

Item: 6

Education, Leisure and Housing Committee: 6 February 2019.

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 2019 to 2020.

2. Recommendations

It is recommended:

2.1.

That the draft revenue budget for the Housing Revenue Account for financial year 2019 to 2020, 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 2019 to 2020

4.1.

In setting the Housing Revenue Account budget for financial year 2019 to 2020, the Council's approved budget strategy assumptions for inflation have been applied, as follows:

Staff Costs	3.1%
Apportioned Costs	3.1%

4.2.

Application of the inflationary assumptions shown above has increased the gross expenditure budget by £24,300.

4.3.

A proposal to increase the rent income on dwellings is the subject of a separate report. The proposed rent increase of 2.4% for financial year 2019 to 2020 is based on the Consumer Prices Index as at 30 September 2018. This equates to an increase in the average rent figure from £84.60 to £86.63 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 2.4% would increase rental income for financial year 2019 to 2020 by £88,700, from £3,697,000 to £3,785,700.

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 2018.	949.
Add: New build properties completed during 2018 to 2019.	0.
Add: Properties purchased during 2018 to 2019.	0.
Less: Properties sold during 2018 to 2019.	0.
Estimated number of dwellings as at 31 March 2019.	949.

4.6.

Repairs and Maintenance costs are calculated on a range of £600 to £1,200 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 £58,900 to £1,403,100.

4.7.

Although no new houses will be completed during financial year 2018 to 2019, existing commitments to Council house building through the current capital programme will result in additional borrowing to fund the continued House Build Development Programme.

4.8.

The cost of financing this additional borrowing will see loan charges on the Housing Revenue Account increase by £8,900. This has subsequently increased the Loan Charges budget in respect of repayment of debt to £1,475,600 for 2019 to 2020.

4.9.

Attached as Appendix 1 to this report is the draft Housing Revenue Account budget for financial year 2019 to 2020, estimated at £3,810,100, an increase of £88,700 or 2.4% over the 2018 to 2019 figures.

5. Corporate Governance

This report relates to the Council complying with governance and financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Improvement Plan.

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 2019 to 2020.

Appendix 1

	Revised Baseline	Inflation	Service Pressure	Permanent	Draft Budget
	2018/19	2019/20	Baseline	Adjustments	Draft Budget
	2018/19	2019/20	2019/20	2019/20	2019/2020
	£000	£000	£000	£000	£000
Housing Revenue Account					
Administration	722,800	24,300	0	-3400	743,700
Tenant Participation	22,900	0	0	0	22,900
Repairs and Maintenance	1,507,600	0	58,900	0	1,566,500
Finance Charges	1,466,700	0	8,900	0	1,475,600
Rent Income	-3,697,000	-88,700	0	0	-3,785,700
Other Income	-23,000	0	0	0	-23,000
Service Totals	0	-64,400	67,800	-3,400	0
Subjective Group Summary Analysis					
Staff Costs	390,700	12,100	0	-3,400	399,400
Property Costs	1,344,200	0	58,900	0	1,403,100
Supplies and Services	42,000	0	0	0	42,000
Transport costs	19,600	0	0	0	19,600
Admin costs	37,100	0	0	0	37,100
Apportioned costs	393,400	12,200	0	0	405,600
Third Party Payments	19,300	0	0	0	19,300
Transfer Payments	8,300	0	0	0	8,300
Loan Charges	1,466,700	0	8,900	0	1,475,600
Miscellaneous Costs	100	0	0	0	100
Total Expenditure	3,721,400	24,300	67,800	-3,400	3,810,100
Rents and Lettings	-3,697,000	-88,700	0	0	-3,785,700
Fees and Charges	-24,400	0	0	0	-24,400
Total Income	-3,721,400	-88,700	0	0	-3,810,100
Net Expenditure	0	-64,400	67,800	-3,400	0