

Agenda Item	6
Report No	HP/37/25

The Highland Council

Committee: Housing and Property

Date: 5 November 2025

Report Title: Housing Revenue Account (HRA) and Non-HRA Budget Monitoring: Reporting 1 April to 31 August 2025

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

- 1.1 This report sets out the revenue budget monitoring for the Housing Revenue Account (HRA) and non-HRA budgets for 2025/26 for the period from 1 April to 31 August 2025. The Quarter 2 period has been estimated as at 31 August as a result of the deadlines for drafting this report.
- 1.2 The purpose of this report is to support the Council's overall financial management and budgetary control arrangements. This report also supports the Committee and its Members in fulfilling the Scheme of Delegation in relation to financial management and remit of Strategic Committees which includes: *"to scrutinise the management of the Revenue and Capital Budgets for the Services included in the Committee's remit and monitor and control these budgets, including dealing with over-expenditure."*
- 1.3 This report provides Members with commentary on any material variances within the forecast to 31 August for 2025/26, and actions taken or proposed in relation to the variances.
- 1.4 The report also provides a forecast position regarding all budget savings within the remit of the Service.
- 1.5 An update on the development of a financial strategy for the HRA, including a long-term rent strategy, is subject to another report to this Committee.

2 Recommendations

2.1 Members are asked to:-

- **Scrutinise and approve** the forecast financial position for 2025/26 as set out in this report and appendices; and
- **Consider and note** the explanations provided for any material variances and actions taken or proposed.

3 Implications

- 3.1 **Resource** – this report provides key financial information regarding the Service budget and forecast financial performance against that budget, including progress with Service delivery.
- 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 risk implications arising from the report.
- 3.4 **Health and Safety** (risks arising from changes to plant, equipment, process, or people) – the HRA budget specifically includes key spend to deliver on the HRA duties in relation to health and safety.
- 3.5 **Gaelic** – There are no implications arising from the 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 report and therefore an impact assessment is not required.

5 Overview

- 5.1 This report provides details on the monitoring for 2025/26 to 31 August 2025 for:-
- 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; and
 - 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.
- 5.2 A summary of the elements of the HRA budget can be found in **Appendix 1**. Revenue Estimates as part of the proposed Housing Revenue Account Rent Strategy will be submitted to this Committee ahead of the 2026/27 financial year. It is essential that the rent charged is set at a level which ensures sufficient budget to deliver key housing services, while keeping rents as affordable as possible for our tenants.

6 **Commentary on variances - HRA**

6.1 The HRA monitoring for 2025/26 to 31 August 2025 can be found at **Appendix 2** with the detailed statement at **Appendix 3**; this outlines both income and expenditure over this period.

6.2 Expenditure to date is largely in line with budget with an anticipated year-end spend of £75.199m. On the income side, income from rental income, including from the new build programme, is projected to be £75.232m.

6.3 Taking all these factors into account, the Housing Revenue Account is currently projected to have a surplus of £0.033m at year-end.

6.4 **Actions Taken or Proposed**

As a result of the current projections, no significant actions are recommended at this stage. There is, however, a requirement to monitor income and expenditure on a monthly basis to ensure that the budget is balanced at year-end.

6.5 **Savings Delivery**

No specific savings are identified as part of the Council's Delivery Plan. The separate report to this Committee on the Housing Revenue Account Financial Strategy, summarises the considerations around approving affordable rents in the context of investment and service delivery for Highland tenants.

7 **Commentary on variances – Non-HRA**

7.1 **Appendix 4** provides details of the Non-Housing Revenue Account income and expenditure to 31 August 2025, with the detailed statement at **Appendix 5**.

7.2 Year to date expenditure on the Non-Housing Revenue Account is currently forecasted to be £0.039m overspent against a budget of £3.537m; the reason for this anticipated overspend is detailed below. This is an improved position from Quarter 1.

