

PEOPLE, COMMUNITIES AND PLACES**Housing Revenue Account (HRA) Statistics****Scottish Local Authority Housing Income and
Expenditure****1997-98 to 2021-22 (actuals)****2022-23 (estimates)**

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1. Introduction

1.1 This statistical publication provides annual trends in on Scottish local authority housing income and expenditure. The data are used by councils to monitor, manage and plan housing finances. Notes accompanying the charts are at **Annex A**.

1.2 The data cover the period 1997-98 to 2021-22 near actuals up to budgeted estimates for 2022-23 which may be revised next year. Near actuals refer to un-audited figures. Audit Scotland finish the annual auditing process in September. The data in this publication are checked by the Chartered Institute of Public Finance and Accountancy. Some figure may be affected to round.

1.3 Most authorities provided a COVID-19 commentary, with some authorities reporting that they are now catching up on backlogs and slippage due to the pandemic. Some figures for 2021-22 (actuals) and 2022-23 (estimates) may have been impacted by COVID-19 restrictions. Some impacts reported include 1) rent arrears have increased whilst at the same time there has been an under-recovery of debt which in turn has reduced HRA income 2) an increase in void properties due to difficulties in being able to re-let property given restricted access to properties 3) a pause in new house building as contractors were moved-off construction site 4) a pause in repairs and maintenance to properties as contractors and trades people were unable to gain access to properties and 5) an increase in expenditure on cleaning and PPE.

1.4 Whilst it is not possible to quantify these impacts on the statistics they should be borne in mind when comparing with previous years or when making any comparisons between authorities (as different authorities experienced different impacts in many cases and they were not necessarily universal).

1.5 Some of the capital investment figures at the end of this publication are taken from two Scottish Government local government finance statistics including the [Local Finance Return Capital and Revenue \(LFR CR\) statistics](#) and the [Local Government 2021-22 Provisional Outturn and 2022-23 Budget Estimates \(POBE\) statistics](#).

1.6 The HRA statistical publication is accompanied by tables and charts. [Historical HRA data are available](#).

1.7 Six councils transferred their housing stock to the housing association sector. This affects comparisons over time. The transfers were: from 2003 – Glasgow City, Dumfries and Galloway, the Scottish Borders – just over 100,000 houses transferred, from 2006 - Argyll and Bute, Na h-Eileanan Siar – just over 7,000 houses transferred, from 2007 - Inverclyde – just under 8,000 houses transferred.

1.8 The requirement to separately account for the income and expenditure associated with council-owned stock in Scotland is laid out in [sections 203\(1\) and 204\(4\) of the Housing \(Scotland\) Act 1987](#).

1.9 If there is an HRA surplus i.e. HRA income exceeds HRA expenditure, this may be transferred into the councils' housing capital expenditure accounts to be spent on housing capital investment projects.

1.10 As authorities can borrow to fund capital expenditure, there is a clear separation between the revenue and capital accounts. There are tight restrictions on how capital resources can be used. In general, this means that revenue resources can be used for both revenue and capital projects, but capital resources can only be used to fund capital projects. As such capital expenditure is separate to, and in addition to, any HRA expenditure on housing.

2. Summary of Findings

Balance of HRA housing income and expenditure:

- Total HRA housing income was £1.24bn in 2021-22, of which £733m was spent on the supervision, management and maintenance of housing and £287m on loan charges.
- This left a surplus of £245m which was transferred to the council's housing capital expenditure account and to invest in new council houses and stock improvements.
- In 2021-22, rent rebate subsidy for council house tenants was £451m or 36% of total income from standard rents.

Scottish council housing stock and rents:

- There were 316,133 council houses in Scotland as at March 2022. This is an increase of 1,934 houses since March 2021. However, the number is forecast to rise to 318,836 (up 2,703) by March 2023.
- Average rent per house was £77.19 per week in 2021-22, up by £1.40 on 2020-21. In 2020-21 average rents ranged from £64.08 per week in Moray to £97.46 in the City of Edinburgh.

Management and maintenance of stock:

- Average expenditure on management and maintenance was £2,277 per house in 2021-22. Within this supervision and management costs were £915 per house, whilst repairs and maintenance costs were £1,362 per house.

Empty properties and rent arrears:

- Councils lost £32m due to all empty properties (void losses) on all properties in 2021-22 or 2.5% of the Standard Rental Income on these properties and below the peak of 3.7% in 2002-03.
- As at March 2022, rent arrears on all council properties was £101m, up £11.7m (13.2%) on last year, representing 7.8% of Standard Rental Income from these properties. These arrears have been rising steadily year on year since March 2013.
- During the same period, the number of council tenants in arrears has increased by 6,846 tenants to 110,347 and the number of former tenants in arrears also increased by 1,490 to 29,854 as at March 2022.

Housing Debt:

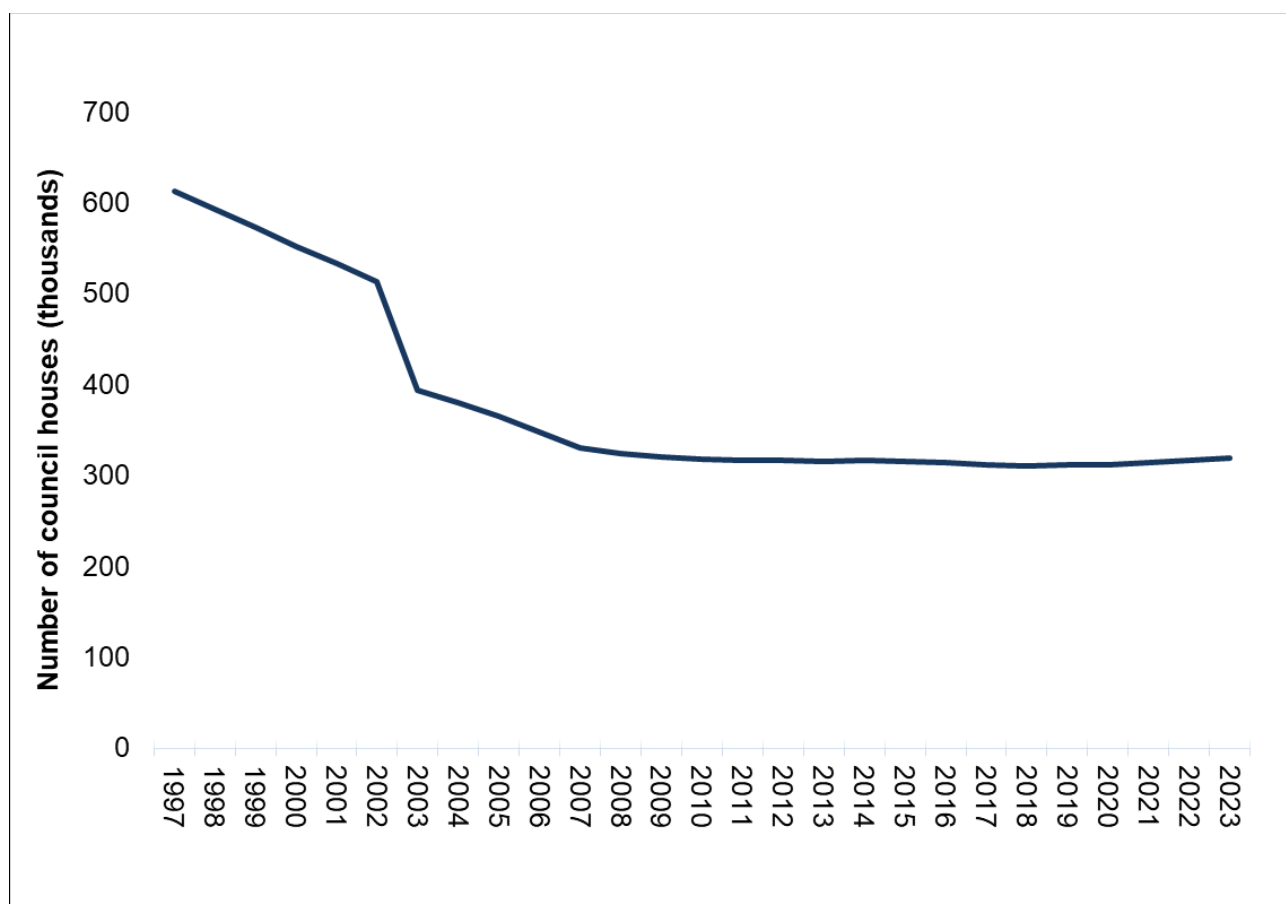
- In 2021-22 councils spent £287m on loan charges to the HRA (which includes interest, capital repayment and loan fund expenses). Total estimated council housing debt stood at £4.58bn in 2021-22 an increase of £341m (8.1%) on the previous year. Councils borrow this money to improve and build council houses.

