

Agenda Item	5
Report No	HP/02/26

The Highland Council

Committee: Housing and Property

Date: 28 January 2026

Report Title: Housing Revenue Account (HRA) and Non-HRA Budget Monitoring: Reporting 1 April to 30 November 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 30 November 2025. The Quarter 3 period has been estimated as of 30 November 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 30 November 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:-
 - i. **Scrutinise and approve** the forecast financial position for 2025/26 as set out in this report and appendices; and
 - ii. **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 30 November 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 Financial Strategy will be submitted to this Committee to agree a budget for the 2026/27 financial year.

6 **Commentary on variances - HRA**

6.1 The HRA monitoring for 2025/26 to 30 November 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 has an anticipated year-end spend of £75.761m.

The main expenditure increase is against the repairs and maintenance budget which is currently projected at £1.333m overspend at year-end. This reflects additional costs incurred to date in 2025/26 to tackle reports of suspected damp and mould, and also additional costs to increase the level of compliance with the statutory duties around electrical safety inspections.

6.3 On the income side, income from rental income, including from the new build programme, is projected to be £75.432m. This includes £0.509m more house rental income than anticipated which reflects more than anticipated housebuilding and rent collection.

6.4 Taking all these factors into account, the Housing Revenue Account is currently projected to have a deficit of £0.329m at year-end.

6.5 **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. This will include careful monitoring of the repairs and maintenance budget to ensure that the overspend is minimised without impacting on service delivery.

6.6 **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 30 November 2025, with the detailed statement at **Appendix 5**.

7.2 Year to date expenditure on the Non-Housing Revenue Account is currently forecasted to have a year-end surplus of £0.029m against a budget of £3.981m. This is an improved position from Quarter 2.

7.3 Whilst there is a surplus in the budget, there remains an overspend in the homelessness budget, as reported in the last two quarters. This relates to leased properties from private landlords and an income target against this budget line which cannot be realised due to the nature of the contracts in place.

7.4 **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.

7.5 The Non-Revenue Account also includes £8.764m 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: 5 January 2026

Author: Brian Cameron, Strategic Lead - Housing & Customer Services

Background Papers: None

Appendices: Appendix 1 – Housing Revenue Account Summary
Appendix 2 – HRA Monitoring Statement Q1 2025/26 to 30 November 2025
Appendix 3 – HRA Detailed Monitoring Statement Q1 2025/26 to 30 November 2025
Appendix 4 – Non-HRA Monitoring Statement Q1 2025/26 to 30 November 2025
Appendix 5 – Non-HRA Detailed Monitoring Statement Q1 2025/26 to 30 November 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 30 November 2025	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Supervision & Management	9,264	8,580	8,766	185
Bad Debt Provision	144	2,039	1,039	(1,000)
Tenant Participation	186	339	341	2
Sheltered Housing	287	658	527	(131)
Homelessness	417	797	689	(108)
Repairs and Maintenance	17,841	23,205	24,537	1,333
House Rent Voids	800	1,060	1,163	104
Other Rent Voids	195	330	289	(41)
Central Support	0	4,118	4,563	445
Loan Charges	0	32,500	32,500	0
Capital Funded from Current Revenue	0	1,348	1,348	0
Gross Expenditure	29,134	74,974	75,761	788
House Rents	(49,192)	(71,081)	(71,590)	(509)
Other Rents	(2,262)	(3,464)	(3,361)	104
Other Income	(328)	(367)	(420)	(54)
Interest on Revenue Balances	0	(62)	(62)	0
Gross Income	(51,782)	(74,974)	(75,432)	(459)
Grand Total HRA	(22,648)	0	329	329
BY SUBJECTIVE				
Staff Costs	10,810	16,531	15,974	(557)
Other Expenditure	18,324	58,443	59,787	1,344
Gross Expenditure	29,134	74,974	75,761	788
Grant Income	(174)	(282)	(283)	(1)
Other Income	(51,608)	(74,692)	(75,149)	(457)
Total Income	(51,782)	(74,974)	(75,432)	(458)
NET TOTAL	(22,648)	0	329	329

