

Agenda Item	6.
Report No	CLH 28/19

HIGHLAND COUNCIL

Committee: Care, Learning and Housing

Date: 29 May 2019

Report Title: Housing Revenue Account (HRA) and Non-HRA Budget:
Near-final Outturn Report 2018/2019

Report By: Director of Community Services

1. Purpose/Executive Summary

- 1.1 This report provides the near-final monitoring position for the Housing Revenue Account and Non-Housing Revenue Account revenue budgets for the period from 1 April 2018 to 31 March 2019.

2. Recommendations

- 2.1 Members are invited to approve the near-final revenue budget position for 1 April 2018 to 31 March 2019.

3. Background

3.1 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 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. The revenue expenditure monitoring statement reflecting near final out-turn figures for 2018/19 is attached as **Appendix 1**.

4. Housing Revenue Account

4.1 There were a number of variances against budget on Housing Revenue Account activities in the year, and comments on major variances are provided below.

4.2 Supervision and Management costs were £0.257m over budget at year end. This was mainly due to an increase in bad debt provision relating to current and former tenant arrears.

4.3 There were a number of factors contributing to an overspend of £0.634m on Repairs and Maintenance. The main factors were: the commitment to continue revenue expenditure on environmental improvement projects which had not been completed last year; a 4% increase in the volume of responsive repairs, and particularly more expensive emergency repairs; delays in full implementation of mobile technology within Building Maintenance, which would have helped improve productivity; and higher than expected sickness absence; and staff vacancy rates, resulting in greater use of sub-contractors. Work is continuing to implement the Trades Services Review, including a LEAN review of the repairs process, and this will continue to be a priority over the remainder of this year. In the meantime greater controls on expenditure will be applied in 2019/20, and this may lead to limiting non-essential repairs if necessary. This will be reported to Committee through revenue monitoring reports.

4.4 Housing Revenue Account Loan Charges were £0.826m higher than estimated. This reflects an increase in net levels of borrowing from £8.6m in 2017/18 to £15.2m 2018/19 to support the Council House Building and mainstream capital investment programmes.

4.5 Income from house rents was lower than budgeted, largely due to the timing of new build property being available for let during the year, and with progress on increasing the number of HRA properties used as temporary accommodation. This latter factor also explains "other rent" income being ahead of budget at year end. This is because rents for temporary accommodation are budgeted under "other rents" rather than "house rents".

4.6 As in previous years it is recommended that the Capital from Current Revenue contribution is adjusted to balance the account, and this is reflected in the monitoring statement in **Appendix 1**.

5 Non-Housing Revenue Account

5.1 The near final outturn for the Non-Housing Revenue Account budget shows an overall underspend of £0.483m.

5.2 There was an overspend of £0.045m on the Gypsy/Traveller site budget. The main

factor was additional expenditure on repairs and maintenance in order to upgrade to new national site standards.

- 5.3 There was an underspend of £0.072m on the Housing Support Budget, of which £49k is attributable to changes to referral and contract management arrangements with a specialist accommodation provider, as recently reported to the Audit and Scrutiny Committee. The remaining saving has arisen from close contract management of the remaining “floating support” services delivered by a range of external providers.
- 5.4 There was an underspend of £0.456m on the net homelessness budget. This was due to lower than expected bad debt provision associated with a reduction in the use of private sector temporary accommodation. However, we also raised invoices for former tenant arrears for clients who had been in temporary accommodation at a higher level than budgeted. Whilst this provides a favourable outturn for 2018/19 it is likely that we will have to provide for additional bad debt provision in future years in relation to uncollectable invoices.

6. Implications

- 6.1 Resource – implications are discussed in the report.
- 6.2 Risk – continuing trend in bad debt provision present a risk to the overall sustainability of the HRA. This will be kept under regular review and any risks identified report to future Committees.
- 6.3 Community (Equality, Poverty and Rural), Legal, Risk, Climate Change / Carbon Clever, Gaelic – There are no implications arising as a direct result of this report.

Designation: Director of Community Services

Date: 20 May 2019

Authors: David Goldie, Head of Housing and Building Maintenance
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COMMUNITY SERVICES

Revenue Expenditure Monitoring Statement

1 April 2018 to 31 March 2019

Financial Detail

BY ACTIVITY

Housing Revenue Account

	£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Supervision and Management	7,075	6,818	7,075	257
Tenant Participation	272	284	272	(12)
Sheltered Housing	675	735	675	(60)
Homelessness	792	736	792	56
Anti Social Behaviour	318	330	318	(12)
Repairs and Maintenance	17,457	16,823	17,457	634
House Rent Voids	626	689	626	(63)
Other Rent Voids	371	279	371	92
Central Support	3,612	3,520	3,612	92
Loan Charges	17,995	17,169	17,995	826
Capital Funded from Current Revenue	2,773	4,648	2,773	(1,875)
Gross Expenditure	51,966	52,031	51,966	(65)
House Rents	(49,151)	(49,437)	(49,151)	286
Other Rents	(2,297)	(2,158)	(2,297)	(139)
Other Income	(457)	(374)	(457)	(83)
Interest on Revenue Balances	(61)	(62)	(61)	1
Gross Income	(51,966)	(52,031)	(51,966)	65

HRA TOTAL

0	0	0	0
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BY SUBJECTIVE

Staff Costs	5,800	5,959	5,800	(159)
Other Costs	46,166	46,072	46,166	94
Gross Expenditure	51,966	52,031	51,966	(65)
Grants	(61)	(62)	(61)	1
Other Income	(51,905)	(51,969)	(51,905)	64
Total Income	(51,966)	(52,031)	(51,966)	65

0	0	0	0
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Non-Housing Revenue Account

Homelessness	1,508	1,964	1,508	(456)
Supporting People	1,472	1,544	1,472	(72)
Gypsy Traveller Sites	14	(30)	14	44

NON-HRA TOTAL

2,994	3,478	2,994	(484)
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BY SUBJECTIVE

Staff Costs	1,095	1,077	1,095	18
Other Costs	6,206	6,442	6,206	(236)
Gross Expenditure	7,301	7,519	7,301	(218)
Grants	(210)	(30)	(210)	(180)
Other Income	(4,097)	(4,011)	(4,097)	(86)
Total Income	(4,307)	(4,041)	(4,307)	(266)

2,994	3,478	2,994	(484)
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