

Agenda Item	4.
Report No	HP/14/22

HIGHLAND COUNCIL

Committee: Housing and Property Committee

Date: 17 November 2022

Report Title: Housing Revenue Account (HRA) and Non-HRA Revenue Monitoring Statement to 30 September 2022

Report By: Executive Chief Officer Housing and Property

1 Purpose/Executive Summary

- 1.1 This report provides commentary on the Housing Revenue Account and non-Housing Revenue Account budget monitoring statement for Q2 of 2022/2023. The monitoring statement is attached as an **Appendix** to this report.

2 Recommendations

- 2.1 Members are asked to:

APPROVE the budget position on the Housing Revenue Account and non-Housing Revenue Account 2022/2023 for the period to 30 September 2022.

AGREE to suspending non-essential housing repairs in order to address the projected overspend within the current year.

3 Implications

- 3.1 **Resource** – The report outlines the current external factors affecting the HRA budget. The report recommends corrective action to address projected overspends and return a balanced budget by year end.
- 3.2 **Risk** – There are customer service risks associated with the recommendation to suspend non-essential housing repairs.
- 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. The 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 Monitoring Statement to 30 September 2022**

6.1 Overspends are currently projected on housing repairs, homelessness, and other rent void loss, with the biggest emerging issue on housing repairs.

6.2 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. If spend remains at the current level for the rest of the year an overspend of £2.758m is projected. To manage this and minimise any year-end overspends on the HRA overall it is recommended that non-essential repairs are suspended.

6.3 In general terms, this would include non-essential repairs largely associated with the external fabric of properties and environmental improvement works. This would include repairs to fencing, gates, garages and pathways.

6.4 A weekly review of repairs would take place. This would allow Maintenance Teams to assess the risk of property/estate deterioration if the repairs continued to be suspended and to allow them to carry out these repairs if they required to be reprioritised.

6.5 An analysis of costs and impact on service demands will be provided within the budget monitoring report to the next meeting of the Committee.

6.6 Other rent income is affected by vacant garage and garage sites and an increase in turnover and reletting times for HRA property used as temporary accommodation.

6.7 On the income side, Council house rent income is slightly below projected levels due to delays in completion of some new build projects. Other rent income is affected by the rate of increasing HRA property used as temporary accommodation for homeless households, partly associated with delays in setting up and furnishing new properties.

6.8 Taking all these factors into account the Housing Revenue Account is currently projected to overspend by £3.055m. The main factor is rising costs of carrying out repairs and maintenance to Council houses. The report recommends suspending

non-essential repairs in order to address this overspend and return a balanced budget by year end.

7 Non-Housing Revenue Account – Monitoring to 30 September 2022

- 7.1 Expenditure on Homelessness is currently ahead of budget. This is due to repairs and maintenance as well as reletting and end of lease costs associated with privately leased properties that are used for temporary accommodation.
- 7.2 The budget for housing support is currently projecting an underspend. This is associated with some difficulties with capacity of external housing support providers and well as a reduced use of some accommodation-based services in line with our Rapid Rehousing Transition Plan.
- 7.3 An overspend is projected on the Gypsy / Traveller Sites as a result of our ongoing commitment to achieve site standards, including fire safety measures on the sites.

Designation: Executive Chief Officer Property and Housing

Date: 3 November 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

April 2022 to 30 September 2022

Financial Detail

Variance Breakdown

BY ACTIVITY

Housing Revenue Account

	£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Supervision and Management	5383	9,359	9,229	(130)
Tenant Participation	107	304	252	(52)
Sheltered Housing	246	723	658	(65)
Homelessness	844	1,246	1,298	52
Repairs and Maintenance	10338	19,505	22,263	2,758
House Rent Voids	380	828	802	(26)
Other Rent Voids	227	336	490	154
Central Support		4,246	4,246	0
Loan Charges		23,441	23,441	0
Capital Funded from Current Revenue		0	0	0
Gross Expenditure	17,525	59,988	62,679	2,691
House Rents	(26,608)	(56,093)	(56,010)	83
Other Rents	(1,583)	(3,497)	(3,252)	245
Other Income	(207)	(337)	(301)	36
Interest on Revenue Balances		(61)	(61)	0
Gross Income	(28,398)	(59,988)	(59,624)	364

£000 staffing Variance	£000 other spend Variance	£000 Income Variance
(40)	(90)	
(69)	17	
(33)	(32)	
(66)	118	
(17)	2,775	
	(26)	
	154	
	0	
	0	
	0	
(225)	2,916	0
		83
		245
		36
		0
0	0	364

HRA TOTAL

(10,873)	0	3,055	3,055
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(225)	2,916	364
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BY SUBJECTIVE

Staff Costs	5,874	13,701	13,476	(225)
Other Costs	11,651	46,287	49,203	2,916
Gross Expenditure	17,525	59,988	62,679	2,691
Grants	(111)	(187)	(115)	72
Other Income	(28,287)	(59,801)	(59,509)	292
Total Income	(28,398)	(59,988)	(59,624)	364
(10,873)	0	3,055	3,055	

Non-Housing Revenue Account

Homelessness	119	1,862	2,206	344
Supporting People	320	1,544	1,200	(344)
Gypsy Traveller Sites	5	0	17	17

(37)	405	(24)
0	(344)	0
(6)	27	(4)

NON-HRA TOTAL

444	3,406	3,423	17
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(43)	88	(28)
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BY SUBJECTIVE

Staff Costs	918	1,678	1,635	(43)
Other Costs	2,595	5,325	5,413	88
Gross Expenditure	3,513	7,003	7,048	45
Grants	(1,680)	(171)	(174)	(3)
Other Income	(1,389)	(3,426)	(3,451)	(25)
Total Income	(3,069)	(3,597)	(3,625)	(28)
444	3,406	3,423	17	