

Agenda Item	<b>5</b>
Report No	<b>HP/03/21</b>

## HIGHLAND COUNCIL

**Committee:** Housing and Property Committee

**Date:** 11th March 2021

**Report Title:** Housing Revenue Account (HRA) and Non-HRA Budget Monitoring Statement to 31st December 2020

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

### 1 Purpose/Executive Summary

- 1.1 This report provides the monitoring position for the Housing Revenue Account and non-Housing Revenue Account revenue budgets for the period from 1st April 2020 to 31st December 2020.

### 2 Recommendations

2.1 Members are invited to:

1. **Approve** the budget position on the Housing Revenue Account and Non-Housing Revenue Account.
2. **Agree** that any year end HRA surplus should be added to the 2021/22 HRA Revenue budget for repairs and maintenance, in order to fund the backlog of work arising from COVID-19 restrictions during 2020/21.

### 3 Implications

3.1 **Resource** – There are no implications arising from this report.

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. 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 the 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 the position to the end of quarter 3 and containing estimated out-turn figures for 2020/21 is attached at **Appendix 1**.

## **5 Housing Revenue Account**

- 5.1 At this stage there are underspends projected on the direct costs for delivering housing management services, as shown across the Supervision and Management, Tenant Participation and Sheltered Housing functions. These are mainly attributable to reduced staff costs arising from vacant posts and on costs such as staff travel. In the case of the tenant participation budget there has also been a reduction in spend on travel, accommodation and venue costs for tenant group meetings.
- 5.2 An underspend is projected on repairs and maintenance expenditure, which includes repairing empty homes. There are 2 factors involved in the underspend:
  - 5.3 Firstly, the current revenue budget contains £1m to fund additional fire safety measures to Council housing. The Committee agreed on 10th December that this work would be funded from the HRA Capital budget. This results in underspend against the HRA Revenue budget. The impact on the HRA Capital Programme is described in the next report on the agenda.
  - 5.4 Secondly, we have carried out a reduced volume of repairs to date this year. The reintroduction of COVID-19 controls announced in December 2020 has resulted in a further reduction in day to day housing repairs. The year-end impact on spend will partly be determined by the rate at which restrictions are reduced. It seems likely that there will be a significant underspend on repairs this year, and consequently a backlog in revenue repairs work outstanding. It is recommended that any HRA underspend on revenue repairs for 2020/21 should be added to HRA balances, and that this level of balances be utilised to increase the 2021/22 HRA Revenue budget for repairs and maintenance.
- 5.5 Rent loss on vacant mainstream houses is showing an estimated underspend, with an overspend projected on rent loss on other properties. The latter figure relates to rent loss for HRA houses used as temporary accommodation (£75k) and to garages (£37k). Although the position has improved since Quarter 1, we are continuing to experience some delays in undertaking reletting repairs as well as furnishing and servicing of temporary accommodation as a result of COVID-19 restrictions.
- 5.6 On the income side, Council house rent income is below budget, mainly due to rent income from new build property being below estimated levels as a result of slippage in the new build programme against original estimates, and an increase in the number of mainstream properties being used for temporary accommodation.
- 5.7 Capital from Current Revenue is assumed to be as budgeted for the year. As a result, the Housing Revenue Account is currently projected to be in surplus at year end. This is mainly attributable to the agreed capitalisation of fire safety work and to a reduction in our ability to undertake day to day housing repairs and other non-urgent maintenance work due to COVID-19. It is recommended that any year-end surplus is applied from balances to the repairs and maintenance budget for 2021/22 in order to fund the backlog of work caused by COVID-19 restrictions.

## **6 Non-Housing Revenue Account**

6.1 Year to date expenditure on the Non-Housing Revenue Account is broadly in line with the budget. We are reporting a small underspend on homelessness costs year to date.

Designation: Executive Chief Officer Property and Housing

Date: 8th February 2021

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