

Update on the Housing Revenue Account and Housing General Fund budget

SCRUTINY HOMES SUB-COMMITTEE

6 February 2023

Housing Revenue Account (HRA) P7 outturn position

- The HRA accounts for the revenue expenditure and income relating to the Council's own housing stock and is ring-fenced from the Council's General Fund as required by the Local Government and Housing Act 1989
- HRA Income budget for 2022-23 is **£91m**
- HRA Expenditure budget for 2022-23 was set at **£91m**
- At month 7 HRA is forecasting a £4.6m overspend against budget
- There has been a significant increase in the utilities costs during 2022-23 which accounts for £2m of the overspend
- Work is ongoing to review recharges to the HRA. This will be completed by the end of the financial year analysis indicates that a balanced HRA budget will be achieved without the requirement to draw down from existing reserves

Housing Revenue Account Business Plan key headlines

- An updated 30 year business plan will be presented to cabinet on 22 February

NOTE the below is draft

- HRA Income net increase of £4.845m
- HRA Expenditure net increase of £4.845m & includes growth budgets for investment needs; utilities; depreciation
- The capital programme for 2023-24 has been revised upon information from our stock condition surveys amounts to £31.476m
- Service level agreements (SLA's) have been established for recharges from the general fund to the HRA with further work proposed to ensure these meet the requirements of the service

Housing General Fund P7 outturn position

- Housing GF base budget is £8.145m
- Housing GF grant funding is £8.834m
- Providing a total available budget of £16.978m
- At P7 the total forecast spend amounted to £20.499m
- Resulting in an overspend to budget of £3.521m
- The demand pressure in emergency accommodation (EA) accounts for £2.6m of the overspend
- £1.2m of pressure is within the leased temporary accommodation sector and reflects the overall worsening housing market position within London

Housing General Fund Budget

- Croydon is a net importer of homelessness placements with 59% of all placements being made by other boroughs into Croydon
- The result is demand outweighing supply and in some instances other boroughs have admitted to paying above agreed Pan-London rates to secure units
- The pressures on homeless services is recognised by central government with grant income being made available to support with prevention works being carried out, through the Homelessness Prevention Grant (HPG) in addition a winter top up grant has been paid in 2022/23 and Domestic Abuse grant & Rough Sleeping initiative funding
- Croydon has received £10m in 2022/23 with £8.8m forecast for 2023/24

Housing General Fund Budget continued

- To manage this demand lead budget the Housing Transformation Programme has identified a number of projects to :
 - Reduce the use of emergency accommodation
 - Increase tenant move ons into settled housing
 - Ensure commercially focused negotiations are held to improve property supply
- In addition the housing directorate have set out a savings programme so as to make more effective use of the resources available and deliver a service focused on prevention of homelessness wherever possible