

- 1 The Sedgemoor HRA figures for 2022/23 were revised during the budget process estimating a surplus (increase in balances) for the year of £917,390, leaving balances as at 31st March 2023 at £10,266,793. The level of balances need to be viewed in the context of the 30-year business because the balances fluctuate over the period accommodating major stock works; stock development and repayment of debt. Whilst the balances are healthy we need to be mindful of forthcoming commitments such as the net zero climate change works and inflation that will need to be built into the plan.
- 2 The outturn is presented in Table 1 and shows a provisional surplus of £1,363,779 an increase of £446,389 compared to the expected actual. This can be accounted for by additional income from rents and income collected at £333,929; under spends on revenue expenditure at £288,646 including expenditure for fire risk works and housing development consultancy which is being reviewed in 2023/24; off set by increases in interest charges payable due to rising inflation at £283,223. Other variances across the board account for the balance.
- 3 There are no revenue budget carry forwards. The expenditure budget underspends referred to above will be considered further as part of the first quarter budget monitoring at Somerset Council.
- 4 There are a number of HRA capital budget carry forward requests totalling £4.6m, however these will not impact on revenue balances. Of this £2.7m is for delays on housing stock development due to contractor and supply chain issues; £0.3m for the HiS net zero carbon works and fire safety and cladding works which are hoped to complete in 2023/24; a further £1.2m for essential works carried out by His for outbuildings, balconies and Westfield House and £0.4m for estate sewerage works at Crickham delayed because of contract complexities and the tender process.
- 5 Year-end balances are £10,713,183. Whilst the balances of the HRA are healthy these should be considered in the context of the 30- year HRA business plan which takes into account stock investment requirements and provision for repayment of long-term debt, as well as other risks that need to be managed as detailed in the plan. In the latest HRA business plan for the new Somerset Council the combined HRA business plan had funding issues from year 8. The plan was impacted by the cap on the annual rent increase which was

implemented because of the cost-of-living crisis. This situation is kept under review and the plan will be updated in due course.

Table 1 – HRA Outturn Position

2021/22 Actual	HOUSING REVENUE ACCOUNT	2022/23 Expected actual	2022/23 Actual	2022/23 Variance
£		£	£	£
	INCOME			
16,413,612	dwelling rents	16,981,380	17,264,599	283,219
582,061	non-dwelling rents	556,480	523,701	(32,779)
1,263,735	tenants' charges for services & facilities	1,262,130	1,266,883	4,753
51,578	heating and utility charges	69,120	63,169	(5,951)
70,190	leaseholders' charges for services and facilities	64,150	67,932	3,782
1,186,246	other income	1,097,730	1,162,084	64,354
9,711	decrease in impairment of debtors	0	16,551	16,551
19,577,132	TOTAL INCOME	20,030,990	20,364,919	333,929
	EXPENDITURE			
3,887,324	repairs & maintenance	4,125,790	4,070,198	(55,592)
4,451,901	supervision & management	5,292,680	4,787,969	(504,711)
1,159,514	special services	1,116,420	1,201,257	84,837
386,733	rents, rates, taxes and other charges	440,560	627,380	186,820
9,885,471	TOTAL EXPENDITURE	10,975,450	10,686,804	(288,646)
(9,691,661)	NET COST OF HRA SERVICES	(9,055,540)	(9,678,115)	(622,575)
193,080	HRA services' share of corporate & democratic core	206,330	194,249	(12,081)
(9,498,581)	NET COST OF HRA SERVICES INC CDC	(8,849,210)	(9,483,866)	(634,656)
1,751,867	interest payable & similar charges	1,708,320	1,991,543	283,223
(216,694)	interest on revenue cash balances	(254,000)	(311,164)	(57,164)
(7,963,407)	(SURPLUS)/DEFICIT ON HRA	(7,394,890)	(7,803,487)	(408,597)
	MOVEMENT IN RESERVES			
	<i>appropriations to/(from) unuseable reserves</i>			
	<i>Transfers to/from the Capital Adjustment Account</i>			
5,171,265	Capital expenditure funded by the HRA	0	52,731	52,731
	<i>Transfer to/from the Major Repairs Reserve (MRA)</i>			
5,015,200	Reversal of the MRA credited to the HRA	6,477,500	6,386,977	(90,523)
10,186,465	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE	6,477,500	6,439,708	(37,792)
2,223,057	(INCREASE)/DECREASE IN HRA BALANCE FOR YEAR	(917,390)	(1,363,779)	(446,389)
	HOUSING REVENUE ACCOUNT BALANCE			
(11,572,461)	brought forward at start of year	(9,349,404)	(9,349,404)	0
2,223,057	(surplus) / deficit for year	(917,390)	(1,363,779)	(446,389)
(9,349,404)	carried forward at end of year	(10,266,794)	(10,713,183)	(446,389)