3 Local Authority housing stock (chart 1) (table 5)

3.1. There were 316,133 council houses in Scotland as at March 2022. This is an increase of 1,934 houses since March 2021. However, the number is forecast to rise to 318,836 (up 2,703) by March 2023. The number of council houses had fallen by around 50% since 1997. About 150,000 of the 315,000 reduction was due to sales to sitting tenants under Right-To-Buy (RtB), around 115,000 was due to the transfer by 6 councils of their total housing stock to Housing Associations and about 50,000 was due to demolition of unsuitable stock.

3.2 The decrease in council housing stock has slowed in recent years, particularly from 2008 and has increased in the last four years of reporting. This is mainly because of reductions in council house sales under RtB to sitting tenants and additions to council housing through new council house building. Seventeen councils had increases in their council housing stock at March 2020. It should be noted that the provision to end RtB - with a two year notice period - was included in the Housing (Scotland) Act 2014 and the scheme subsequently closed to all new applicants on 31 July 2016.

Chart 1: Number of Council Houses per Year, Scotland [Note 1] [Note 4]



4. Housing revenue income and expenditure (charts 2a, 2b) (table 1a) (table 3)

4.1 In 2021-22, rents from council houses account for 94% of revenue income to the HRAs. Supervision, management and repairs and maintenance of the houses accounts for 69% of the expenditure, while loan charges (i.e. the cost of servicing housing debt) account for 27%.

4.2 Other sources of income for Local Authorities include rents on hostels and other properties such as garages or lock-ups and also interest and other charges to tenants for special services. Money is also spent on things such as, upkeep of hostels (in some council areas) and other properties, writing-off rent arrears and paying council tax on void properties.

4.3 The cost of maintaining and managing housing stock is usually less than the income received i.e. council housing makes a revenue surplus at the Scottish level. This remaining income (the surplus) is used to fund capital investment in the council housing stock as part of the Capital Programme. The use of income in this way is known as Capital Funded from Current Revenue (CFCR).

4.4 In 2021-22 total HRA income (net) totalled just over £1.31 bn across Scotland and total expenditure was just over £1bn. Further details of expenditure and income are set out in Chart 2(a) and 2(b) below. At year end, when income is compared to expenditure there was a surplus of £245m and £258m was transferred to councils' housing capital expenditure accounts and then invested on housing capital projects including new build council houses and enhancements to existing council stock (in addition to any day-to-day maintenance).

Chart 2(a): Housing Revenue Account Income, Scotland, 2021-22

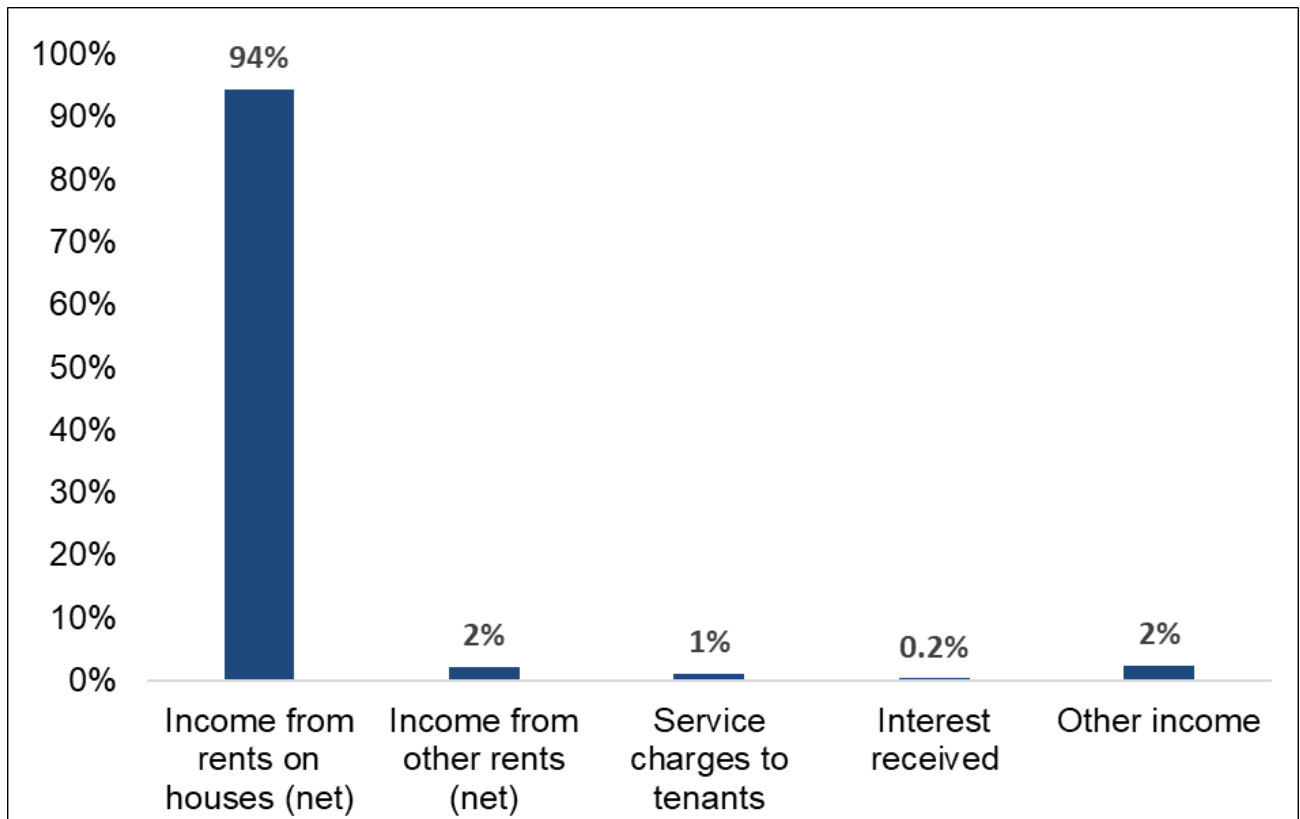
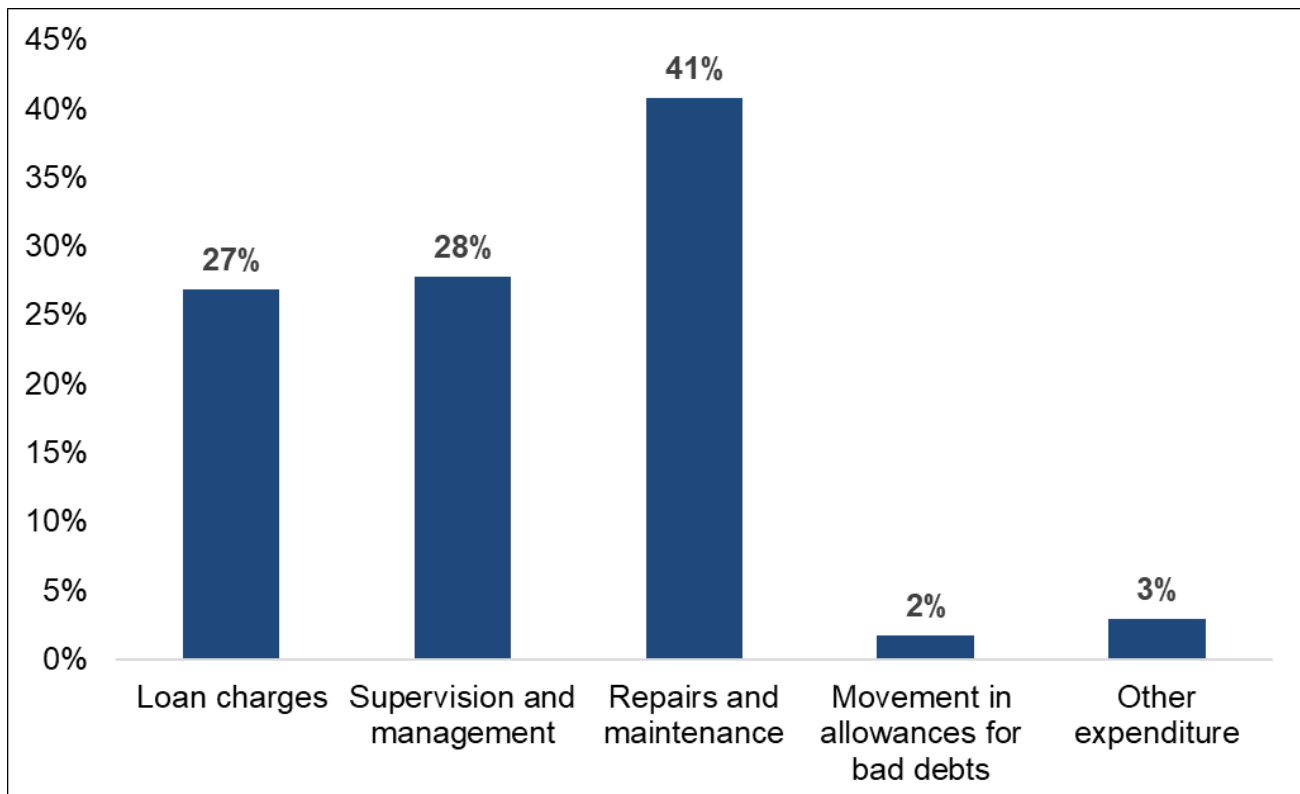


Chart 2(b): Housing Revenue Account Expenditure, Scotland, 2021-22



5. Rent levels and income from rents (charts 3, 4) (tables 1a, 8, 9)

5.1 In 2021-22 of the 26 Local Authorities with their own housing stock raised a total of £1.24bn in income (net of losses from empty properties) from standard rents on dwellings and a further £27m in rent from other HRA properties such as garages.

