

Agenda Item	6
Report No	HP/15/21

HIGHLAND COUNCIL

Committee: Housing and Property Committee

Date: 30 September 2021

Report Title: Housing Revenue Account (HRA) and Non-HRA Budget: Final Outturn 2022/21 and Monitoring Statement to 30 June 2021

Report By: Executive Chief Officer Property and Housing

1 Purpose/Executive Summary

- 1.1 This report provides the year end outturn figures for the Housing Revenue Account and non-Housing Revenue Account revenue budgets for 2020/2021 and the monitoring statement for Q1 of 2021/2022.

2 Recommendations

- 2.1 Member are asked to:

Note the final outturn figures for the Housing Revenue Account and non-Housing Revenue Account 2020/2021.

Approve the budget position on the Housing Revenue Account and non-Housing Revenue Account 2021/2022 for the period to 30 June 2021.

Agree that £2.755m of HRA balances be earmarked for additional expenditure on repairs and environmental works delayed due to Covid-19.

3 Implications

- 3.1 **Resource** – There are no implications arising from this report.
- 3.2 **Risk** – There are no implications arising from this report.
- 3.3 **Community (Equality, Poverty and Rural), Legal, Risk, Climate Change / Carbon Clever, Gaelic** – There are no implications arising as a direct result of this report.

4 Background

- 4.1 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 the 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 housing services that are not directly provided to Council tenants.

5 Housing Revenue Account

- 5.1 The outturn position for 2020/2021 is attached as **Appendix 1**. In line with estimated outturns reported previously the HRA revenue budget was in surplus by £4.474m at year end. This underspend has been applied to HRA balances, increasing the overall HRA balances held to £11.802m.
- 5.2 During 2020/2021 staff and other direct costs were lower than budgeted across the supervision and management, sheltered housing, tenant participation and homelessness functions of the Service. Similarly, there was reduced spend on day-to-day repairs and planned maintenance work. All of these underspends were largely attributable to the effect of Covid-19 on services and related expenditure. Reduced HRA Capital Programme activity in the year also affected loan charges and resulted in the budgeted Capital from Current Revenue contribution being un-utilised.
- 5.3 As agreed by the Committee in January 2021 it is proposed that the underspend on the revenue repairs budget of £2.755m should be earmarked for additional spend on these works in the current year. In effect this will allow us to fund "catch up repairs" and work that could not be undertaken as planned in 2020/2021.
- 5.4 Further options will be developed for considering the use of the remaining HRA surplus generated in 2020/21 in the context of the overall use of balances to support future investment needs and manage longer term HRA Debt. This will be subject to further detailed discussion with Members.
- 5.6 The outturn on the non-HRA budget was an underspend of £0.514m, mainly relating to reduced expenditure on non-HRA homelessness functions. The main factors were underspends on staff costs and on in-year spend against grant income received from the Scottish Government to support homelessness initiatives.
- 5.7 The monitoring position for the HRA and non HRA revenue budget for 2021/2022 to the end of June 2021 is attached as **Appendix 2**.
- 5.8 At this stage there are underspends projected on the direct costs for delivering housing management services, across the Supervision and Management and Sheltered Housing functions. These are mainly due to reduced staff costs arising from vacant posts and on costs such as staff travel.
- 5.9 An overspend is projected on Other Rent Voids. This heading includes the rent loss through empty garages and temporary accommodation rents and service charges for property held on the Housing Revenue Account but used to meet homelessness duties. Reasons for the overspend reported vary across areas but contributory factors are: an increase in properties being used as temporary accommodation; some delays in set up and reletting repairs for these properties; an increase in properties used as "decants"

following the need for major works in secure tenancies; planned reduction in reletting of garage sites identified for environmental works. There have also been some administrative factors involved in the categorisation of properties used as temporary accommodation. Housing Managers are reviewing the position locally with a view to reducing the projected overspend.

- 5.10 Based on advice from the Head of Corporate Finance, Central Support charges from the HRA to the General Fund to cover the costs of corporate services to the HRA is currently predicted to be higher than budgeted. This is in line with the outturn figures for 2020/21.
- 5.11 On the income side, Council house rent income is below budget, mainly due to rent income from new build property being below estimated levels following slippage in the new build programme against original estimates, and an increase in the number of mainstream properties being used for temporary accommodation.
- 5.12 Taking all these factors into account the Housing Revenue Account is currently projected to overspend by £0.161m. Action is being taken to reduce this overspend and return a balanced budget by year end.

6 Non-Housing Revenue Account

- 6.1 Year to date expenditure on the Non-Housing Revenue Account is broadly in line with the budget. We are reporting a small underspend on homelessness costs year to date.

