

Item: 9

Education, Leisure and Housing Committee: 5 February 2020.

Housing Revenue Account – Draft Budget.

Joint Report by Executive Director of Education, Leisure and Housing and Head of Finance.

1. Purpose of Report

To consider the draft revenue budget for the Housing Revenue Account for financial year 2020 to 2021.

2. Recommendations

It is recommended:

2.1.

That the draft revenue budget for the Housing Revenue Account for financial year 2020 to 2021, attached as Appendix 1 to this report, be submitted to the Policy and Resources Committee for consideration through the budget setting process.

3. Background

3.1.

The Council is required to maintain a separate Housing Revenue Account covering income and expenditure in respect of specified houses, buildings and land. There is a legal requirement for Housing Revenue Account income and expenditure to be in balance at the end of each financial year.

3.2.

The Housing Revenue Account is financed almost entirely by rents and other charges paid by Council tenants. It is not funded in any part from revenue raised through Council Tax.

4. Draft Budget for financial year 2020 to 2021

4.1.

In setting the Housing Revenue Account budget for financial year 2020 to 2021, the Council's budget strategy assumptions for inflation have been applied, as follows:

Staff Costs	2.6%
Apportioned Costs	2.6%
Supplies and Services	2.0%
All Other Costs	1.0%

4.2.

Application of the inflationary assumptions shown above has increased the gross expenditure budget by £33,700.

4.3.

A proposal to increase the rent income on dwellings is the subject of a separate report. The proposed rent increase of 1.8% for financial year 2020 to 2021 is based on the Consumer Prices Index as at 30 September 2019. This equates to an increase in the average rent figure from £86.29 to £87.84 per week, over the 48-week period that rents are charged during the year. Four weeks of the year are referred to as “free weeks” – one at the start of each year, two over the festive break and one at the end of the year.

4.4.

Application of the proposed rental increase of 1.8% would increase rental income for financial year 2019 to 2020 by £68,100, from £3,785,700 to £3,853,800.

4.5.

Based on the approved capital programme, the following assumptions on house numbers have been factored into the budget calculations:

Actual number of dwellings at 1 April 2019.	949.
Add: New build properties completed during 2019 to 2020.	0.
Add: Properties purchased during 2019 to 2020.	0.
Less: Properties sold during 2019 to 2020.	1.
Estimated number of dwellings as at 31 March 2020.	948.

4.6.

The sale of one property during the current financial year reduces the rental income for financial year 2020 to 2021 by £4,000 to £3,849,800.

4.7.

Repairs and Maintenance costs are calculated on a range of £789 to £1,518 per property based on an aged analysis from 0 to 16 years plus and have been inflated by 4.4%, resulting in an overall increase of £62,600 to £1,465,700.

4.8.

Due to delays with the Carness project, very limited borrowing has been required from the Loans Fund over the last 3 financial years. In addition, there has been accelerated debt repayment on the existing borrowings for previous projects in the House Build Development Programme.

4.9.

The reduced borrowings and acceleration of debt repayments has reduced the Loan Charges budget in respect of repayment of debt by £13,300 to £1,571,400 for 2020 to 2021.

4.10.

Attached as Appendix 1 to this report is the draft Housing Revenue Account budget for financial year 2020 to 2021, estimated at £3,874,200, an increase of £64,100 or 1.7% over the 2019 to 2020 figures.

5. Corporate Governance

This report relates to the Council complying with its governance and financial processes and procedures and therefore does not relate specifically to progressing the Council's declared five strategic priorities.

6. Financial Implications

The financial implications are detailed throughout the report.

7. Legal Aspects

There are no direct legal implications arising from the recommendations of this report.

8. Contact Officers

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9. Appendix

Appendix 1: Draft Revenue Budget for financial year 2020 to 2021.

					Appendix 1
			Service Pressure	Permanent	
	Revised Baseline	Inflation	Baseline	Adjustments	Draft Budget
	2019/20	2020/21	2020/21	2020/21	2020/21
Housing Revenue Account	£000	£000	£000	£000	£000
Administration	737,700	17,700	0	-6500	748,900
Tenant Participation	22,400	400	0	1,600	24,400
Repairs and Maintenance	1,462,300	15600	48,600	0	1,526,500
Finance Charges	1,584,700	0	-13,300	0	1,571,400
Rent Income	-3,784,100	-68,100	4,000	0	-3,848,200
Other Income	-23,000	0	0	0	-23,000
Service Totals	0	-34,400	39,300	-4,900	0
Subjective Group Summary Analysis					
Staff Costs	401,700	10,400	0	-4,900	407,200
Property Costs	1,403,100	14000	48,600	0	1,465,700
Supplies and Services	46,800	900	0	0	47,700
Transport costs	19,600	200	0	0	19,800
Admin costs	37,100	400	0	0	37,500
Apportioned costs	289,400	7,500	0	0	296,900
Third Party Payments	19,300	200	0	0	19,500
Transfer Payments	8,300	100	0	0	8,400
Loan Charges	1,584,700	0	-13,300	0	1,571,400
Miscellaneous Costs	100	0	0	0	100
Total Expenditure	3,810,100	33,700	35,300	-4,900	3,874,200
Rents and Lettings	-3,785,700	-68,100	4,000	0	-3,849,800
Fees and Charges	-24,400	0	0	0	-24,400
Total Income	-3,810,100	-68,100	4,000	0	-3,874,200
Net Expenditure	0	-34,400	39,300	-4,900	0