5.2 The average rent per dwelling (including both let and un-let properties) was £77.19 per week in 2021-22 an increase of £1.40 since 2020-21. In the decade since 2012-13 average rents have increased by just under £8 or 12% in real terms i.e. over and above general inflation. In 2021-22 there is variation between councils in average rents, from £64.08 per week in Moray to £97.46 per week in the City of Edinburgh. As this rent data includes un-let house the actual amount of rent paid by tenants is likely to be slightly higher.

5.3 These figures may be lower than rents reported in other publications, for example, the rent figures produced by the [Scottish Housing Regulator](#) as rather than taking a weighted average of set rents charged to tenants, they instead reflect the amount earned by the council in respect of each property owned (calculated by dividing the Council's Standard Rental Income on houses by the total letting stock). This method takes into account the proportion of housing which spends some time un-let and those for which rent is not successfully collected.

5.4 Housing benefits accounted for a high proportion of council rental income. In 2021-22, rent rebate subsidy for council house tenants was £451m, representing 36% of total income from standard rents. In 2021-22, rent rebate subsidy as a proportion of standard rents varied from 25% in East Lothian to 64% in South Ayrshire.

Chart 3: Average Weekly Rent, per Housing Revenue Account Property per Week, Scotland, 1997-98 to 2021-22 [Note 2] [Note 3] [Note 4]

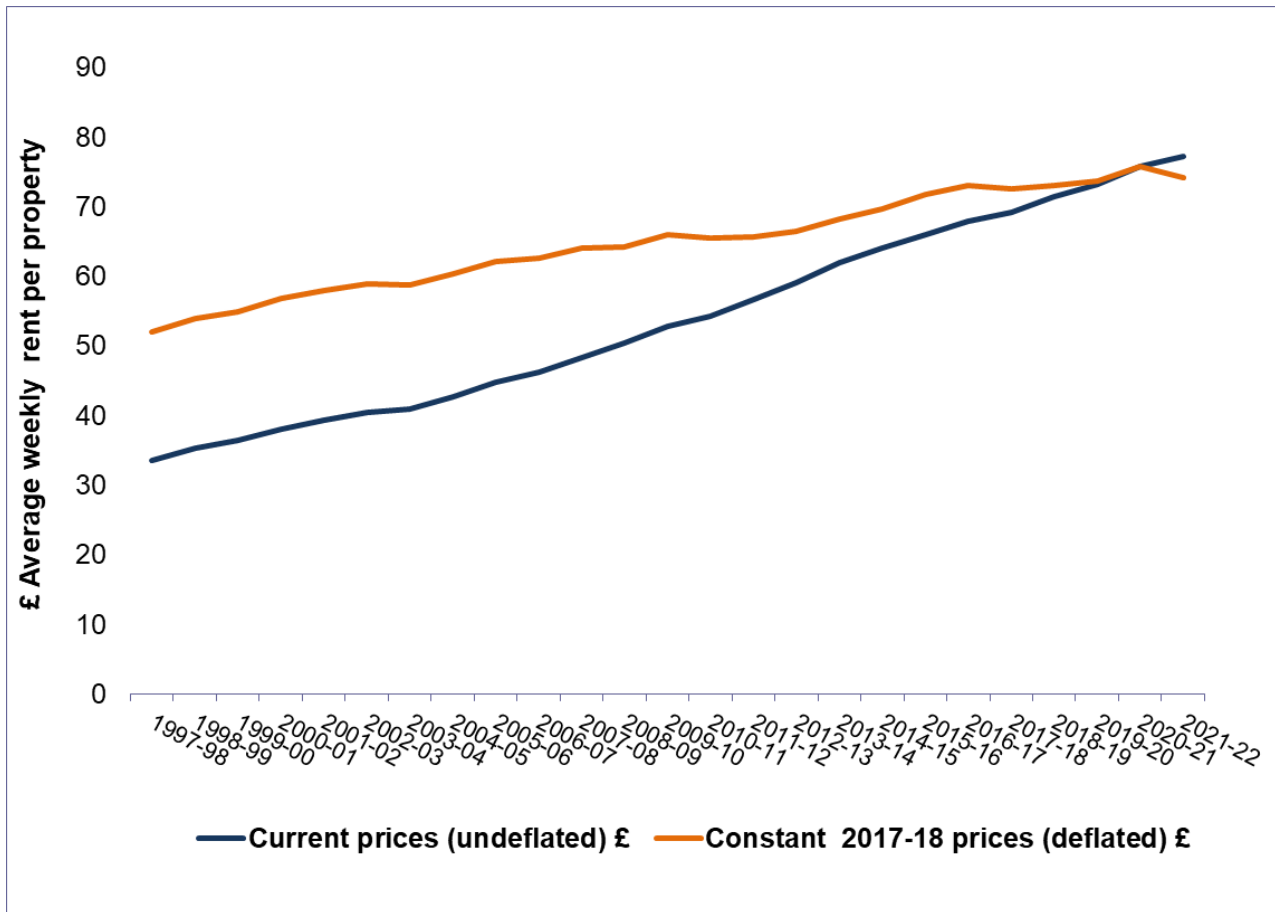
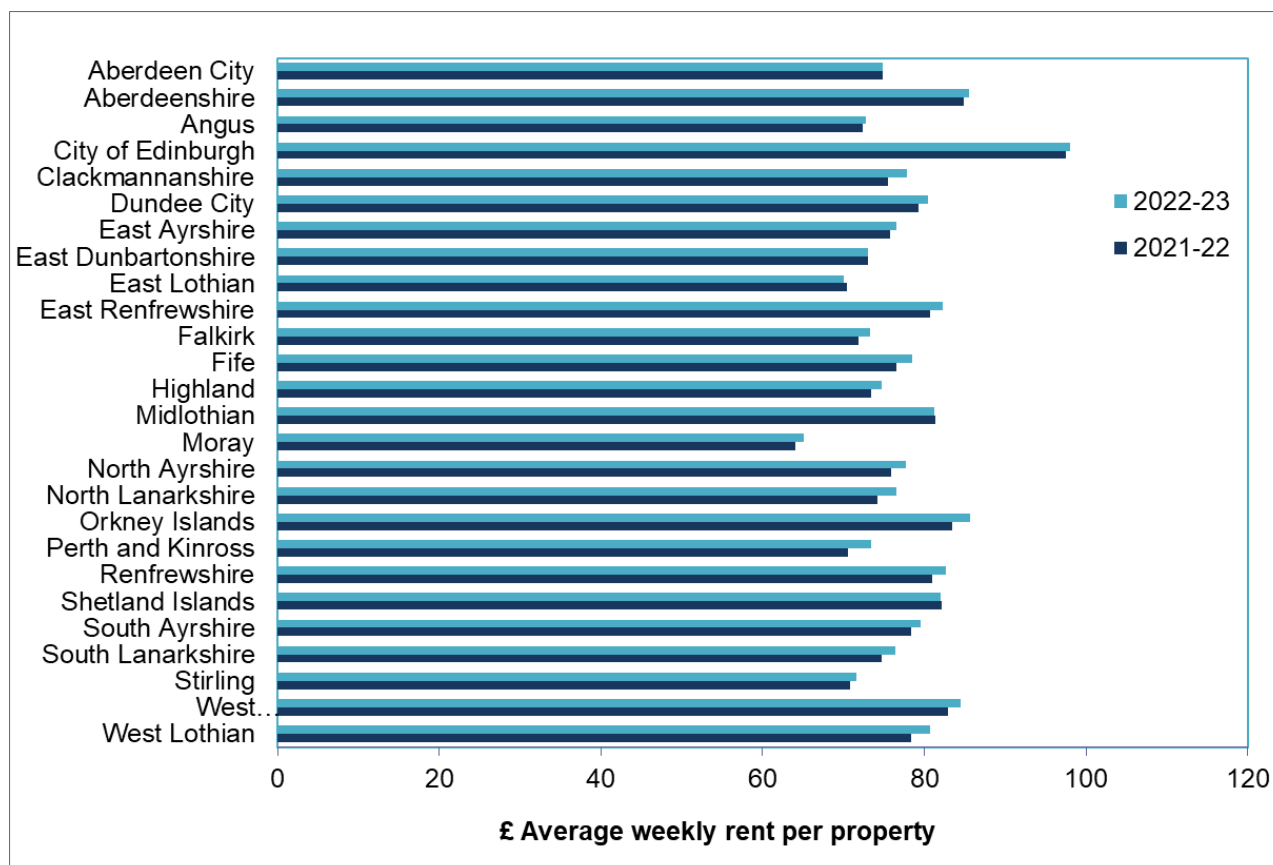


Chart 4: Average Weekly Rent, per Housing Revenue Account Property, by Local Authority, 2021-22 (actual) and 2022-23 (estimates)



6. Expenditure on housing management and on repairs and maintenance (charts 5, 6, 7) (tables 10, 11, 12)

6.1 In 2021-22, the 26 Local Authorities with council dwellings spent, on average, £2,277 per house on management and maintenance, which is forecast to rise by 2.8% to £2,340 in 2022-23. As reported at earlier some councils reported that COVID-19 has affected repairs and maintenance.