Designation: Executive Chief Officer Housing and Property

Date: 13 September 2021

Authors: David Goldie, Head of Housing and Building Maintenance
Mike Mitchell, Services Finance Manager

Appendix 1

HOUSING REVENUE ACCOUNT AND NON-HOUSING REVENUE ACCOUNT

Revenue Expenditure Monitoring Statement

1 April 2020 to 31 March 2021

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
 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	7,270	8,059	7,270	(789)
Tenant Participation	189	291	189	(102)
Sheltered Housing	522	721	522	(199)
Homelessness	947	1,085	947	(138)
Repairs and Maintenance	16,893	19,648	16,893	(2,755)
House Rent Voids	724	783	724	(59)
Other Rent Voids	386	240	386	146
Central Support	4,081	3,772	4,081	309
Loan Charges	20,755	20,997	20,755	(242)
Capital Funded from Current Revenue	0	826	0	(826)
Gross Expenditure	51,767	56,422	51,767	(4,655)
House Rents	(52,607)	(52,998)	(52,607)	391
Other Rents	(3,103)	(2,987)	(3,103)	(116)
Other Income	(437)	(375)	(437)	(62)
Interest on Revenue Balances	(94)	(62)	(94)	(32)
Gross Income	(56,241)	(56,422)	(56,241)	181

(4,474)	0	(4,474)	(4,474)
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Staff Costs	10,798	12,431	10,798	(1,633)
Other Costs	40,924	43,991	40,924	(3,067)
Gross Expenditure	51,722	56,422	51,722	(4,700)
Grants	(83)	(187)	(83)	104
Other Income	(56,113)	(56,235)	(56,113)	122
Total Income	(56,196)	(56,422)	(56,196)	226

(4,474)	0	(4,474)	(4,474)
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Homelessness	1,609	2,056	1,609	(447)
Supporting People	1,485	1,544	1,485	(59)
Gypsy Traveller Sites	(44)	(36)	(44)	(8)

3,050	3,564	3,050	(514)
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Staff Costs	1,371	1,538	1,371	(167)
Other Costs	5,597	5,458	5,597	139
Gross Expenditure	6,968	6,996	6,968	(28)
Grants	(214)	(126)	(214)	(88)
Other Income	(3,704)	(3,306)	(3,704)	(398)
Total Income	(3,918)	(3,432)	(3,918)	(486)

3,050	3,564	3,050	(514)
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Appendix 2

HOUSING REVENUE ACCOUNT AND NON-HOUSING REVENUE ACCOUNT

Revenue Expenditure Monitoring Statement

1 April 2021 to 30 June 2021

Financial Detail

BY ACTIVITY

Housing Revenue Account

Supervision and Management	2,568	8,673	8,539	(134)
Tenant Participation	59	301	301	0
Sheltered Housing	111	710	693	(17)
Homelessness	303	1,204	1,204	0
Repairs and Maintenance	4,335	18,899	18,899	0
House Rent Voids	171	803	803	0
Other Rent Voids	120	246	393	147
Central Support	0	3,920	4,085	165
Loan Charges	0	23,375	23,375	0
Capital Funded from Current Revenue	0	0	0	0

Gross Expenditure

House Rents	(12,359)	(54,416)	(54,416)	0
Other Rents	(921)	(3,286)	(3,286)	0
Other Income	86	(367)	(367)	0
Interest on Revenue Balances	0	(62)	(62)	0

Gross Income

	£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Gross Expenditure	7,667	58,131	58,292	161
Gross Income	(13,194)	(58,131)	(58,131)	0

HRA TOTAL

(5,527)	0	161	161
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BY SUBJECTIVE

Staff Costs	2,656	12,724	11,996	(728)
Other Costs	5,011	45,407	46,296	889
Gross Expenditure	7,667	58,131	58,292	161
Grants	114	(187)	(121)	66
Other Income	(13,308)	(57,944)	(58,010)	(66)
Total Income	(13,194)	(58,131)	(58,131)	0

(5,527)	0	161	161
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Non-Housing Revenue Account

Homelessness	30	2,149	2,149	0
Supporting People	251	1,544	1,544	0
Gypsy Traveller Sites	(19)	(48)	(48)	0

NON-HRA TOTAL

262	3,645	3,645	0
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BY SUBJECTIVE

Staff Costs	367	1,641	1,603	(38)
Other Costs	1,240	5,564	5,641	77
Gross Expenditure	1,607	7,205	7,244	39
Grants	(530)	(121)	(131)	(10)
Other Income	(815)	(3,439)	(3,468)	(29)
Total Income	(1,345)	(3,560)	(3,599)	(39)

262	3,645	3,645	0
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