

Agenda Item	<b>5.</b>
Report No	<b>HP/06/22</b>

## HIGHLAND COUNCIL

**Committee:** Housing and Property Committee

**Date:** 31 August 2022

**Report Title:** Housing Revenue Account (HRA) and Non-HRA Budget:  
Final Outturn 2021/22 and Monitoring Statement to 30 June 2022

**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 2021/2022 and the monitoring statement for Q1 of 2022/2023.

### 2 Recommendations

2.1 Members are asked to:

- (i) **NOTE** the final outturn figures for the Housing Revenue Account and non-Housing Revenue Account 2021/2022, including the use and movement in reserves.
- (ii) **APPROVE** the budget position on the Housing Revenue Account and non-Housing Revenue Account 2022/2023 for the period to 30 June 2022.

### 3 Implications

- 3.1 **Resource** – The report notes the use of Housing Revenue Account balances to address a planned overspend on the HRA budget for 2021/22.
- 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.

1. The Housing Revenue Account (HRA) budget, which 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 and related assets.
2. In addition, there is a Non-Housing Revenue Account (Non-HRA) budget, which is part of the Council's overall General Fund, and relates to housing services that are not directly provided to Council tenants.

## 5 Housing Revenue Account

5.1 The main elements of the Housing Revenue Account budget are outlined below.

### 5.2 **Supervision and Management**

This budget covers the staffing and other running costs for the management and repair of Council housing. The budget includes bad debt provision against rent income.

### 5.3 **Tenant Participation and Sheltered Housing**

These form part of the overall category of Supervision and Management costs but are reported as separate lines on the monitoring statement to provide Members and tenants with information on the separate costs of these service areas. These budgets cover the staff and running costs of the services, including the costs of support to tenant groups and tenant and customer engagement activities.

### 5.4 **Homelessness**

Some Council housing is used as temporary accommodation to meet our statutory homelessness functions. This budget covers the management costs associated with this accommodation. In line with an existing Council commitment and with revised national guidance on temporary accommodation standards we have been increasing the use of our own housing stock as temporary accommodation by around 50 properties a year.

### 5.5 **Repairs and Maintenance**

This budget covers the cost of carrying out revenue funded day to day repairs and planned maintenance to council houses, including repairs to empty houses and revenue funded environmental improvements. This includes the costs of the Council's in-house building maintenance teams.

### 5.6 **House Rent Voids**

At any time, the Council will have some properties empty as part of its normal letting operations and will therefore have no rent income for those properties. The budget for house rent voids is based on actual rents for vacant council houses.

### 5.7 **Other Rent Void Loss**

This budget covers rent loss on other HRA properties, mainly garages and garage sites and houses used for temporary accommodation.

## 5.8 Central Administration

This budget covers the costs of corporate charges to the HRA for legal, financial, IT and other corporate services in relation to the Council's landlord role.

## 5.9 Loan Charges

This budget covers the revenue costs of repaying debt held on the Housing Revenue Account. Borrowing takes place to fund capital investment in improvements to Council housing and other assets held on the Housing Revenue Account, as well as to fund the council house building programme.

5.10 Revenue expenditure on managing and maintaining the Council's housing stock needs be met from income. Housing Revenue Account income is generated mainly from Council house rents. Income is also received through other sources, mainly: garage and garage site rentals, service charges, rechargeable services.

## 6 Housing Revenue Account – Outturn 2021/22

6.1 The outturn position for 2021/2022 is attached as **Appendix 1** and shows that the HRA revenue budget was in balance at year end, following the use of Housing Revenue Account balances to cover in year overspends, described below.

6.2 During 2021/22 there was an overspend in repairs and maintenance of £1.580m which reflected the additional costs of materials post-pandemic and an increased volume of repairs to catch-up on the backlog of minor repairs which were delayed by Covid-19 restrictions. The statement also shows an overspend on other rent voids, associated with an increase in the number of properties used as temporary accommodation during the pandemic, and an increase in reletting times due to restrictions on working practices. Central Support charges to the HRA were also higher than budgeted in the year. Income to the Housing Revenue Account was £0.150m lower than budgeted due to delays in completing new build properties during the year.