6.2 Spending on management and maintenance for 2021-22 ranges from £1,695 per house in Midlothian to £3,162 in East Renfrewshire. Differing accounting practices and differing service provision amongst councils mean that the figures for individual councils may not always be directly comparable and the estimates for management and maintenance expenditure should be treated with caution.

6.3 Supervision and management costs in 2021-22 were, on average, £915 per house and are forecast to increase to £997 per house in 2022-23. As Local Authorities differ in the

extent to which central administration and related service costs are included, individual figures may not always be directly comparable.

6.4 Average annual expenditure on repairs and maintenance was £1,362 per house in 2021-22 and is forecast to decrease to £1,343 or -1.3% per house in 2022-23. Spending on repairs and maintenance in 2021-22 ranges from £816 per house in Midlothian to £2,092 per house in the Orkney Islands.

6.5 Please note that the HRA repairs and maintenance expenditure referred to in the above paragraphs is separate, and in addition to, the capital investment in council housing stock enhancements referred to elsewhere in this statistical publication.

Chart 5: Supervision and Management Expenditure Per House, Scotland, 1997-98 to 2021-22 [Note 2] [Note 4]

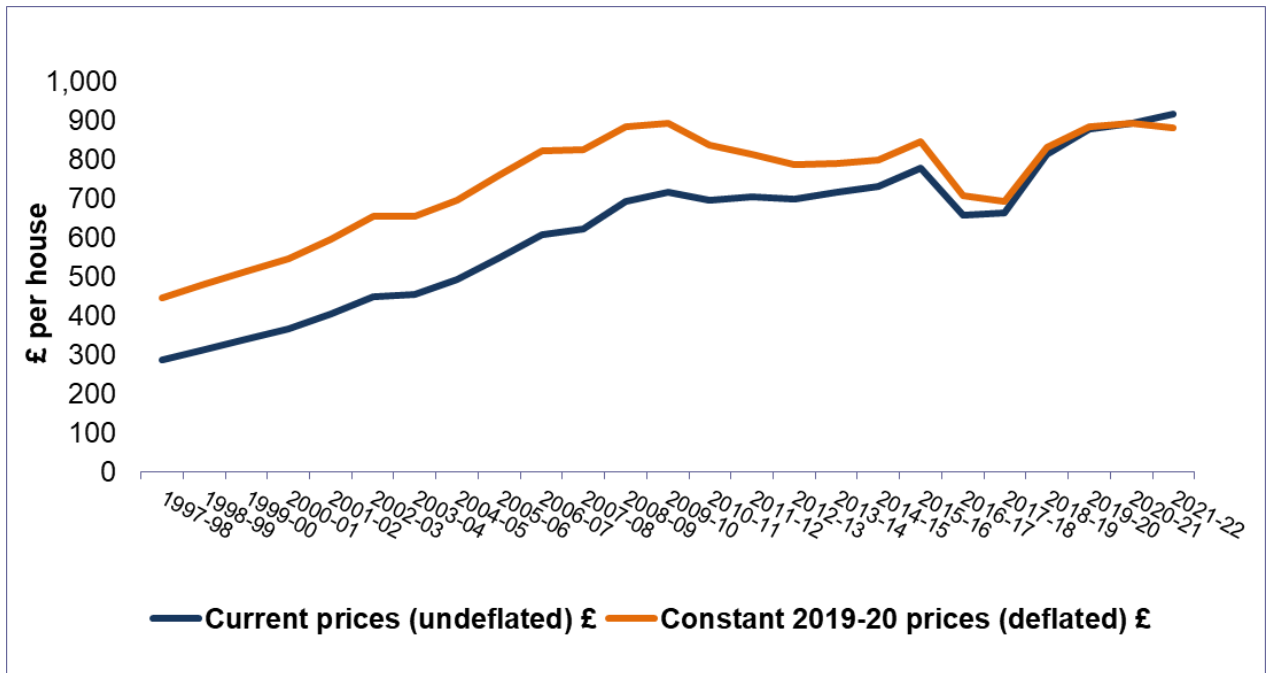


Chart 6: Repairs and Maintenance Expenditure Per House, Scotland, 1997-98 to 2021-22 [Note 4]

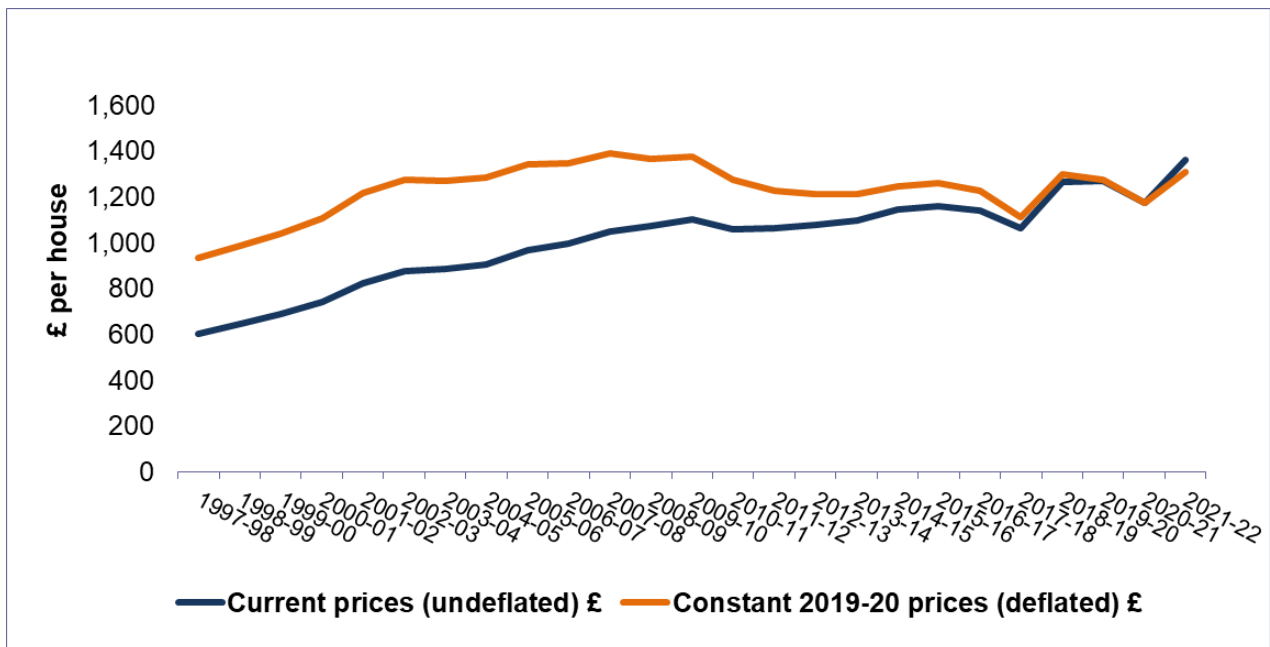
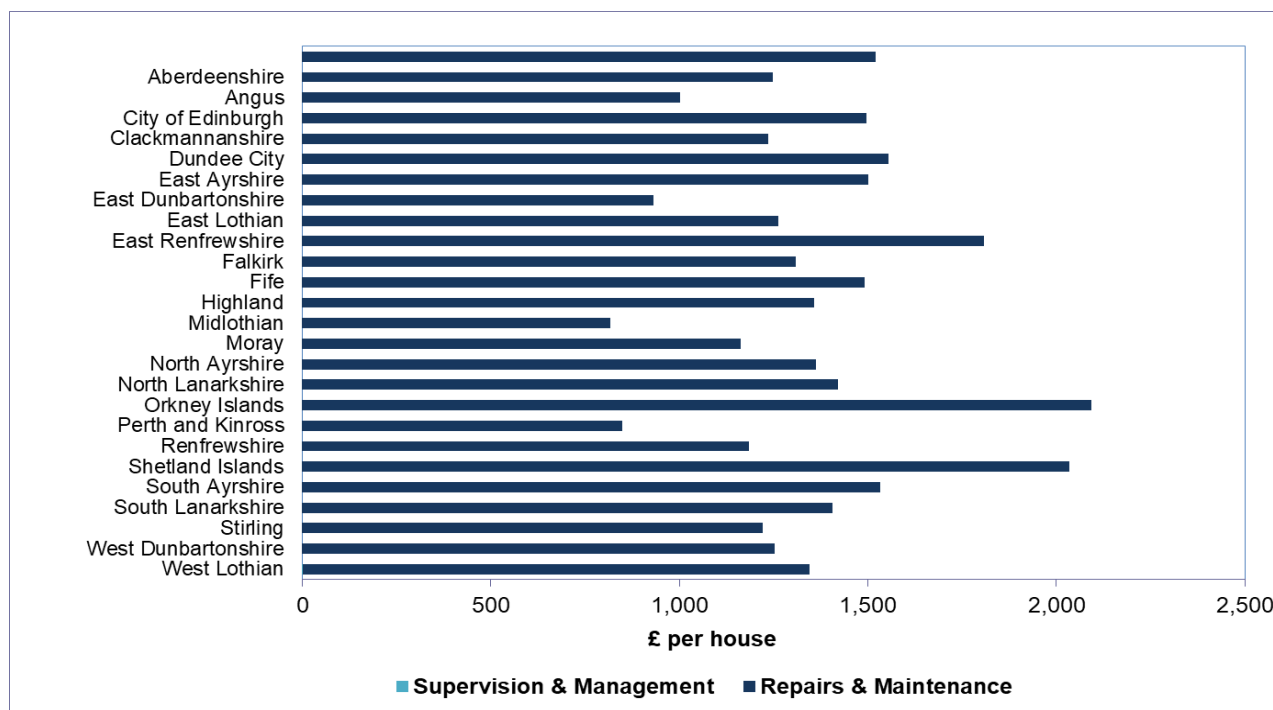