7.3 In order to meet Highland's statutory requirements to provide housing for homeless households, Housing has, for a number of years, leased properties from private landlords; this requires rental payments to those landlords for this service. Rent payments to landlords have been equivalent to the annual HRA rent increase; this expenditure is balanced by income from the rent charged to homeless households.

7.4 As part of the Corporate Income Targets agreed as part of the budget setting process, targets to generate additional income from leased properties were agreed. The ability to achieve this from the leased properties on the non-HRA budget is limited for the reasons outlined above.

7.5 **Actions Taken or Proposed**

The Housing Team continue to renegotiate lease agreements with private landlords and ending these as appropriate; however, this can only be achieved through normal contract monitoring processes which will take time. In conjunction however, the team continues to review and diversify how housing support is provided, and the anticipated underspend in this budget is mitigating the expected overspend in the homelessness budget. As noted previously, it should be noted that there is no intention to reduce the resources required for homelessness services. Any change in

lease agreements will have no negative impact on the provision of services to this client group.

- 7.6 The Non-Revenue Account also includes £8.620m of government grant funding for resettlement programmes; this has been received in advance of expenditure incurred and is ringfenced for resettlement activities. It should be noted that the Council costs incurred for resettlement activity have been fully reimbursed on an annual basis since the first resettlement scheme was initiated in 2015.

Designation:	Assistant Chief Executive - Place
Date:	29 September 2025
Author:	Brian Cameron, Strategic Lead, Housing and Customer Services
Appendices:	Appendix 1 – Housing Revenue Account Summary Appendix 2 – HRA Monitoring Statement Quarter 1 2025/26 to 31 August 2025 Appendix 3 – HRA Detailed Monitoring Statement Quarter 1 2025/26 to 31 August 2025 Appendix 4 – Non-HRA Monitoring Statement Quarter 1 2025/26 to 31 August 2025 Appendix 5 – Non-HRA Detailed Monitoring Statement Quarter 1 2025/26 to 31 August 2025

Housing Revenue Account – Summary

Supervision and Management

This covers the staffing and other running costs for the management and repair of Council housing.

Bad Debt Provision

A bad debt provision (or allowance) is an accounting estimate of accounts receivable that are expected to be uncollectible and will likely have to be written off.

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 information on the costs of these services. 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 re-let repairs and revenue funded environmental improvements. This includes the costs of 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.

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.

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.

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.

HRA MONITORING STATEMENT 2025-26

Appendix 2

To 31 August 2025	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Supervision & Management	5,944	8,580	8,589	8
Bad Debt Provision	(548)	2,039	2,039	0
Tenant Participation	116	339	331	(8)
Sheltered Housing	173	658	543	(115)
Homelessness	277	797	735	(62)
Repairs and Maintenance	10,041	23,205	23,531	326
House Rent Voids	466	1,060	1,176	116
Other Rent Voids	116	330	288	(42)
Central Support	0	4,118	4,118	0
Loan Charges	0	32,500	32,500	0
Capital Funded from Current Revenue	0	1,348	1,348	0
Gross Expenditure	16,584	74,974	75,199	224
House Rents	(28,266)	(71,081)	(71,409)	(328)
Other Rents	(1,368)	(3,464)	(3,385)	79
Other Income	(270)	(367)	(376)	(9)
Interest on Revenue Balances	0	(62)	(62)	0
Gross Income	(29,904)	(74,974)	(75,232)	(258)
Grand Total HRA	(13,320)	0	(33)	(33)
BY SUBJECTIVE				
Staff Costs	6,529	16,531	15,848	(682)
Other Expenditure	10,055	58,443	59,350	907
Gross Expenditure	16,584	74,974	75,199	224
Grant Income	(156)	(282)	(278)	4
Other Income	(29,748)	(74,692)	(74,954)	(262)
Total Income	(29,904)	(74,974)	(75,232)	(258)
NET TOTAL	(13,320)	0	(33)	(33)

