

Agenda Item	4.
Report No	PEO 40/17

HIGHLAND COUNCIL

Committee: People Committee

Date: 6 December 2017

Report Title: Housing Revenue Budget Monitoring Report
- 1 April 2017 to 30 September 2017

Report By: Director of Community Services

1. Purpose/Executive Summary

1.1 This report invites Members to approve the revenue budget monitoring position for the period from 1 April 2017 to 30 September 2017. The report also provides information on progress in developing Housing Revenue Account estimates for next year and on consultation on rent levels for 2018/19.

2. Recommendations

2.1 Members are invited to approve the revenue budget position for 1 April 2017 to 30 September 2017 and note the work being done to consult with tenants on rent levels for 2018/19.

3. Background

- 3.1 This report is produced in support of the Council's corporate governance process, which in turn is designed to support/augment the Council's overall/corporate delivery of all of its obligations in terms of the Single Outcome Agreement.
- 3.2 There are two main elements of the Housing Revenue Budget included in this report. The Housing Revenue Account (HRA) is used to account for income and expenditure associated with the Council's front-line housing services to Council house tenants and costs associated with Council housing. In addition there is a Non-Housing Revenue Account (Non-HRA) element of the budget, which is part of the Council's overall General Fund and which relates to services that are not directly provided to Council tenants. The revenue expenditure monitoring statement is attached as **Appendix 1** and shows the financial position to 30 September 2017.

4. Housing Revenue Account

- 4.1 For the Housing Revenue Account an overspend of £0.295m is currently expected on supervision and management costs due to increasing bad debt provision. Void rent loss on both houses and garages is also ahead of budget. However the major variation in estimated outturn relates to loan charges, which are currently expected to be £1.364m lower than budgeted. This is due to a combination of lower than expected borrowing due to slippage / underspends on the HRA capital programme and greater than expected capital receipts from Council house sales taking place in the current year; and treasury management associated with current low interest rates.
- 4.2 Income on house rents is currently projected to be below budget due to slippage in the council house building programme in the current year. Other income is currently expected to be £0.285m above the budgeted level, but it should be borne in mind that this relates to the value of invoices issued, mainly in relation to rechargeable repairs, rather than actual "cash" income.
- 4.3 Overall we are currently projecting an HRA surplus of around £1m for 2017/18. Work is currently taking place on HRA revenue estimates for 2018/19. A more detailed report will be presented to the People Committee in January 2018, with a final decision on Council House rents for 2018/19 due to be made at the Council meeting in February 2018. Based on the projected outturns for 2017/18 and continuing favourable loan charge estimates for 2018/19 the prospects for the HRA budget are favourable, with little or no pressure on rents expected.
- 4.4 The Council has a legal duty to consult with their tenants about any proposed rent increase. The Scottish Social Housing Charter Outcome states that landlords should set rents and service charges in consultation with tenants and other customers so that:
- A balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them.
 - Tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.

4.5 Tenant representatives have recently formed a Finance and Participation Working Group to look at issues associated with the Housing Revenue Account in more detail. We have also issued a consultation document to all tenants seeking views on potential rent increases, including the options of a rent increase of 0% or 0.5%. A series of consultation events have also been arranged. Details of the feedback from this consultation will be reported to the People Committee in January.

5. Non-Housing Revenue Account

5.1 For the Non Housing Revenue Account, an overspend is currently predicted in relation to homeless services. This is attributable to the overall number of people currently placed in private sector temporary accommodation and also concerns about increasing bad debt provision on income raised through rents and service charges to clients in temporary accommodation. A more detailed report on homelessness is contained in a separate report to the Committee.

5.2 The Corporate Resources Committee considered the overall Council monitoring position for the period ended 30 September 2017 on 15 November 2017. The Committee also agreed to a number of budget virements to utilise a forecast underspend on loan charges, to address a number of recurring budget pressures across Council Services. For Non-HRA, this results in an additional £0.3m being fed into the budget this year. The sum has not yet been reflected within the budget monitoring report, but would have had the effect of reducing the Non-HRA overspend to £0.001m. The budget adjustment will be reflected for the period to 31 December 2017 monitoring report.

6. Implications

6.1 Resource – implications are discussed in the report.

6.2 Risk – implications to the budget position, and budget assumptions, will be kept under regular review and any risks identified report to future Committees.

6.3 Community (Equality, Poverty and Rural), Legal, Risk, Climate Change / Carbon Clever, Gaelic – There are no implications arising as a direct result of this report.

Designation: Director of Community Services

Date: 24 November 2017

Authors: David Goldie, Head of Housing and Building Maintenance
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COMMUNITY SERVICES

Revenue Expenditure Monitoring Statement

1 April 2017 to 30 September 2017

Financial Detail

BY ACTIVITY

Housing Revenue Account

Supervision and Management
 Tenant Participation
 Sheltered Housing
 Homelessness
 Repairs and Maintenance
 House Rent Voids
 Other Rent Voids
 Central Support
 Loan Charges
 Capital Funded from Current Revenue

Gross Expenditure

House Rents
 Other Rents
 Other Income
 Interest on Revenue Balances

Gross Income

HRA TOTAL

BY SUBJECTIVE

Staff Costs
 Other Costs
 Gross Expenditure
 Grants
 Other Income
 Total Income

Non-Housing Revenue Account

Homelessness
 Supporting People
 Anti Social Behaviour
 Gypsy Traveller Sites

NON-HRA TOTAL

BY SUBJECTIVE

Staff Costs
 Other Costs
 Gross Expenditure
 Grants
 Other Income
 Total Income

	£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Supervision and Management	3,260	6,401	6,696	295
Tenant Participation	78	212	212	0
Sheltered Housing	331	705	704	(1)
Homelessness	315	580	598	18
Repairs and Maintenance	8,257	16,480	16,480	0
House Rent Voids	371	722	748	26
Other Rent Voids	158	232	315	83
Central Support	0	3,520	3,520	0
Loan Charges	0	18,943	17,579	(1,364)
Capital Funded from Current Revenue	0	3,439	3,439	0
Gross Expenditure	12,770	51,234	50,291	(943)
House Rents	(23,558)	(48,863)	(48,682)	181
Other Rents	(998)	(1,954)	(1,971)	(17)
Other Income	(560)	(356)	(641)	(285)
Interest on Revenue Balances	0	(61)	(61)	0
Gross Income	(25,116)	(51,234)	(51,355)	(121)

(12,346)	0	(1,064)	(1,064)
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Staff Costs	2,435	5,392	5,276	(116)
Other Costs	10,335	45,842	46,079	237
Gross Expenditure	12,770	51,234	51,355	121
Grants	0	0	0	0
Other Income	(25,116)	(51,234)	(51,355)	(121)
Total Income	(25,116)	(51,234)	(51,355)	(121)

(12,346)	0	0	0
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Homelessness	1,206	1,581	1,881	300
Supporting People	574	1,601	1,601	0
Anti Social Behaviour	154	159	152	(7)
Gypsy Traveller Sites	(39)	(34)	(26)	8

1,895	3,307	3,608	301
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Staff Costs	634	1,298	1,242	(56)
Other Costs	3,387	6,257	6,441	184
Gross Expenditure	4,021	7,555	7,683	128
Grants	(106)	(48)	(48)	0
Other Income	(2,020)	(4,200)	(4,027)	173
Total Income	(2,126)	(4,248)	(4,075)	173

1,895	3,307	3,608	301
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