Chart 7: Management and Maintenance Expenditure Per House, by Local Authority, 2021-22



7. Expenditure on loan charges (table 1a)

7.1 Loan charges are the repayment of principal and interest on outstanding debt on council houses. Local Authorities spent £287m on loan charges to the HRA in 2021-22. Loan charges represent 27% of all Local Authority housing expenditure (excluding capital spend) in 2021-22.

8. Rents lost due to empty properties (void losses) (charts 8, 9) (tables 14, 15)

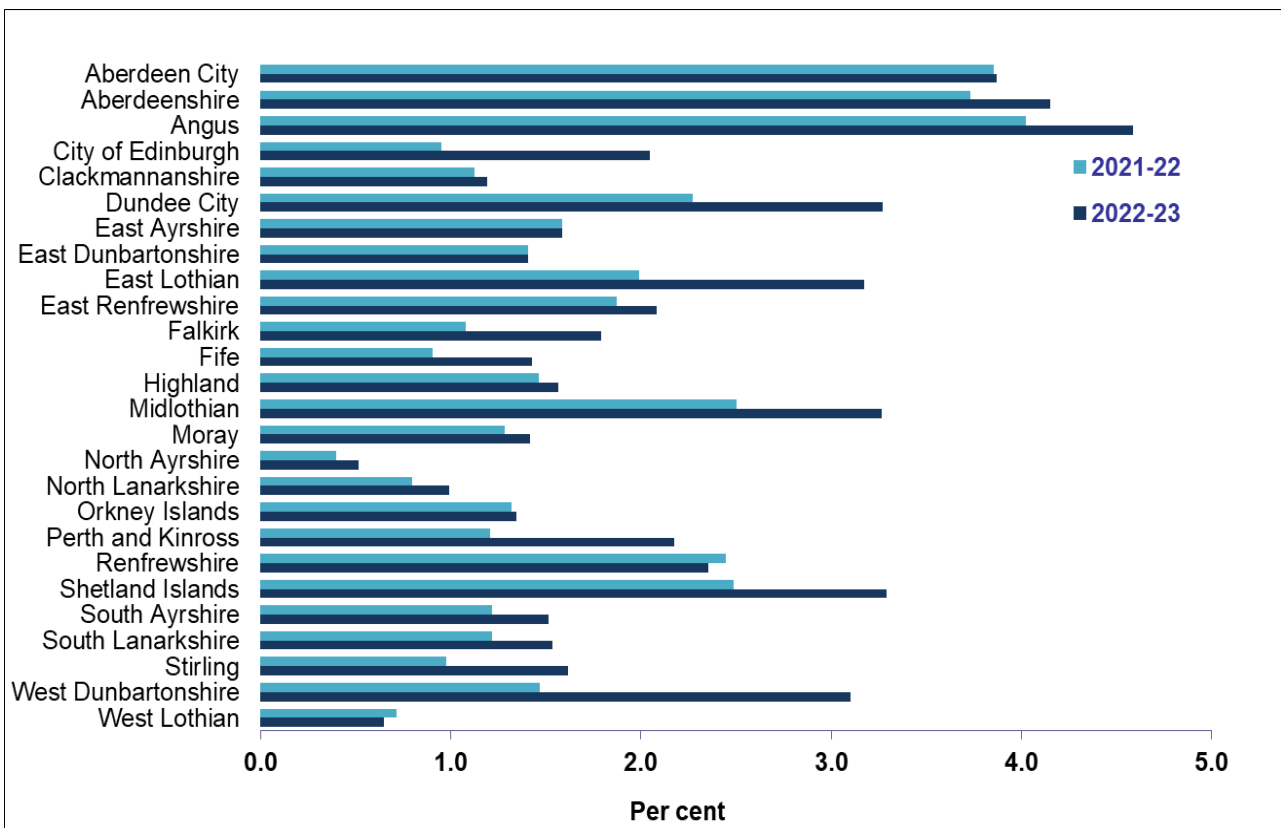
8.1 Councils lost £32m due to un-let all types of properties held on their HRAs in 2021-22 representing 2.5% of total rent income from all properties. From 2008-09 the statistics collected from Local Authorities have separately identified rents lost from un-let dwellings. For Scotland as a whole rents lost due to un-let dwellings amounted to £26m in 2021-22 representing 2.1% of total rent income on these dwellings.

8.2 The percentage of rent on dwellings lost through voids in 2021-22 was highest in Angus and (4.6%) and lowest in North Ayrshire (0.5%). Levels of rent lost may be strongly influenced by factors such as different levels of demand for properties, different void management practices and targets, decanting for improvement or investment programmes or the inclusion of properties awaiting demolition. As reported earlier some councils cited COVID-19 as an influence of the level of void properties.

Chart 8: Rents Lost Through Un-let Properties as a Percentage of Standard Rental Income, Scotland, 1997-98 to 2022-23 (estimates) [Note 4]



Chart 9: Rent Lost as a Results of Unlet Dwellings as a Percentage of Gross Rental Income, Scotland, 2021-22 (actual) and 2022-23 (estimate)



9. Rent arrears and the rents written-off (charts 10, 11) (tables 16a, 16c, 17a, 17c, 19a, 19b, 20)

9.1 Total rent arrears on all properties on HRAs at 31 March 2022 was £101m, a rise of £11.7m (13.1%) since 31 March 2021. Nationally, rent arrears at 31 March 2022 represent 7.8% of Standard Rental Income on all properties on the HRA compared with 7.1% as at 31 March 2021 and is the highest value recorded over the past decade. As reported earlier some councils reported that COVID-19 had impacted on the level of rent arrears.

9.2 From 2008-09 the statistics collected from Local Authorities have separately identified rent arrears on dwellings from rent arrears in other properties held on councils' HRAs.

9.3 As at March 2022, rent arrears on council dwellings was £99m, up £11.5m (13.2%) on last year, representing 7.8% of Standard Rental Income from these dwellings. Rent arrears on dwellings varied from 13.9% of Standard Rental Income from dwellings in Midlothian to 1.3% in East Renfrewshire.

9.4 As at 31 March 2022 there were 110,347 council tenants in arrears, an increase of 6,846 tenants (a 6.6% increase) compared to 31 March 2021. The number of former tenants in arrears increased by 1,490 (a 5.2% increase) from 28,364 at March 2021 to 29,854 as at 31 March 2022.

9.5 In 2021-22 budgets, councils wrote-off £9.7m of outstanding rent as unrecoverable (this represents 0.8% of Standard Rental Income) compared to £11.7m in the previous year. Write-offs for 2021-22 varied from none in Clackmannanshire and Dundee City to £1.8m in North Lanarkshire. Amounts of arrears written-off by councils can be influenced by councils' accounting policies and judgements on whether arrears are recoverable.

