

Agenda Item	4
Report No	HP/21/24

Committee: Housing and Property

Date: 6 November 2024

Report Title: Housing Revenue Account (HRA) and Non-HRA Budget Monitoring Statement to 30 September 2024

Report By: Assistant Chief Executive – Place

1 Purpose/Executive Summary

1.1 This report provides the monitoring report for the Housing Revenue Account and Non-Housing Revenue Account revenue budgets for the financial year 2024/25 up to 30 September 2024.

2 Recommendations

2.1 Members are asked to

- i. **APPROVE** the budget position on the Housing Revenue Account and Non-Housing Revenue Account 2024/25 for the period to 30 September 2024.

3 Implications

3.1 **Resource** – The report provides detail on how the Service will achieve a balanced budget for 2024/25.

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

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

3.4 **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.

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

4 Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring update report and therefore an impact assessment is not required.

5 Background

- 5.1 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.

6 Housing Revenue Account

- 6.1 The main elements of the Housing Revenue Account budget are outlined below.

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.

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.

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.

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.

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.

Other Rent Void Loss

This budget covers rent loss on other HRA properties, mainly garages and garage sites and houses used for temporary accommodation.

6.8 **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.

6.9 **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.

6.10 Committee will be aware of ongoing Council efforts to lobby the UK Government for the write-off of historic housing debt, and these efforts have continued following the recent General Election.

6.11 **Income**

Revenue expenditure on managing and maintaining the Council's housing stock needs to 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.

7 **Housing Revenue Account – Monitoring Report to 30 September 2024**

7.1 **Appendix 1** provides details of the Housing Revenue Account income and expenditure to 30 September 2024.

7.2 Expenditure as of 30 September was £19.192m. The anticipated year-end outturn is £68.753m against a budget of £68.568m.

7.3 The main variances relate to supervision and management and repairs.

7.4 The supervision and management budget are anticipated to be £0.219m under-budget at year-end, reflecting the long-term effect of the Covid-19 pandemic on recruitment. A list of current vacancies by post title will be issued separately to Members of this Committee, as well as confirmation of the activity to fill these posts as quickly as possible.

7.5 The repairs budget is anticipated to be £0.347m over-budget at year-end. This reflects the pressures of delivering repairs and meeting statutory compliance which are referred to elsewhere in reports to this Committee. In line with experience nationally, the costs associated with materials, transport/fuel and utilities remain high. In simple terms, the average cost of a repair continues to be significantly higher than several years ago.

7.6 Despite the cost pressures referred to at 7.5 above, officers are confident that the budgets will continue to be managed to ensure a balanced budget at year-end.

7.7 This report reflects the Q2 budget monitoring and forecast position. This reflects the first reporting to Strategic Committees using the new Corporate Financial System implemented in April. Members will note from **Appendix 2** an example of the style of blended graphical/tabular data available from the new system to budget holders, with further development work over the course of this year to realise further benefits from the new system. This appendix is provided as a work-in-progress illustration given aspects of the reporting dashboards are still being developed.

7.8 **Future Rental Strategy**

Committee will be aware that the practice has been for the annual Housing Revenue Account Estimates to be submitted to Committee ahead of the forthcoming financial year. In order to meet the demands of the Highland Housing Challenge and to ensure there is sufficient funding for investment in both existing and new housing, it is recommended that future Revenue Estimates focus on a longer-term rental strategy covering a number of years.

7.9 Significant analysis is underway to ensure that an appropriate rent increase is applied post-2025 to meet service delivery needs while maintaining Highland's excellent record of keeping rents as affordable as possible for our tenants. Options will come forward for Member consideration to the January committee.

7.10 For a number of years, Highland has been in the lowest quartile of Council house rents across Scotland's local authorities, but this has provided a challenge in terms of delivering essential services during a sustained period of high inflation and increased costs. Every Council tenant will be invited to respond to the annual rent consultation which takes place in November 2024.