HRA MONITORING STATEMENT 2025-26

Appendix 3

up to and incl. Nov'25	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance																
BY ACTIVITY																				
Supervision & Management	7,356	5,052	7,268	(88)	1,224	4,212	1,497	274	0	0	0	0	0	0	0	0	8,580	9,264	8,766	185
Bad Debt Provision	0	0	0	0	2,039	144	1,039	(1,000)	0	0	0	0	0	0	0	0	2,039	144	1,039	(1,000)
Tenant Participation	241	163	249	8	98	22	92	(6)	0	0	0	0	0	0	0	0	339	186	341	2
Sheltered Housing	450	251	400	(49)	208	36	126	(82)	0	0	0	0	0	0	0	0	658	287	527	(131)
Homelessness	289	106	209	(80)	508	312	480	(28)	0	0	0	0	0	0	0	0	797	417	689	(108)
Repairs and Maintenance	8,195	5,239	7,848	(347)	24,511	17,418	24,916	406	(2)	0	0	2	(9,499)	(4,815)	(8,227)	1,272	23,205	17,841	24,537	1,333
House Rent Voids	0	0	0	0	1,060	800	1,163	104	0	0	0	0	0	0	0	0	1,060	800	1,163	104
Other Rent Voids	0	0	0	0	330	195	289	(41)	0	0	0	0	0	0	0	0	330	195	289	(41)
Central Support	0	0	0	0	4,118	0	4,563	445	0	0	0	0	0	0	0	0	4,118	0	4,563	445
Loan Charges	0	0	0	0	32,500	0	32,500	0	0	0	0	0	0	0	0	0	32,500	0	32,500	0
Capital Funded from Current Revenue	0	0	0	0	1,348	0	1,348	0	0	0	0	0	0	0	0	0	1,348	0	1,348	0
Gross Expenditure	16,531	10,810	15,974	(557)	67,944	23,139	68,014	70	(2)	0	0	2	(9,499)	(4,815)	(8,227)	1,272	74,974	29,134	75,761	788
House Rents	0	0	0	0	0	0	0	0	0	0	0	0	(71,081)	(49,192)	(71,590)	(509)	(71,081)	(49,192)	(71,590)	(509)
Other Rents	0	0	0	0	0	0	0	0	0	0	0	0	(3,464)	(2,262)	(3,361)	104	(3,464)	(2,262)	(3,361)	104
Other Income	0	0	0	0	0	0	0	0	(218)	(174)	(222)	(3)	(149)	(154)	(198)	(50)	(367)	(328)	(420)	(53)
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)	(174)	(283)	(3)	(74,694)	(51,608)	(75,149)	(455)	(74,974)	(51,782)	(75,432)	(458)
Grand Total HRA	16,531	10,810	15,974	(557)	67,944	23,139	68,014	70	(282)	(174)	(283)	(1)	(84,193)	(56,423)	(83,376)	817	0	(22,648)	329	329
Reconciled to Appendix 1	0	0	0	0	9,501	4,815	8,227	(1,274)	0	0	0	0	(9,501)	(4,815)	(8,227)	1,274	0	0	0	0

NON-HOUSING REVENUE ACCOUNT MONITORING STATEMENT 2025-26

APPENDIX 4

Nov-25	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Homelessness	1,295	2,391	2,796	405
Supporting People	456	1,307	855	(452)
Gypsy Traveller Sites	338	312	330	18
Resettlement funding	(8,764)	0	0	0
Grand Total Non-HRA	(6,676)	4,010	3,981	(29)
BY SUBJECTIVE				
Staff Costs	1,577	2,555	2,399	(156)
Other Expenditure	3,173	5,387	5,150	(236)
Gross Expenditure	4,750	7,941	7,549	(392)
Grant Income	(9,355)	(226)	(246)	(20)
Other Income	(2,071)	(3,706)	(3,323)	383
Total Income	(11,426)	(3,932)	(3,569)	363
NET TOTAL	(6,676)	4,010	3,980	(29)

NON-HOUSING REVENUE ACCOUNT MONITORING STATEMENT 2025-26

Appendix 5

30/11/2025	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY																				
Homelessness	1,988	1,247	1,942	(47)	3,990	2,034	4,086	95	(24)	(6)	(44)	(20)	(3,564)	(1,979)	(3,187)	377	2,391	1,295	2,796	405
Supporting People	324	132	229	(95)	983	324	626	(357)	0	0	0	0	0	0	0	0	1,307	456	855	(452)
Gypsy Traveller Sites	41	20	27	(14)	413	409	439	26	0	0	0	0	(143)	(92)	(136)	6	312	338	330	18
Resettlement funding	201	178	201	0	0	407	0	0	(201)	(9,349)	(201)	0	0	0	0	0	0	(8,764)	0	0
Grand Total Non-HRA	2,555	1,577	2,399	(156)	5,387	3,173	5,150	(236)	(226)	(9,355)	(246)	(20)	(3,706)	(2,071)	(3,323)	383	4,010	(6,676)	3,980	(29)
Reconciled to Appendix 1	0	0	0	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0