Business support	1,632,820	1,441,637	(191,183)	1,521,304	(79,668)
Supervision and management total	**5,898,780**	**5,374,518**	**(524,262)**	**5,488,050**	**(113,532)**
Total operations	**(9,777,940)**	**(11,220,473)**	**(1,442,533)**	**(10,324,081)**	**(896,392)**
Year end adjustments					
Financing costs and bad debt provision	2,618,800	2,349,138	(269,662)	2,625,880	(276,742)
Recharge from centreal services	842,820	815,426	(27,394)	842,820	(27,394)
Recharge from the housing service	25,130	34,117	8,987	25,130	8,987
Year end adjustments total	**3,486,750**	**3,198,681**	**(288,069)**	**3,493,830**	**(295,149)**
Total revenue (surplus) / deficit	**(6,291,190)**	**(8,021,792)**	**(1,730,602)**	**(6,830,251)**	**(1,191,541)**
Capital expenditure account					
Capital expenditure	26,913,950	25,113,911	(1,800,039)	24,006,775	1,107,136
Capital grants receivable	(10,783,173)	(12,178,603)	(1,395,430)	(8,740,037)	(3,438,566)
Other contributions	-	-	-	-	-
Total capital (surplus) / deficit	**16,130,777**	**12,935,308**	**(3,195,469)**	**15,266,738**	**(2,331,430)**
Capital deficit funded by					
Revenue surplus	(6,291,190)	(8,021,792)	(1,730,602)	(6,830,251)	(1,191,541)
HRA reserve	(6,820,303)	(4,913,516)	1,906,787	(6,820,303)	1,906,787
Unsupported borrowing	(3,019,284)	-	3,019,284	(1,616,184)	1,616,184
Total funding of capital expenditure	**(16,130,777)**	**(12,935,308)**	**3,195,469**	**(15,266,738)**	**2,331,430**
Opening HRA balance	(7,975,637)	(7,975,637)	-	(7,975,679)	-
Net (increase) / decrease in HRA reserve	6,820,303	4,913,516	(1,906,787)	6,820,303	(1,906,787)
Closing HRA reserve	**(1,155,334)**	**(3,062,121)**	**(1,906,787)**	**(1,155,376)**	**(1,906,787)**

Appendix B

HOUSING REVENUE ACCOUNT CAPITAL BUDGET 2025/26

	Annual budget 2025/26 £	Expenditure at Q4 £	Year end variance £	Year end forecast at Q3 £	Variance in forecast to Q3 £
Central Heating Contract	200,000	116,781	(83,219)	104,000	12,781
Planned Maintenance Contract	3,000,000	1,675,803	(1,324,197)	1,300,000	375,803
Energy Performance Improvement	4,718,136	4,985,901	267,765	3,300,000	1,685,901
Environmental Works	500,000	163,168	(336,832)	300,000	(136,832)
Acquisition of Existing Properties and Development of New Properties	11,362,814	8,845,815	(2,516,999)	10,449,902	(1,604,087)
Public Sector Adaptations	500,000	499,273	(727)	500,000	(727)
Fire Risk Management	500,000	484,901	(15,099)	500,000	(15,099)
WHQS	1,483,000	2,207,482	724,482	2,515,000	(307,518)
Kitchen Replacement Programme	4,000,000	5,766,123	1,766,123	4,350,000	1,416,123
Fleet Renewal	650,000	368,664	(281,336)	687,873	(319,209)
Total	**26,913,950**	**25,113,911**	**(1,800,039)**	**24,006,775**	**1,107,136**

Appendix C

NEW DEVELOPMENT BUDGET 2025/26

Schemes / Projects	Number of additional units	Budget 2025/26 £	Expenditure Q4 £	Year end variance £	Year end forecast at Q3 £	Variance in forecast to Q3 £
New build dwellings						
Newborough Old School Site	14	1,427,530	1,145,180	(282,350)	1,350,000	(204,820)
Cae Braenar, Caergybi	23	1,535,707	760,501	(775,206)	1,450,000	(689,499)
Parc Y Coed, Llangefni, Phase 2	2	293,200	275,510	(17,690)	293,200	(17,690)
Stad y Bryn, Llanfaethlu	10	912,736	848,818	(63,918)	950,000	(101,182)
Plas Alltran, Caergybi	4	-	-	-	-	-
Acquisition of existing properties						
Acquisitions	10	2,312,356	2,110,142	(202,214)	2,628,416	(518,274)
Refurbishment	15	2,370,000	1,637,301	(732,699)	2,370,000	(732,699)
Collaboration with Social Services	5	1,343,648	1,334,459	(9,189)	818,286	516,173
Aethwy Extra Care	73	867,637	569,100	(298,537)	375,000	194,100
Projects in pre-development stages		300,000	164,805	(135,195)	215,000	(50,195)
Total	**156**	**11,362,814**	**8,845,815**	**(2,516,999)**	**10,449,902**	**(1,604,087)**