

Agenda Item	4
Report No	HP/19/23

The Highland Council

Committee: Housing & Property Committee

Date: 9 November 2023

Report Title: Housing Revenue Account (HRA) and Non-HRA Budget: Monitoring Statement to 30 September 2023

Report By: Executive Chief Officer, Housing & Property

1. Purpose/Executive Summary

1.1 This report provides the monitoring statement for quarter 2 for the Housing Revenue Account and non-Housing Revenue Account revenue budgets for 2023/2024.

2. Recommendations

2.1 Members are asked to:

- i. **Approve** the budget position on the Housing Revenue Account and non-Housing Revenue Account 2023/2024 for the period to 30 September 2023.

3. Implications

3.1 **Resource** – The report provides detail on how the Service will achieve a balanced budget for 2023/2024.

3.2 **Legal** – There is a legal requirement to ensure that the Housing Revenue Account has a balanced budget at year-end.

3.3 **Community (Equality, Poverty, Rural and Island)** - There are no implications arising as a direct result of this report.

3.4 **Climate Change / Carbon Clever** - There are no implications arising as a direct result of this report.

3.5 **Risk** - There are no implications arising as a direct result of this report.

3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - There are no implications arising as a direct result of this report.

3.7 **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.

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 Income

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.

5.11 The annual Revenue Estimates will be submitted to this Committee ahead of the 2024/25 financial year. It is essential that the rent charged for 2024/25 is set at a level which ensures sufficient budget to deliver key housing services, while keeping rents as affordable as possible for our tenants during the Cost of Living Crisis.

6. **Housing Revenue Account Monitoring Statement to 30 September 2023**

6.1 **Appendix 1** provides details of the Housing Revenue Account income and expenditure to 30 September 2023.

6.2 Staff and other direct costs are anticipated to be underspent at year-end across the supervision and management (£0.443m underspent), sheltered housing (£0.120m underspent) and tenant participation (£0.066m underspent) functions of the Service. This underspend is largely attributable to the long-term effect of Covid-19 on recruitment, in particular with challenges recruiting to some trade's posts.

6.3 There are ongoing concerns with repairs and maintenance costs. This reflects national issues such as:

- significant additional costs of materials post-pandemic;
- additional costs incurred in relation to transport/fuel costs and utility costs; and
- increased regulatory commitments in terms of fire safety and electrical safety works.

6.4 More intensive cost controls have been required to minimise repair spend in 2023/2024 and these were reported to August Committee. These involve the following:

- Cyclical work has been reviewed to prioritise statutory works such as electrical inspections ahead of cyclical painting, gutter-cleaning and air source heat pump servicing;
- Non-emergency works are to be allocated to in-house trades unless they are unable to do the works within a reasonable timeframe;
- Re-letting works have been reviewed to ensure that they comply with the re-let requirements of Highland's Empty Homes Standard, rather than carrying out more extensive void works;
- Non-essential repairs remain suspended. These repairs are largely associated with the external fabric of properties and environmental improvement works. This would include repairs to fencing, gates, garages and pathways. A weekly review of repairs continues to take place to assess the risk of property/estate deterioration if the repairs continued to be suspended and to allow Maintenance Teams to carry out these repairs if they required to be reprioritised.

- 6.5 Taking the above cost controls into account, the year-end estimated outturn for repairs and maintenance is projected to be £0.538m over budget.
- 6.6 On the income side, income from rental income including from the new build programme is projected to be £0.143m less than budgeted.
- 6.7 Taking all these factors into account the Housing Revenue Account is currently projected to overspend by £0.296m. The action referred to at section 6.4 of this report will reduce this overspend and return a balanced budget by year end.

7. Non-Housing Revenue Account – Monitoring to 30 September 2023

- 7.1 Year to date expenditure on the Non-Housing Revenue Account is £1.186m against a budget of £3.367m.
- 7.2 The estimated year-end outturn is currently anticipated at £0.474m under-budget. This largely reflects the projected underspend on the housing support budget, partly the result of the in-house delivery of services previously commissioned to external support providers.

Designation: Executive Chief Officer, Housing & Property

Date: 9 October 2023

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Appendices: **Appendix 1** – Housing Revenue Account Monitoring Statement
2023/24

Staff Costs	6,442	14,997	12,743	(2,254)			
Other Costs	12,840	47,992	50,399	2,407			
Gross Expenditure	19,282	62,989	63,142	153			
Grants	(208)	(192)	(396)	(204)			
Other Income	(29,835)	(62,797)	(62,450)	347			
Total Income	(30,043)	(62,989)	(62,846)	143			
	(10,761)	0	296	296			
Non-Housing Revenue Account							
Homelessness	898	1,893	2,007	114	(82)	107	89
Supporting People	279	1,474	885	(589)	135	(724)	0
Gypsy Traveller Sites	9	0	1	1	(10)	15	(4)
Resettlement funding	(8,234)						
NON-HRA TOTAL	(7,048)	3,367	2,893	(474)	43	(602)	85
BY SUBJECTIVE							
Staff Costs	779	1,637	1,681	44			
Other Costs	2,246	5,187	4,585	(602)			
Gross Expenditure	3,025	6,824	6,266	(558)			
Grants	(8,531)	(23)	(39)	(16)			
Other Income	(1,543)	(3,434)	(3,334)	100			
Total Income	(10,074)	(3,457)	(3,373)	84			
	(7,049)	3,367	2,893	(474)			