Chart 10: Rent Arrears as a Percentage of Total Rental Income on All Properties on the Housing Revenue Account, Scotland, 1997-98 to 2021-22 [Note 4]

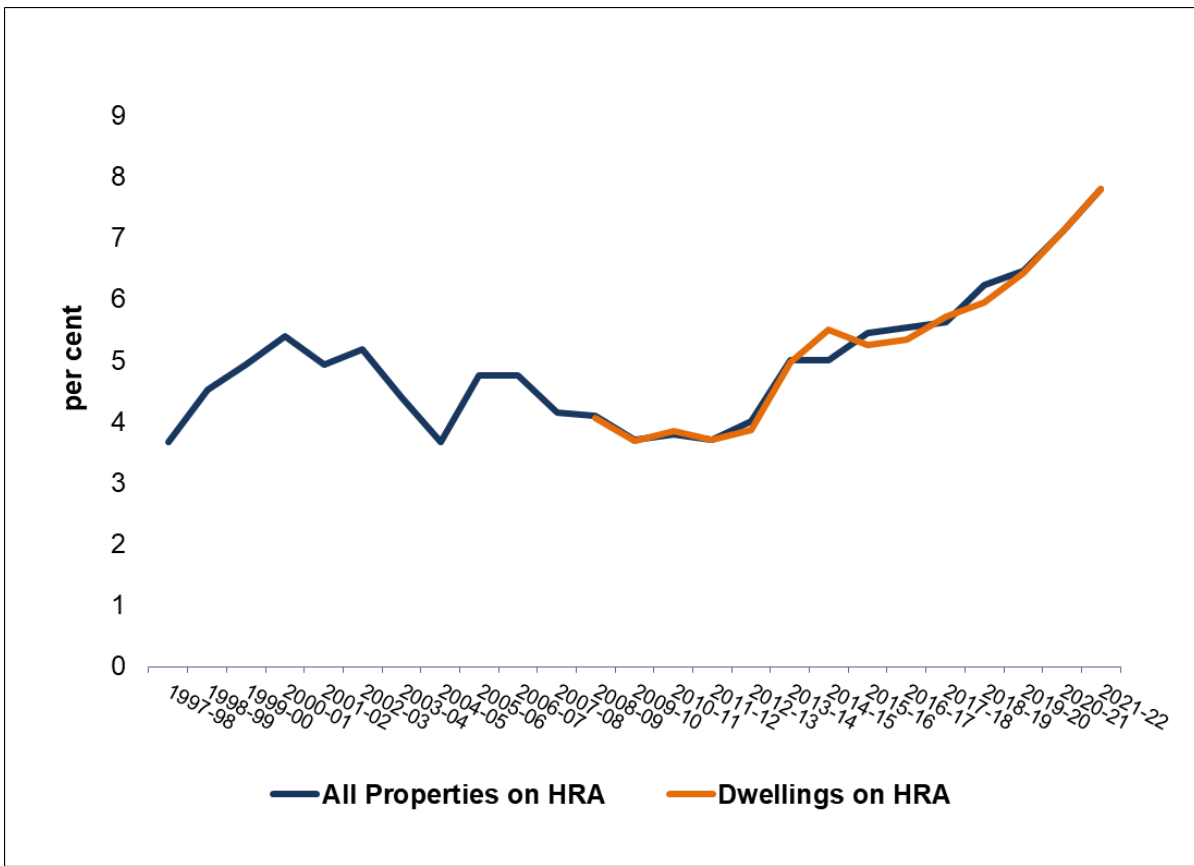
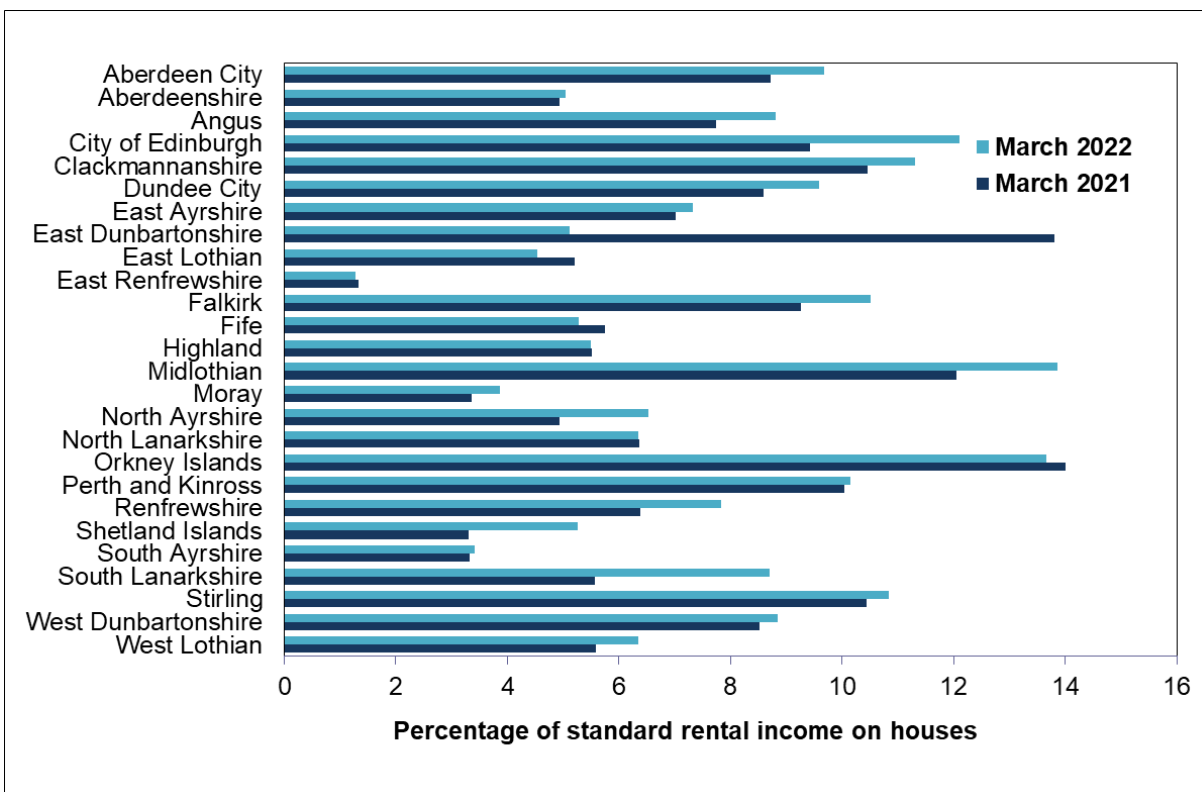


Chart 11: Rent Arrears at 31 March as a Percentage of Annual Standard Rental Income on Dwellings, by Local Authority, March 2021 to March 2022



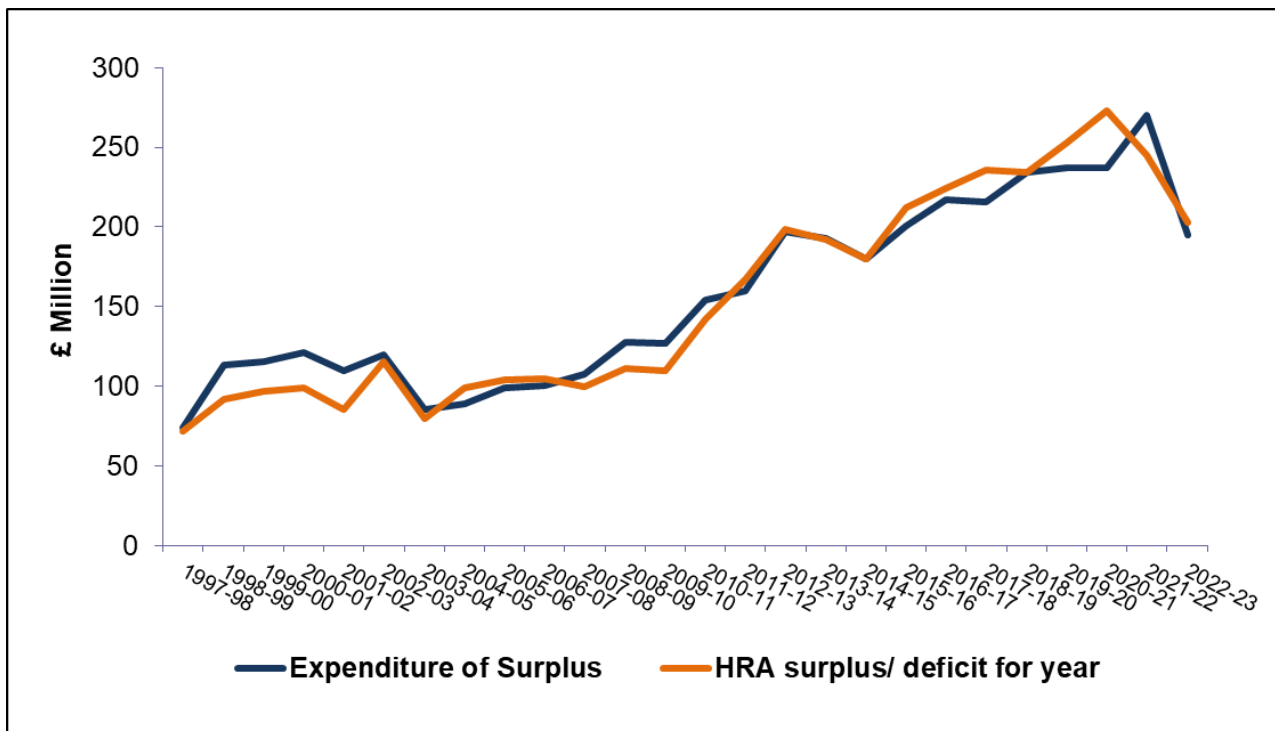
10. Movement in the HRA reserves (chart 12) (tables 2a, 3)

10.1 In any given year, expenditure on the day-to-day maintenance and management of council housing tends to be less than the income from council house rents. The surplus income is spent on capital investment in housing including new council houses and improvements to existing stock (these improvements are in addition to the day-to-day maintenance) or added to the HRA reserves.

