

Agenda Item	5
Report No	HP/02/24

# The Highland Council

**Committee:** Housing & Property Committee

**Date:** 31 January 2024

**Report Title:** Housing Revenue Account (HRA) and Non-HRA Budget: Monitoring Statement to 31 December 2023

**Report By:** Executive Chief Officer Housing & Property

## 1. Purpose/Executive Summary

1.1 This report provides the monitoring statement for Q3 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 31 December 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 Revenue Estimates 2024/25 are submitted in a separate report to this Committee. 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 31 December 2023**

6.1 **Appendix 1** provides details of the Housing Revenue Account income and expenditure to 31 December 2023.

6.2 Staff and other direct costs are anticipated to be underspent at year-end across the supervision and management (£0.125m underspent), sheltered housing (£0.133m underspent) and tenant participation (£0.085m 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 trades posts.

6.3 At November Committee, there was discussion as to the impact of these recruitment challenges and the ongoing efforts to fill existing vacancies. The following table indicates where there are current vacancies within Building Maintenance. All these posts are going through the standard Council recruitment process. Many have been advertised and some have been re-advertised.

<b>Area</b>	<b>Full Time Equivalent by Trade</b>	
Caithness	1	Painter
Inverness	1	Electrician
	5	Joiner
	2	Labourer
	2	Plumber
Lochaber	2	Electrician
	1	Labourer
Ross & Cromarty	1	Joiner
	2	Labourer
	1	Maintenance Technician
	1	Painter
	1	Plumber
Sutherland	1	Plumber
<b>Total</b>	<b>21</b>	

6.4 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.

- 6.5 More intensive cost controls have been required to minimise repair spend in 2023/2024 and these were reported to Committee previously. 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.
- 6.6 Non-essential repairs remain suspended in some instances where there are concerns as to the cost of completion. These repairs are largely associated with the external fabric of properties and environmental improvement works. This includes 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/delayed and to allow Maintenance Teams to carry out these repairs if they required to be reprioritised.
- 6.7 As of 16 January 2024, 1,268 non-essential repairs were outstanding. The estimated cost of their completion is £0.252m. The Revenue Estimates report to this Committee refers to the potential to progress such non-essential repairs if rental income is increased sufficiently for 2024/25.
- 6.8 Taking the above cost controls into account, the year-end estimated outturn for repairs and maintenance is projected to be £0.903m more than budgeted.
- 6.9 On the income side, income from rental income including from the new build programme is projected to be £0.056m less than budgeted.
- 6.10 Taking all these factors into account the Housing Revenue Account is currently projected to overspend by £1.005m. The action referred to at section 6.5 of this report will reduce this overspend and return a balanced budget by year end.

## **7. Non-Housing Revenue Account – Monitoring to 31 December 2023**

- 7.1 Year to date expenditure on the Non-Housing Revenue Account is £1.854m against a budget of £3.414m.
- 7.2 The estimated year-end outturn is currently anticipated at £0.226m under-budget. This largely reflects the projected underspend on the housing support budget, partly through cost-effective in-house delivery of services previously commissioned to external support providers.
- 7.3 It should be noted that the Non-Housing Revenue Account budgets for 2023/24 reflect the approved General Fund savings made at Council. These are reported at **Appendix 1** of this report. These include a budget saving of £0.070m on the Homelessness budget and £0.070m on the Supporting People budget.

Designation: Executive Chief Officer Housing & Property

Date: 16 January 2024

Authors: Brian Cameron, Interim Head of Housing & Building Maintenance  
Carolyn Moir, Service Finance Manager

Appendices:

Appendix 1 – Housing Revenue Account Monitoring Statement 2023/24

## MONITORING OF REVENUE EXPENDITURE - 1ST APRIL 2023 TO 31ST DECEMBER 2023

	Financial Detail				Variance Breakdown		
	£000	£000	£000	£000	£000	£000	£000
BY ACTIVITY	Actual	Annual	Year End	Year End	staffing	other	Income
	YTD	Budget	Estimate	Variance	Variance	spend	Variance
						Variance	Variance
<b>Housing Revenue Account</b>							
Supervision and Management	9,249	9,860	9,735	(125)	(189)	64	
Tenant Participation	201	336	251	(85)	(84)	(1)	
Sheltered Housing	463	723	590	(133)	(99)	(34)	
Homelessness	1269	1,246	1,645	399	(80)	478	
Repairs and Maintenance	15,624	18,868	19,771	903	(871)	1,775	
House Rent Voids	691	882	925	43		43	
Other Rent Voids	203	325	272	(53)		(53)	
Central Support	0	4,458	4,458	0		0	
Loan Charges	0	26,291	26,291	0		0	
<b>Gross Expenditure</b>	<b>27,700</b>	<b>62,989</b>	<b>63,938</b>	<b>949</b>	<b>(1,323)</b>	<b>2,272</b>	<b>0</b>
House Rents	(44,456)	(59,333)	(59,393)	(60)			(60)
Other Rents	(2,183)	(3,235)	(2,967)	268			268
Other Income	(499)	(360)	(512)	(152)			(152)
Interest on Revenue Balances	0	(61)	(61)	0			0
<b>Gross Income</b>	<b>(47,138)</b>	<b>(62,989)</b>	<b>(62,933)</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>56</b>
<b>HRA TOTAL</b>	<b>(19,438)</b>	<b>0</b>	<b>1,005</b>	<b>1,005</b>	<b>(1,323)</b>	<b>2,272</b>	<b>56</b>
<b>BY SUBJECTIVE</b>							

Staff Costs	10,368	15,004	13,680	(1,324)			
Other Costs	17,332	47,985	50,259	2,274			
Gross Expenditure	27,700	62,989	63,939	950			
Grants	(283)	(209)	(379)	(170)			
Other Income	(46,855)	(62,780)	(62,555)	225			
Total Income	(47,138)	(62,989)	(62,934)	55			
	<b>(19,438)</b>	<b>0</b>	<b>1,005</b>	<b>1,005</b>			
<b>Non-Housing Revenue Account</b>							
Homelessness	1,363	1,924	2,217	293	(4)	192	105
Supporting People	479	1,474	956	(518)	0	(518)	0
Gypsy Traveller Sites	12	16	15	(1)	(8)	8	(1)
Resettlement funding	(8,111)						
<b>NON-HRA TOTAL</b>	<b>(6,257)</b>	<b>3,414</b>	<b>3,188</b>	<b>(226)</b>	<b>(12)</b>	<b>(318)</b>	<b>104</b>
<b>BY SUBJECTIVE</b>							
Staff Costs	1,313	1,755	1,744	(11)			
Other Costs	91	5,116	4,797	(319)			
Gross Expenditure	1,404	6,871	6,541	(330)			
Grants	(5,395)	(23)	(32)	(9)			
Other Income	(2,266)	(3,434)	(3,321)	113			
Total Income	(7,661)	(3,457)	(3,353)	104			
	<b>(6,257)</b>	<b>3,414</b>	<b>3,188</b>	<b>(226)</b>			