

Item: 11

Education, Leisure and Housing Committee: 16 February 2022.

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 2022/23

2. Recommendations

It is recommended:

2.1.

That the draft revenue budget for the Housing Revenue Account for financial year 2022/23, 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

4.1.

In setting the Housing Revenue Account budget for financial year 2022/23, the Council's budget strategy assumptions for inflation have been applied, as follows:

Staff Costs	1.0%
Apportioned Costs	1.0%
Property Costs	1.0%
All Other Costs	0.0%

4.2.

Application of the inflationary assumptions shown above has increased the gross expenditure budget by £22,400.

4.3.

A proposal to increase the rent income on dwellings is the subject of a separate report. The proposed rent increase of 2.6% for financial year 2022/23 which is below the Consumer Prices Index. This equates to an increase in the average rent figure from £82.80 to £84.95 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 2.6% would increase rental income for financial year 2022/23 by £102,300, from £3,935,200 to £4,037,500.

4.5.

Thirty-six houses were completed in financial year 2021/22 and this has been factored into the budget calculations, increasing the annual rental income by a further £149,100 to £4,186,600.

4.6.

Repairs and Maintenance costs are calculated on a range of £854 to £1,708 per property based on an aged analysis from 0 to 16 years plus and, in addition to the property costs inflation percentage applied across the Council, as referred to at section 4.2 above, the property costs budget has been further 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 £85,100 to £1,632,700.

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 £156,400 to £1,731,700 for financial year 2022/23.

4.8.

Staff cost have been further increased by £13,400 due to the restructure that took place in financial year 2021/22, increments for staff not already at the top of their pay scales and a 1.25% increase in National Insurance contributions. These costs have been partially offset by a reduction in the budgets for Supplies and Services, Transport Costs and Administration.

4.9.

The draft budget for the Housing Revenue Account, is attached as Appendix 1 to this report, and shows that the budget for financial year 2022/23, estimated at £4,211,100, an increase of £251,500 or 6.3% over the 2021/22 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: Draft Revenue Budget for financial year 2022/23.

Appendix 1

	Revised Baseline	Inflation	Service Pressure	Savings	Draft Budget
	2021/22	2022/23	Baseline	2022/23	2022/23
	£000	£000	£000	£000	£000
Housing Revenue Account					
Administration	755,600	6,400	13,400	-10,500	764,900
Tenant Participation	25,200	100	300	-200	25,400
Repairs and Maintenance	1,600,500	15,800	69,700	0	1,686,000
Finance Charges	1,575,300	0	156,400	0	1,731,700
Rent Income	-3,933,600	-102,300	0	-149,100	-4,185,000
Other Income	-23,000	0	0	0	-23,000
Service Totals	0	-80,000	239,800	-159,800	0
Subjective Group Summary Analysis					
Staff Costs	424,100	4,200	13,400	0	441,700
Property Costs	1,547,600	15,400	69,700	0	1,632,700
Supplies and Services	48,700	0	300	-5,000	44,000
Transport Costs	20,000	0	0	-1,000	19,000
Administration Costs	37,900	0	0	-4,700	33,200
Apportioned Costs	277,700	2,800	0	0	280,500
Third Party Payments	19,700	0	0	0	19,700
Transfer Payments	8,500	0	0	0	8,500
Loan Charges	1,575,300	0	156,400	0	1,731,700
Miscellaneous Costs	100	0	0	0	100
Total Expenditure	3,959,600	22,400	239,800	-10,700	4,211,100
Rents and Lettings	-3,935,200	-102,300	0	-149,100	-4,186,600
Fees and Charges	-24,400	-100	0	0	-24,500
Total Income	-3,959,600	-102,400	0	-149,100	-4,211,100
Net Expenditure	0	-80,000	239,800	-159,800	0