10.2 In 2021-22 Scottish Local Authorities had a surplus on their HRA (i.e. income minus expenditure) totalling £245m, which contributed to £258m of capital funded from revenue when added to other transfers into the HRA from other funds.

10.3 In 2021-22 £15.8m, was transferred out of the HRA fund into other council funds such as the Housing Repairs and Renewals, Contingency Fund Funds or the HRA Capital Plan. Equally some small sums were transferred into the HRA fund (£11.4m in 2021-22).

Chart 12: HRA Surplus at Year End, Scotland, 1997-98 to 2022-23 (estimates) [Note 4]



11. Capital debt (table 21, table 1a)

11.1 A Local Authority may borrow to fund capital expenditure. Local Authorities may borrow from a number of sources including banks and other financial institutions. Most Local Authorities borrow from the UK Government's Public Works Loan Board (PWLB). In addition to borrowing Local Authorities may finance capital investment through other credit arrangements, such as finance leases, Public-Private Partnership (PPP) or Public Finance Initiatives (PFI). The sum of borrowing and any credit arrangement to finance capital investment is termed Capital Debt.

11.2 Total council housing debt stood at £4.58bn in 2021-22 an increase of £341m (8.1%) on the previous year and cost £287m in loan charges. Part of the increase in debt since 2007 is a consequence of increased borrowing by councils to meet the capital costs of new build housing and improvements to existing houses and reductions in receipts from the sale of council houses under RtB scheme which closed on 31 July 2016. Total HRA debt is estimated to rise to £5.18bn by 2022-23 (up £607m).

12. Capital investment (charts 13, 14) (tables 22a, 23)

12.1 These capital investment figures are not from the HRA data collection but are instead taken from the Scottish Government local government finance data collections including the [Local Finance Return \(LFR\) Capital Return \(CR\)](#) and the [Provisional Outturn and Budgeted Estimates \(POBE\)](#).

12.2 Local Authorities' provisional capital investment on HRA housing, financed from all sources (including new borrowing, useable receipts and financed from the CFCR from the HRA surplus) in 2021-22 is £988m. This includes £422m on improvements to existing council houses, £501m on new council houses and £64m on other capital expenditure. This expenditure is in addition to the day-to-day maintenance referred to earlier. The councils with the greatest capital investment in new council dwellings in 2021-22 were Aberdeen City (£100m) and South Lanarkshire (£48m). Actual capital expenditure in 2020-21 was £684m.

Chart 13: Gross Housing Revenue Account Capital Expenditure, Scotland, 2010-11 to 2020-21 [Note 4]

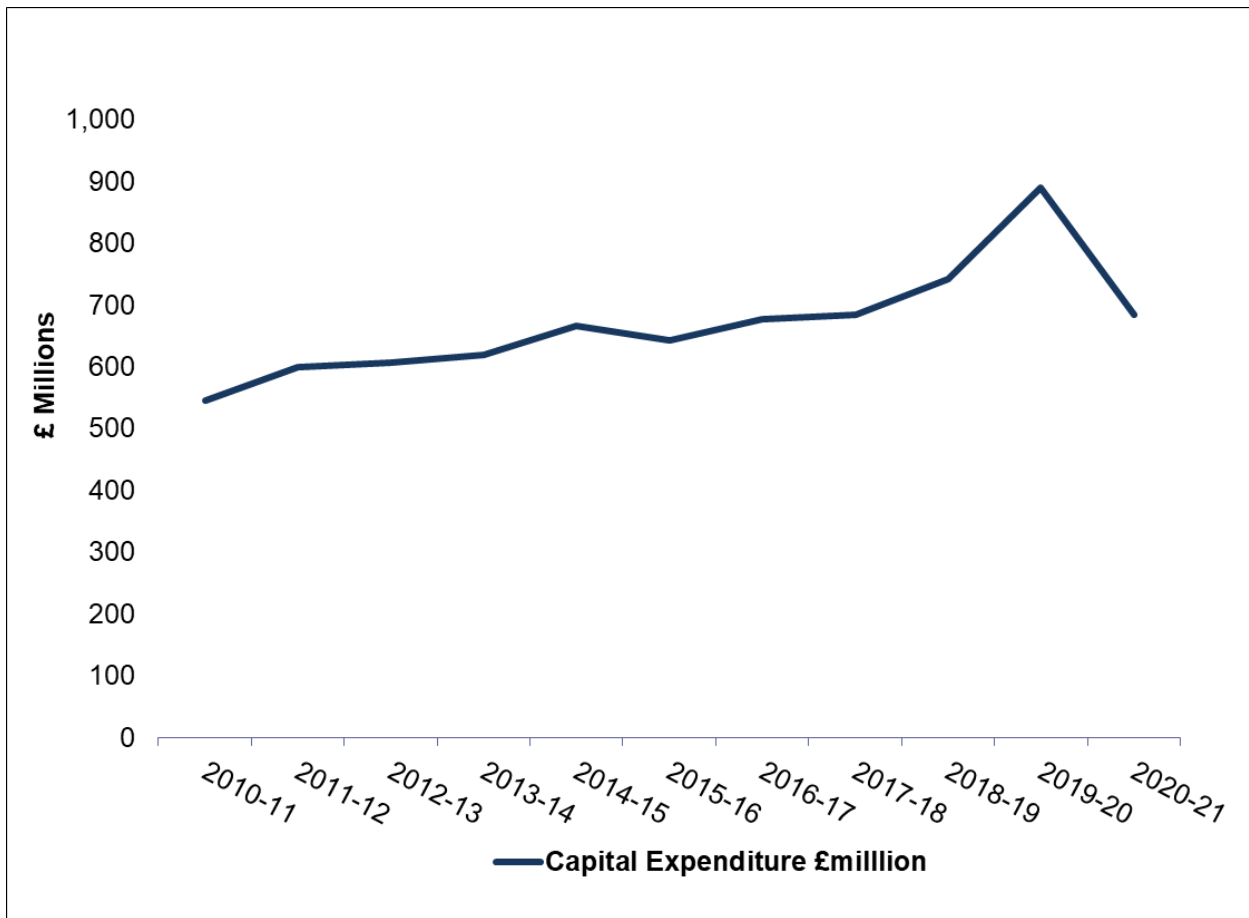
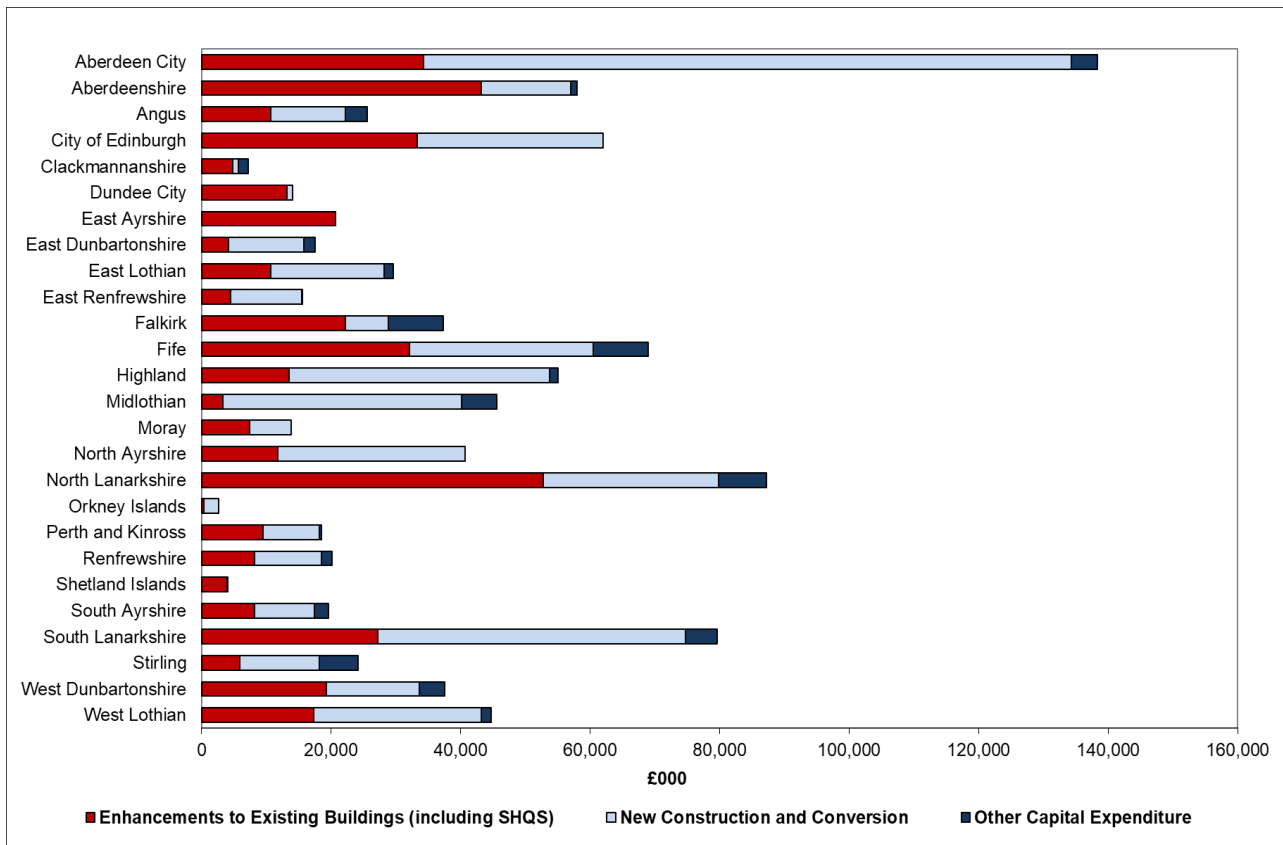