8. **Non-Housing Revenue Account – Monitoring to 30 September 2024**

8.1 The Non-Housing Revenue Account (Non-HRA) budget is part of the Council's overall General Fund and relates to housing services that are not directly provided to Council tenants. This covers the costs of providing homelessness services and accommodation through external accommodation providers as well as housing support services. The monitoring report to 30 September 2024 is attached at **Appendix 3** of this report.

8.2 Year to date expenditure on homelessness is £0.763m against a budget of £1.670m which reflects the ongoing pressure of delivering homelessness services.

8.3 Year to date expenditure on the housing support budget is £0.369m against a budget of £1.474m. The anticipated year-end underspend here is anticipated to be achieved through cost-effective in-house delivery of services previously commissioned to external support providers.

8.4 Overall, the predicted overspend in the homelessness end of year budget is expected to be balanced by the underspend in the housing support budget, producing a near balanced budget by year end.

8.5 This report reflects the Q2 budget monitoring and forecast position. This reflects the first reporting to Strategic Committees using the new Corporate Financial System implemented in April. Members will note from **Appendix 4** an example of the style of blended graphical/tabular data available from the new system to budget holders, with further development work over the course of this year to realise further benefits from the new system. This appendix is provided as a work-in-progress illustration given aspects of the reporting dashboards are still being developed.

Designation: Assistant Chief Executive - Place

Date: 9 October 2024

Authors: Brian Cameron, Strategic Lead - Housing & Building Maintenance
Carolyn Maxwell, Service Finance Manager

Appendices:

Appendix 1 – Housing Revenue Account Monitoring Statement 2024/25;

Appendix 2 - Sample Format of Future HRA Financial reports from the new Finance System

Appendix 3 – Non-Housing Revenue Account Monitoring Statement 2024/25

Appendix 4 - Sample format of future Non-HRA financial reports from the new Finance System

Housing Revenue Account Monitoring Statement 2024/25 1 April 2024 – 30 September 2024

BY ACTIVITY	£000	£000	£000	£000
	Actual to 30.9.24	Annual Budget	Year End Estimate	Year End Variance
Supervision and Management	7079	10,250	10031	(219)
Tenant Participation	123	336	309	(27)
Sheltered Housing	273	645	599	(46)
Homelessness	299	795	798	3
Repairs and Maintenance	10728	21,309	21656	347
House Rent Voids	562	950	1133	183
Other Rent Voids	129	325	268	(57)
Central Support	0	4,458	4458	0
Loan Charges	0	29,500	29500	0
Gross Expenditure	19,192	68,568	68,753	185
House Rents	(32,365)	(64,861)	(64,866)	(5)
Other Rents	(1,550)	(3,294)	(3,135)	160
Other Income	908	(351)	(458)	(107)
Interest on Revenue Balances	0	(62)	(62)	0
Gross Income	(33,007)	(68,568)	(68,520)	47
HRA TOTAL	(13,815)	0	232	232
BY SUBJECTIVE				
Staff Costs	6,807	15,612	13,549	(2,064)
Other Costs	14,193	52,957	55,204	2,247
Gross Expenditure	21,000	68,569	68,753	184
Grants	1,562	(210)		210
Other Income	(36,376)	(68,359)	(68,520)	(161)
Total Income	(34,815)	(68,569)	(68,520)	49
	(13,815)	0	233	233

Non-Housing Revenue Account Monitoring Statement 2024/25 1 April 2024 – 30 September 2024

BY ACTIVITY	£000	£000	£000	£000
	Actual to 30.9.24	Annual budget	Year End Estimate	Year End Variance
Homelessness	763	1,670	2,218	549
Supporting People	369	1,474	972	(502)
Gypsy Traveller Sites	(9)	18	12	(7)
Resettlement funding	(8,427)	(0)	(0)	0
NON-HRA TOTAL	(7,304)	3,162	3,202	40
BY SUBJECTIVE				
Staff Costs	944	2,008	1,994	(14)
Other Costs	2,390	4,873	4,788	(86)
Gross Expenditure	3,334	6,881	6,781	(100)
Grants	(9,039)	(189)	(217)	(29)
Other Income	(1,599)	(3,530)	(3,362)	168
Total Income	(10,638)	(3,719)	(3,579)	139
	(7,304)	3,162	3,202	40