6.3 During 2021/2022 staff and other direct costs were lower than budgeted across the supervision and management, sheltered housing and tenant participation functions of the Service. This underspend is largely attributable to the effect of Covid-19 on recruitment, and service delivery. Reduced HRA Capital Programme activity in the year also affected loan charges.

6.4 The HRA outturn for the previous year (2020/21) was a surplus of £4.474m. This was returned to Housing Revenue Account balances, increasing balances to £11.802m. At that time, it was estimated that catch up repairs to be carried out during 2021/22 would cost around £2.755m, and this is shown as a budgeted contribution from balances in the income section of the monitoring statement at **Appendix 1**. For the reasons described above expenditure was higher than anticipated. In order to return a balanced Housing Revenue Account at year end an additional £1.173m has been drawn down from balances. This leaves HRA balances on 31 March 2022 at £7.874m. Movement in balances over the last 2 years is summarised in the below:

<b>Movement on HRA Reserves</b>	£'000
<b>Reserves on 1 April 2020</b>	<b>7.328</b>
20/21 surplus added to reserves	+4,474
<b>Reserves on 31 March 2021</b>	<b>11.802</b>

Drawdown to fund additional repairs expenditure	-2.755
Drawdown to fund additional costs	-1.173
<b>Reserves on 1 April 2022</b>	<b>7,874</b>

## **7 Non-Housing Revenue Account – Outturn 2021/22**

- 7.1 The Non-Housing Revenue Account (Non-HRA) budget is part of the Council's overall General Fund and relates to housing services that are not directly provided to Council tenants. This covers the costs of providing homelessness services and accommodation through external accommodation providers as well as housing support services. The Council's four Gypsy/Traveller sites are also funded through the Non-HRA. Income from rents on temporary accommodation and for gypsy/traveller site pitches partly offsets costs.
- 7.2 The outturn on the non-HRA budget was an underspend of £0.602m, mainly relating to reduced expenditure on non-HRA homelessness functions. The main factor was an underspend on housing support with providers delivering less in-person support as a result of the Covid-19 restrictions on working practices.

## **8 Housing Revenue Account Monitoring Statement to 30 June 2022**

- 8.1 Overspends are currently projected on housing repairs, homelessness, and other rent void loss. Labour and material costs for housing repairs continue to be affected by rising inflation. We have also experienced some difficulties in recruitment to our in-house building maintenance trades teams and this has resulted in greater use of external contractors, where costs are generally higher. Homelessness and other rent income are affected by increased numbers of properties being used as temporary accommodation, and also reflect some of the increasing costs for setting up, furnishing and maintaining properties.
- 8.2 On the income side, Council house rent income is above budget, mainly due to rent income from new build property being above estimated levels following improved progress in the new build programme against original estimates.
- 8.3 Taking all these factors into account the Housing Revenue Account is currently projected to overspend by £0.886m. Action is being taken to reduce this overspend and return a balanced budget by year end.

## **7 Non-Housing Revenue Account – Monitoring to 30 June 2022**

- 7.1 Year to date expenditure on the Non-Housing Revenue Account is broadly in line with the budget. We are reporting an underspend on housing support costs year to date.

Designation: Executive Chief Officer Property and Housing

Date: 8 August 2022

Authors: David Goldie, Head of Housing and Building Maintenance  
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# HOUSING REVENUE ACCOUNT AND NON-HOUSING REVENUE ACCOUNT

## Revenue Expenditure Monitoring Statement

**1 April 2021 to 31 March 2022**

**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  
 Drawdown from Reserves  
 Interest on Revenue Balances

**Gross Income**

£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
7,754	8,673	7,754	(919)
229	301	229	(72)
597	710	597	(113)
1,261	1,204	1,261	57
23,234	21,654	23,234	1,580
852	803	852	49
493	246	493	247
4,159	3,920	4,159	239
23,330	23,375	23,330	(45)
0	0	0	0
<b>61,909</b>	<b>60,886</b>	<b>61,909</b>	<b>1,023</b>
(54,257)	(54,416)	(54,257)	159
(3,355)	(3,286)	(3,355)	(69)
(336)	(367)	(336)	31
(3,928)	(2,755)	(3,928)	(1,173)
(33)	(62)	(33)	29
<b>(61,909)</b>	<b>(60,886)</b>	<b>(61,909)</b>	<b>(1,023)</b>

