

Item: 18

Education, Leisure and Housing Committee: 8 February 2023.

Housing Revenue Account – Draft Budget.

Report by Corporate Director for Education, Leisure and Housing.

1. Purpose of Report

To consider the draft revenue budget for the Housing Revenue Account for financial year 2023/24.

2. Recommendations

It is recommended:

2.1.

That the draft revenue budget for the Housing Revenue Account for financial year 2023/24, 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 2023/24

4.1.

In setting the Housing Revenue Account budget for financial year 2023/24, the Council's budget strategy assumptions for inflation have been applied, as follows:

Staff Costs – 3% shortfall in 2022/23 and estimated 3% for 2023/24	6.0%
Apportioned Costs	6.0%
Property Costs	4.0%
Sales and Fees and Charges	10.0%

4.2.

Application of the inflationary assumptions shown above has increased the gross expenditure budget by £103,500.

4.3.

A proposal to increase the rent income on dwellings is the subject of a separate report. The proposed rent increase of 3.0% for financial year 2023/24 which is below the Consumer Prices Index. This equates to an increase in the average rent figure from £83.39 to £85.89 per week, over the 48- week period that rents are charged during the year. The Council charges rent over 48 weeks of the year with four weeks being referred to as “free weeks” – one at the beginning of the financial year, two over the festive break and one at the end of the financial year.

4.4.

Application of the proposed rental increase of 3.0% would increase rental income for financial year 2023/24 by £156,200, from £4,186,600 to £4,342,800.

4.5.

Eight new houses were completed in financial year 2022/23 and this has been factored into the budget calculations for annual rental income.

4.6.

Repairs and Maintenance costs are calculated on a range of £888 to £1,776 per property based on an aged analysis from 0 to 16 years plus and, as indicated at section 4.2 above, it is proposed that the property costs budget be increased by 4% to ensure there is sufficient budget to maintain and repair the housing revenue stock. This budget also factors in any increase in the number of dwellings. All these factors result in an overall increase of £66,800 to £1,699,4700.

4.7.

Planned borrowings on the Loans Fund to deliver the current capital programme of house builds has resulted in an increase to the Loan Charges budget for repayment of debt by £45,700 to £1,770,400 for financial year 2023/24.

4.8.

The draft budget for the Housing Revenue Account for financial year 2023/24 is attached as Appendix 1, estimated at £4,367,400, an increase of £156,300 or 3.7% over the 2022/23 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 the report.

8. Contact Officers

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9. Appendix

Appendix 1: Housing Revenue Account – Draft Revenue Budget for financial year 2023/24.

APPENDIX 1

	Revised Baseline	Inflation	Service Pressure	Draft Budget
	2022/23	2023/24	Baseline	2023/24
	£000	£000	£000	£000
Housing Revenue Account				
Administration	771,300	41,000	0	812,300
Tenant Participation	25,600	0	0	25,600
Repairs and Maintenance	1,686,400	62,500	7,100	1,756,000
Finance Charges	1,724,700	0	45,700	1,770,400
Rent Income	-4,185,000	-125,700	-30,600	-4,341,300
Other Income	-23,000	0		-23,000
Service Totals	0	-22,200	22,200	0
Subjective Group Summary Analysis				
Staff Costs	445,800	26,800	0	472,600
Property Costs	1,632,900	59,700	7,100	1,699,700
Supplies and Services	44,000	0	0	44,000
Transport Costs	19,000	0	0	19,000
Administration Costs	33,200	0	0	33,200
Apportioned Costs	283,200	17,000	0	300,200
Third Party Payments	19,700	0	0	19,700
Transfer Payments	8,500	0	0	8,500
Loan Charges	1,724,700	0	45,700	1,770,400
Miscellaneous Costs	100	0	0	100
Total Expenditure	4,211,100	103,500	52,800	4,367,400
Rents and Lettings	-4,186,600	-125,600	-30,600	-4,342,800
Fees and Charges	-24,500	-100	0	-24,600
Total Income	-4,211,100	-125,700	-30,600	-4,367,400
Net Expenditure	0	-22,200	22,200	0