Chart 14: Capital Expenditure on House Improvement and New Building, by Local Authority, 2021-22 (Provisional Outturn) [Note 5] [Note 6]

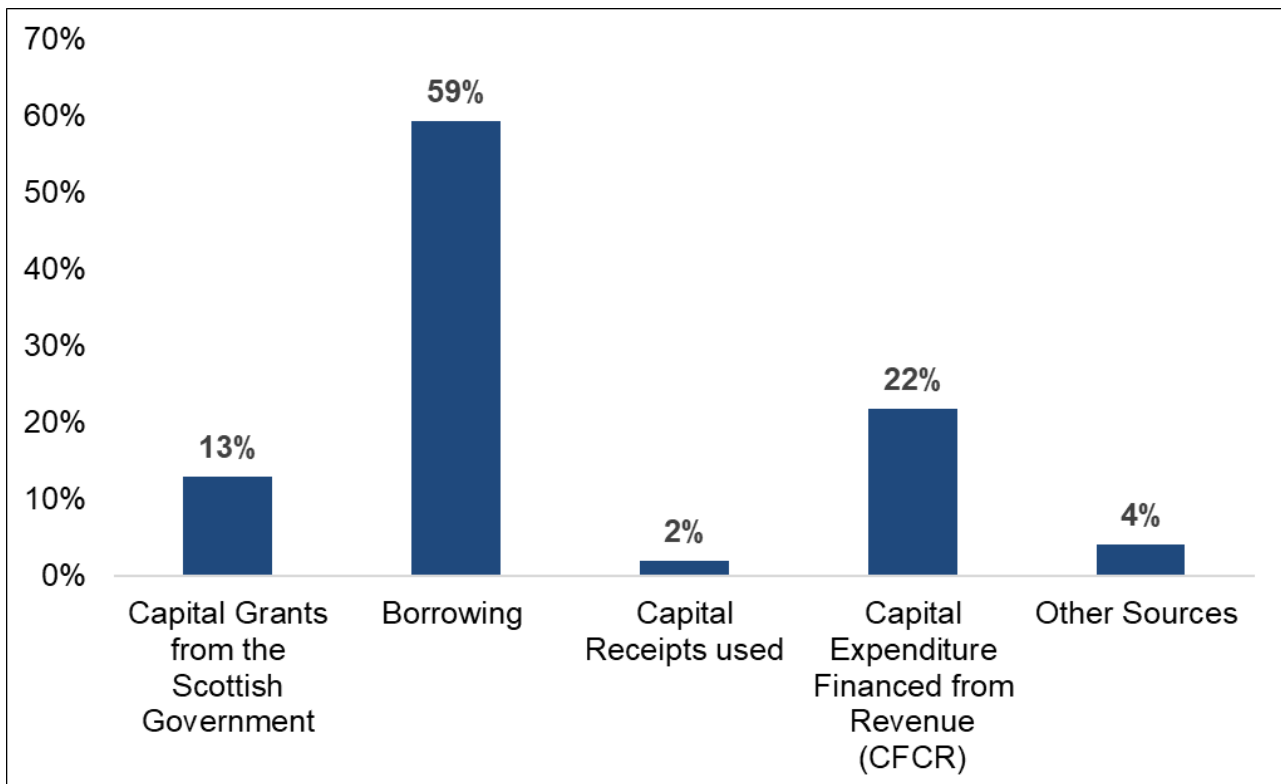


13. Funding of capital expenditure (chart 15) (table 23)

13.1 In 2021-22, provisional figures show 59% (£586m) of the funding for HRA capital expenditure was from borrowing, 22% came from the Housing Revenue Account (CFCR) (£215m), whilst 13% (£127m) came from capital grants from the Scottish Government.

13.2 Councils raised £19m of capital receipts from asset sales in 2021-22. As noted earlier the provision to end RtB - with a two year notice period - was included in the Housing (Scotland) Act 2014 and the scheme subsequently closed to all new applicants on 31 July 2016. Historically RtB sales contributed a substantial amount of capital receipts for HRA but this is no longer the case. However, capital receipts can also come from sales of housing land following demolition, or voluntary sales to private individuals and businesses and other parts of the wider public sector and transfers of small groups of properties to housing associations or transfers of HRA assets to other parts of the Local Authority.

Chart 15: Funding of Housing Revenue Account Capital Expenditure, Scotland, 2021-22 (Provisional Outturn)



14. Tenant Consultation by Councils about HRAs

14.1 The survey asks councils about the extent and nature of any consultation they had undertaken with tenants in the previous year, for example, in terms of how the HRA budget had been spent or plans for future HRA expenditure. A framework for the involvement of landlords and tenants regarding the HRA is set out in [A Framework for Supporting Tenant Involvement](#) and the [HRA Guide Implementation](#).

14.2 Twenty-four of the twenty-six returning councils reported that they had undertaken tenant consultation about the HRA, one council did not and one council did not provide a response to this question. A frequently reported consultation topic was about rent rise proposals and HRA spending plans. Other topics included:

- impacts of the cost of living crisis
- impact of the COVID-19 Pandemic
- value for money
- new build lettings plans
- plans for Gypsy/ Traveller sites
- council housing stock improvements
- service delivery
- tenant priorities
- affordability

14.3 Councils reported a variety of methods used to consult tenants about the HRA, the most frequent included online/ virtual tenant consultations due to the COVID-19 Pandemic restrictions. Other consultation methods included:

- tenant working groups and committees
- tenant mailed letter
- tenant consultation questionnaires
- tenant newsletters
- tenant magazines
- tenant meetings (virtual and face to face)

14.4 Councils were also asked if they had done an Audit of Compliance with the [Guidance on the Operation of Local Authority HRAs in Scotland](#). Twelve councils reported

that they had, ten said no but with some of these reporting HRA reviews, one council did not provide a response and three councils were planning an audit.

14.5 Twelve councils reported they had used the HRA Self-Assessment Framework, eleven said no, one gave no reply, one is planning to and one said it was assessed by two external organizations.

14.6 Another survey question asks the following “In 2021-22 have any HRA surpluses been used to fund non-HRA costs incurred due to COVID-19 and if so by how much (£)?”. Twenty-five of twenty six councils said no and one gave no response.

Chart Notes

Note 1: The provision to end RtB - with a two year notice period - was included in the Housing (Scotland) Act which received Royal Assent on 1st August 2014, and the scheme subsequently closed to all new applicants on 31 July 2016.

Note 2: Current prices: Scottish Government, Communities Analytical Division - based on Housing Revenue Account return provided by Scottish Local Authorities. Constant prices: ONS Consumer Price All Items Index on which 2015 = 100. Current (or nominal) prices are in the value of currency for that particular year. Current price are affected by inflation. Constant (or real) prices adjust for the effects of inflation and used to measure the true growth of a timeseries. Constant prices have been deflated using the [Consumer Price Index \(by ONS\) CPI INDEX 00: ALL ITEMS 2015=100 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/indices/indices-by-ONS/CPI-INDEX-00-ALL-ITEMS-2015=100).

Note 3: This calculation includes both let and un-let properties and therefore the amount of rent actually paid by is likely to be slightly higher.

Note 4: For charts showing timeseries there are three breaks in comparability following transfer of housing stock as follows: from 2003-04 transfer of housing stock from Glasgow City, Dumfries and Galloway and Scottish Borders, from 2006-07 transfer of housing stock from Argyll and Bute and Na h-Eileanan Siar, from 2007-08 transfer of housing stock from Inverclyde.

Note 5: Other sources includes use of Council Tax discounts on second homes/ long term empty properties.

Note 6: Six councils transferred their housing stock to the housing association sector, therefore HRA information is not available for them.

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