**HRA TOTAL**

<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**BY SUBJECTIVE**

Staff Costs  
 Other Costs  
 Gross Expenditure  
 Grants  
 Other Income  
 Total Income

11,957	12,724	11,957	(767)
49,952	48,162	49,952	1,790
<b>61,909</b>	<b>60,886</b>	<b>61,909</b>	<b>1,023</b>
(217)	(187)	(217)	(30)
(61,692)	(60,699)	(61,692)	(993)
<b>(61,909)</b>	<b>(60,886)</b>	<b>(61,909)</b>	<b>(1,023)</b>

<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**Non-Housing Revenue Account**

Homelessness  
 Supporting People  
 Gypsy Traveller Sites

2,415	2,542	2,415	(127)
1,050	1,544	1,050	(494)
(27)	(46)	(27)	19

**NON-HRA TOTAL**

<b>3,438</b>	<b>4,040</b>	<b>3,438</b>	<b>(602)</b>
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**BY SUBJECTIVE**

Staff Costs  
 Other Costs  
 Gross Expenditure  
 Grants  
 Other Income  
 Total Income

1,634	1,755	1,634	(121)
5,450	5,846	5,450	(396)
<b>7,084</b>	<b>7,601</b>	<b>7,084</b>	<b>(517)</b>
(383)	(121)	(383)	(261)
(3,263)	(3,439)	(3,263)	176
<b>(3,646)</b>	<b>(3,561)</b>	<b>(3,646)</b>	<b>(85)</b>

<b>3,438</b>	<b>4,040</b>	<b>3,438</b>	<b>(602)</b>
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# HOUSING REVENUE ACCOUNT AND NON-HOUSING REVENUE ACCOUNT

## Revenue Expenditure Monitoring Statement

1 April 2022 to 30 June 2022

### Financial Detail

#### BY ACTIVITY

##### Housing Revenue Account

	£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Supervision and Management	3,075	9,340	9,150	(190)
Tenant Participation	49	304	276	(28)
Sheltered Housing	119	742	702	(40)
Homelessness	358	1,246	1,383	137
Repairs and Maintenance	5,862	19,505	20,255	750
House Rent Voids	178	828	854	26
Other Rent Voids	125	336	467	131
Central Support		4,246	4,246	0
Loan Charges		23,441	23,441	0
Capital Funded from Current Revenue		0	0	0
<b>Gross Expenditure</b>	<b>9,766</b>	<b>59,988</b>	<b>60,774</b>	<b>786</b>
House Rents	(11,554)	(56,093)	(56,245)	(152)
Other Rents	(798)	(3,497)	(3,354)	143
Other Income	(107)	(337)	(228)	109
Interest on Revenue Balances		(61)	(61)	0
<b>Gross Income</b>	<b>(12,459)</b>	<b>(59,988)</b>	<b>(59,888)</b>	<b>100</b>

#### HRA TOTAL

<b>(2,693)</b>	<b>0</b>	<b>886</b>	<b>886</b>
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#### BY SUBJECTIVE

Staff Costs	2,794	13,701	12,255	(1,446)
Other Costs	6,972	46,287	48,519	2,232
Gross Expenditure	9,766	59,988	60,774	786
Grants	(57)	(187)	(55)	132
Other Income	(12,401)	(59,801)	(59,833)	(32)
Total Income	(12,458)	(59,988)	(59,888)	100

<b>(2,692)</b>	<b>0</b>	<b>886</b>	<b>886</b>
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##### Non-Housing Revenue Account

Homelessness	352	1,865	1,925	60
Supporting People	115	1,544	1,200	(344)
Gypsy Traveller Sites	(5)	0	9	9

#### NON-HRA TOTAL

<b>462</b>	<b>3,409</b>	<b>3,134</b>	<b>(275)</b>
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#### BY SUBJECTIVE

Staff Costs	410	1,678	1,676	(2)
Other Costs	1,236	5,328	5,129	(199)
Gross Expenditure	1,646	7,006	6,805	(201)
Grants	(512)	(171)	(153)	18
Other Income	(672)	(3,426)	(3,518)	(92)
Total Income	(1,184)	(3,597)	(3,671)	(74)

<b>462</b>	<b>3,409</b>	<b>3,134</b>	<b>(275)</b>
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