To 31 August 2025	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance
BY ACTIVITY																				
Supervision & Management	7,356	3,104	7,185	(172)	1,224	2,840	1,404	180	0	0	0	0	0	0	0	0	8,580	5,944	8,589	8
Bad Debt Provision	0	0	0	0	2,039	(548)	2,039	0	0	0	0	0	0	0	0	0	339	116	331	(8)
Tenant Participation	241	102	245	4	98	14	86	(12)	0	0	0	0	0	0	0	0	658	173	543	(115)
Sheltered Housing	450	150	366	(84)	208	24	177	(31)	0	0	0	0	0	0	0	0	797	277	735	(62)
Homelessness	289	66	235	(54)	508	211	500	(8)	0	0	0	0	0	0	0	0	23,205	10,041	23,531	326
Repairs and Maintenance	8,195	3,107	7,818	(377)	24,511	9,471	23,727	(783)	(2)	0	0	2	(9,499)	(2,538)	(8,014)	1,485	1,060	466	1,176	116
House Rent Voids	0	0	0	0	1,060	466	1,176	116	0	0	0	0	0	0	0	0	330	116	288	(42)
Other Rent Voids	0	0	0	0	330	116	288	(42)	0	0	0	0	0	0	0	0	4,118	0	4,118	0
Central Support	0	0	0	0	4,118	0	4,118	0	0	0	0	0	0	0	0	0	32,500	0	32,500	0
Loan Charges	0	0	0	0	32,500	0	32,500	0	0	0	0	0	0	0	0	0	1,348	0	1,348	0
Capital Funded from Current Revenue	0	0	0	0	1,348	0	1,348	0	0	0	0	0	0	0	0	0				
Gross Expenditure	16,531	6,529	15,848	(682)	67,944	12,593	67,364	(580)	(2)	0	0	2	(9,499)	(2,538)	(8,014)	1,485	72,934	17,132	73,159	224
House Rents	0	0	0	0	0	0	0	0	0	0	0	0	(71,081)	(28,266)	(71,409)	(328)	(71,081)	(28,266)	(71,409)	(328)
Other Rents	0	0	0	0	0	0	0	0	0	0	0	0	(3,464)	(1,368)	(3,385)	79	(3,464)	(1,368)	(3,385)	79
Other Income	0	0	0	0	0	0	0	0	(218)	(156)	(216)	2	(149)	(115)	(160)	(11)	(367)	(270)	(376)	(9)
Interest on Revenue Balances	0	0	0	0	0	0	0	0	(62)	0	(62)	0	0	0	0	0	(62)	0	(62)	0
Gross Income	0	0	0	0	0	0	0	0	(280)	(156)	(278)	2	(74,694)	(29,748)	(74,954)	(260)	(74,974)	(29,904)	(75,232)	(258)
Grand Total HRA	16,531	6,529	15,848	(682)	67,944	12,593	67,364	(580)	(282)	(156)	(278)	4	(84,193)	(32,286)	(82,968)	1,225	(2,039)	(12,771)	(2,073)	(33)
Reconciled to Appendix 1	0	0	0	0	9,501	2,538	8,014	(1,487)	0	0	0	0	(9,501)	(2,538)	(8,014)	1,487	(2,039)	548	(2,039)	0

NON-HOUSING REVENUE ACCOUNT MONITORING STATEMENT 2025-26

Appendix 4

Aug-25	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Homelessness	415	1,918	2,406	488
Supporting People	219	1,307	824	(482)
Gypsy Traveller Sites	37	312	346	34
Resettlement funding	(8,620)	0	0	0
Grand Total Non-HRA	(7,949)	3,537	3,576	39
BY SUBJECTIVE				
Staff Costs	953	2,555	2,489	(65)
Other Expenditure	983	4,914	4,661	(253)
Gross Expenditure	1,936	7,468	7,150	(318)
Grant Income	(8,642)	(226)	(246)	(20)
Other Income	(1,244)	(3,706)	(3,328)	378
Total Income	(9,885)	(3,932)	(3,574)	358
NET TOTAL	(7,949)	3,537	3,576	39

