Isle of Anglesey County Council

Report to:	**EXECUTIVE**
Date:	**22 SEPTEMBER 2026**
Subject:	**HOUSING REVENUE ACCOUNT BUDGET MONITORING, QUARTER 1 2026/27**
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 1 2026/27.

(ii) The forecast outturn for 2026/27.

2. Background

(i) The revenue budget was set with a budgeted surplus of £6,770k.

(ii) The gross capital budget for 2026/27 is £33,263k. Grant funding budget of £18,882k reduces the net budget to £14,381k.

(iii) The combination of both the revenue budget and adjusted capital budget gave a planned budget deficit of £7,611k, of which £1,851k to be funded from the HRA reserve, with the balance of £5,760k 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 2026 to 30th June 2026.

4. Revenue income and expenditure

4.1 Income financial performance at quarter 1 was in line with the budget.

4.2 At the end of quarter 1, repairs and maintenance expenditure is broadly on budget, with small forecasted overspend on materials and subcontractors. This is projected to be offset by savings due to vacancies in operative roles.

4.3 Supervision and management mostly consist of staffing costs. Due to unfilled vacancies, we are forecasting an underspend in the region of £210k at year end.

4.4 Year end adjustments 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.

5. Capital income and expenditure

5.1 **Existing stock.** A budget of £15,554k was allocated to capital works on existing housing stock.

- <u>WHQS expenditure</u> – The £6,300k budget is allocated to tackle WHQS (Welsh Housing Quality Standard) refusals and capital elements upgraded at change of tenancy, as well as to continue with Year 3 of a 5-year programme for the replacement of kitchens which now exceed 15 years in age.

- <u>Fire Risk expenditure</u> – The £500k budget is planned to be spent on ensuring compliance with the Regulatory Reform Order 2005.

- <u>Public Sector Adaptations expenditure</u> – 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.

- <u>Energy Performance expenditure</u> –This budget line funds a 5-year programme for the longer-term delivery of renewable energy and decarbonisation measures, primarily involving the installation of solar PV systems and battery storage. The programme will continue to focus on properties that are not connected to the mains gas network throughout 2026/27.

- <u>Planned Maintenance expenditure</u> – The total budget allocated for traditional Planned Maintenance work is £3,410k. The work primarily involves planned works at Ffordd Wynfa in Holyhead and at Tyddyn To flats in Menai Bridge.

- <u>Environmental Works Expenditure</u> – A total budget of £500k is allocated towards the programmed demolition of garages which are no longer viable to maintain, and towards targeted estate improvements and upgrading treatment.

- <u>Central Heating Contract Expenditure</u> – A budget of £500k has been allocated to commence a programme of planned electrical storage heating upgrades.

- <u>Fleet Renewal</u> – The budget allocates the sum of £644k for a rolling programme of renewing the van stock utilised by operatives.

5.2 **Acquisition of Existing Properties and Development of new properties.** A budget of £17,708k has been allocated to activities which increase the HRA rentable stock.

- <u>New developments</u>
  New developments at Cae Braenar in Holyhead and the Newborough Old School Site will be finished in quarter 2 or 3. These projects should add 23 and 14 units respectively to the lettable stock during 2026/27. Three more units will be added in Llangefni and Llanfaethlu.

- 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 under way. Additionally, three properties were acquired and are being developed to meet the needs of Social Services.

- Acquisitions and Renovations
  The focus in 2026/27 is on renovations of previously acquired properties, with the expectation that the budget of £1,270k will fund completing 15 units to be added to lettable stock during the year.

- 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 Magistrate's Court in Holyhead.

6. HRA balance and external borrowing

6.1 The opening balance of the HRA reserve stood at £3,065k. The budget allowed for the use of £1,851k of this balance, leaving the minimum level of reserve balance of £1,214k, as set out in the HRA Business Plan. This equates to 5% of the dwelling rental income budget for 2026/27.

6.2 The net funding deficit for the year is forecasted at £5,625k, which will require external borrowing. The annual cost (interest and Minimum Revenue Provision (MRP)) has been factored into the 2026/27 revenue budget and into the 30 year business plan.

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:

- Appendix A – Revenue expenditure and forecasts to end of quarter 1 2026/27
- Appendix B – Capital expenditure and forecasts to end of quarter 1 2026/27
- Appendix C – New Build capital schemes and forecast to end of quarter 1 2026/27

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

- HRA 30 Year Business Plan 2026-2056 (as approved by this Committee in March 2026).

