

Agenda Item	4
Report No	HP/02/22

HIGHLAND COUNCIL

Committee: Housing and Property Committee

Date: 3 February 2022

Report Title: Housing Revenue Account (HRA) and Non-HRA Budget: Monitoring Statement to 31 December 2021

Report By: Executive Chief Officer Property and Housing

1 Purpose/Executive Summary

- 1.1 This report provides the Housing Revenue Account and non-Housing Revenue Account monitoring statement for Q3 of 2021/2022. The budget monitoring statement is attached as **Appendix 1**.

2 Recommendations

- 2.1 Member are asked to:

APPROVE the budget position on the Housing Revenue Account and non-Housing Revenue Account 2021/2022 for the period to 31 December 2021.

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 monitoring position for the HRA and non HRA revenue budget for 2021/2022 to the end of December 2021 is attached as **Appendix 1**.
- 5.2 At this stage there are underspends projected on the direct costs for delivering housing management services, across the Supervision and Management (£0.222m), Tenant Participation (£0.029m), and Sheltered Housing (£0.036m) functions. These are mainly due to reduced staff costs arising from staff turnover and on costs such as staff travel. We have also seen a reduction in spend on legal and debt collection fees and a small saving on IT costs during the year.
- 5.3 A projected overspend of £0.228 is showing for expenditure on homelessness. The homelessness budget within the HRA is used to fund management and maintenance of HRA property that is used as temporary accommodation. The overspend is mainly due to repairs and maintenance expenditure associated increasing the number of properties used as temporary accommodation.
- 5.4 An overspend of £1.432m is projected on Repairs and Maintenance, mainly due to work being carried out to address a backlog of routine repairs that we were not able to undertake during lockdown. The Committee considered 2020/2021 HRA outturn figures in September 2021. That report highlighted an underspend of £2.755m on day-to-day repairs due to covid-19, and that this had been transferred to HRA balances. It was agreed that this should be earmarked for additional spend on “catch-up repairs” in the current year. The budget figure for repairs and maintenance shown in **Appendix 1** does not include the £2.755m of earmarked balances. The current projected overspend is within the level of balances approved.
- 5.5 As reported in Q2, an overspend is projected on Other Rent Voids. This is currently projected to be £0.203m. This heading includes rent loss through empty garages and temporary accommodation and 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. Housing Managers are continuing to review the position locally with a view to reducing the projected overspend.
- 5.6 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 £0.165m higher than budgeted. This is in line with the outturn figures for 2020/21.
- 5.7 Loan charges are now projected to be £0.575m lower than budgeted, due to lower interest rates than predicted when the budget was set.
- 5.8 Council house rent income is projected to be £0.163m 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. The latter factor is reflected in the income figure for other rents, which includes rent for temporary accommodation, and is projected to be £0.111m above budget.

5.9 Taking all these factors into account the Housing Revenue Account is currently projected to overspend by £1.167m. This overspend is within the level of balances previously agreed by Committee for planned additional expenditure this year.

6 Non-Housing Revenue Account

6.1 An overspend of £0.101m is projected on the Non-HRA homelessness budget. The main factors are higher than anticipated expenditure on repairs costs on privately owned property used as temporary accommodation. There have also been underspends on non-HRA staff costs and reduced income from former tenant arrears.

6.2 An underspend of £0.100m is projected on housing support expenditure due to capacity issues with external housing support providers and changes to the way support has had to be delivered during restrictions on home visits.

6.3 An overspend is projected on the Travelling Peoples' Site budget. This is mainly due to the need to keep vacant due to ongoing site improvement works.

6.4 Overall, the non-HRA budget is projected to overspend by £0.014m. Action is being taken to address this in the final quarter.

Designation: Executive Chief Officer Property and Housing

Date: 14 January 2022

Authors: David Goldie, Head of Housing and Building Maintenance

HOUSING REVENUE ACCOUNT AND NON-HOUSING REVENUE ACCOUNT

Revenue Expenditure Monitoring Statement

1 April 2021 to 31 December 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
6,173	8,673	8,451	(222)
166	301	272	(29)
416	710	674	(36)
893	1,204	1,432	228
16,066	18,899	20,331	1,432
604	803	783	(20)
359	246	449	203
0	3,920	4,085	165
0	23,375	22,800	(575)
0	0	0	0
24,677	58,131	59,277	1,146
(40,600)	(54,416)	(54,253)	163
(2,529)	(3,286)	(3,397)	(111)
(116)	(367)	(398)	(31)
0	(62)	(62)	0
(43,245)	(58,131)	(58,110)	21

(18,568)	0	1,167	1,167
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8,748	12,724	11,835	(889)
15,929	45,407	47,442	2,035
24,677	58,131	59,277	1,146
(81)	(187)	(264)	(77)
(43,164)	(57,944)	(57,846)	98
(43,245)	(58,131)	(58,110)	21

(18,568)	0	1,167	1,167
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820	2,481	2,582	101
765	1,544	1,444	(100)
(28)	(48)	(35)	13

1,557	3,977	3,991	14
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1,184	1,697	1,530	(167)
3,550	5,840	6,005	165
4,734	7,537	7,535	(2)
(835)	(121)	(111)	10
(2,342)	(3,439)	(3,433)	6
(3,177)	(3,560)	(3,544)	16

1,557	3,977	3,991	14
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