Appendix A

HOUSING REVENUE ACCOUNT BUDGET 2026/27

	Current budget 26/27	Spend/(income) at Q1	Year end forecast at Q1	Year end variance
	£000	£000	£000	£000
Income				
Rent income	(24,534)	(6,572)	(24,534)	-
Service charges	(283)	(86)	(283)	-
Other income	(305)	(80)	(317)	(12)
Income total	**(25,122)**	**(6,738)**	**(25,134)**	**(12)**
Expenditure				
Repairs and Maintenance	4,170	1,173	4,225	55
Responsive repairs		*510*	*2,997*	-
Planned and cyclical work		*13*	*210*	-
Vacant dwellings		*650*	*1,018*	-
Shared and rechargeable services	958	514	994	36
Operative employees costs	2,368	512	2,219	(149)
Ovearheads and other expenditure	724	221	707	(17)
Repairs and maintenance total	**8,219**	**2,420**	**8,144**	**(75)**
Supervision and management	**5,757**	**1,421**	**5,547**	**(210)**
Total operations	**(11,146)**	**(2,898)**	**(11,443)**	**(297)**
Year end adjustments				
Financing costs and bad debt provision	3,485	-	3,485	(0)
Recharge from centreal services	865	-	865	-
Recharge from the housing services	25	-	25	-
Total Year end adjustments	**4,376**	**-**	**4,376**	**(0)**
Total revenue (surplus)/deficit	**(6,770)**	**(2,898)**	**(7,067)**	**(297)**
Capital expenditure account				
Capital expenditure	33,262	4,010	33,425	163
Capital grants receivable	(18,882)	(18,882)	(18,882)	-
Other contributions	-	-	-	-
Total capital (surplus)/deficit	**14,380**	**(14,872)**	**14,543**	**163**
Capital deficit funded by				
Revenue surplus	(6,770)	-	(7,067)	(297)
HRA reserve	(1,851)	-	(1,851)	-
Unsupported borrowing	(5,759)	-	(5,625)	134
Total funding of capital expenditure	**(14,380)**	**-**	**(14,543)**	**(163)**
Opening HRA balance	(3,065)	-	(3,065)	-
Net (increase)/decrease in HRA reserve	1,851	-	1,851	-
Closing HRA reserve	**(1,214)**	**-**	**(1,214)**	**-**

Appendix B

HOUSING REVENUE ACCOUNT CAPITAL BUDGET 2026/27

	Expenditure				Funded by		
	Annual budget 2026/27	Expenditure Q1	Year end forecast	Year end variance	Grant	HRA	Borrowing
	£000	£000	£000	£000	£000	£000	£000
Acquisition of Existing Properties and Development of New Properties	17,708	2,242	17,871	163	14,911		2,960
Central Heating Contract	500	-	500	-		500	
Planned Maintenance Contract	3,410	274	3,410	-		3,410	
Energy Performance Improvement	3,200	396	3,200	-	1,280		1,920
Environmental Works	500	52	500	-		500	
Public Sector Adaptations	500	61	500	-		500	
Fire Risk Management	500	(2)	500	-		500	
WHQS	1,500	14	1,500	-		1,500	
Kitchen Replacement Programme	4,800	706	4,800	-	2,690	1,364	746
Fleet Renewal	644	266	644	-		644	
Total	**33,262**	**4,010**	**33,425**	**163**	**18,881**	**8,918**	**5,626**

APPENDIX C

NEW DEVELOPMENT BUDGET 2026/27

Schemes / Projects	Number of additional units	Expenditure				Funded by		
		Budget 2026/27	Expenditure Q1	Year end forecast	Year end variance	Grant	HRA	Borrowing
		£000	£000	£000	£000	£000	£000	£000
New build dwellings								
Newborough Old School Site	14	282	112	282	-			282
Cae Braenar, Caergybi	23	775	77	775	-	12		763
Parc Y Coed, Llangefni, Phase 2	2	18	0	18	-			18
Stad y Bryn, Llanfaethlu	10	64	105	120	56			120
Acquisition of existing properties								
Acquisitions	2	202	310	310	107			310
Refurbishment	15	1,068	608	1,068	-			1,068
Collaboration with Social Services	3	900	585	900	-	600		300
Aethwy Extra Care	73	14,299	435	14,299	-	14,299		
Projects in pre-development stages		100	10	100	-			100
Total	**142**	**17,708**	**2,242**	**17,871**	**163**	**14,911**	**-**	**2,960**