

Date: 7 December 2022
REVENUE BUDGET 2023/28
SERVICE – HOUSING REVENUE ACCOUNT
EXECUTIVE SUMMARY

	<u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures				
		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
1	Increase in Staff Costs The increase in staff costs allows for a pay increase of 3% for Single Status and Trades staff for 2023/24 onwards plus the cost of incremental progression. The costs for 2023/24 also includes the cost of the increased level of pay award in 2022/23. Strategic Objective Impacted: Organised to Deliver	706	345	356	370	383
2	Adjustment to Bad & Doubtful Debt Provision The increases relate to annual uplifts required in line with the anticipated increased income levels each year to maintain the provision at 5%. Strategic Objective Impacted: Organised to Deliver	53	57	54	52	54
3	Movement in Loan Charges The capital investment programme has been revised to ensure we continue to meet the SHQS obligations arising from the Stock Condition Survey, any future new Scottish Housing Quality Standard and our tenant's priorities. These commitments alongside an increase in the Council House Stock programme will result in revisions to the profile of Loan Charges arising from the revised prudential borrowing assumptions to fund these works. Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations	0	0	100	100	100

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		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
4	<p>Increased cost of Materials</p> <p>As a result of the Covid 19 pandemic we are facing difficulties in accessing some construction industry supplies and materials. As restrictions ease the demand for construction materials is now very high. The supply of more commonly used materials is proving problematic for suppliers. It is anticipated that current supply shortages will continue through to next year.</p> <p>The Housing Repairs Service procures materials and supplies via Scotland Excel. Scotland Excel have advised that there is a risk of shortages in commonly used materials but also of significant price increases. It is estimated that prices will continue to rise between 10 and 20% over the next 5 years.</p> <p>Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations</p>	281	229	175	193	212
5	<p>Electrical Inspection Condition Reports (EICR)</p> <p>As a landlord Perth & Kinross Council (PKC) are legally obligated to ensure all its domestic properties, including common areas of sheltered housing, have a current Electrical Inspection Condition Report (EICR). Properties are required to be tested every 5 years and additionally as and when there is a change of tenant i.e., void properties.</p> <p>A rolling program of EICR's will be undertaken to ensure all properties always remain compliant. The contract to commence this process was procured in 2021. The key driver for this project is for PKC to meet its legal obligations as a landlord by having a current EICR for all its properties within the Council's Housing stock.</p> <p>This pressure ensure we have the appropriate budget to carry out the work over the 5-year period and an ongoing basis thereafter.</p> <p>Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations</p>	100	100	100	100	0

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		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
6	Zero Carbon and Energy Efficiency The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 set legally binding targets for Scotland to achieve net zero greenhouse gas emissions by 2045. A team is required to progress Climate Change improvements works for Council housing properties. A plan is necessary to develop works for the retrofitting of existing housing stock in order to meet EESSH2 standards by 2032, to progress installations of new technologies within tenants homes to support energy efficiency and behavioural changes, to engage in innovative projects such as the Local Heat and Energy Efficiency Strategy (LHEES) which is a Council-wide project, and to prepare funding bids and applications for grants such as the Social Housing Net Zero Heat Fund set up by the Scottish Government to support social landlords across Scotland to install zero emission heating systems and energy efficiency measures across their existing housing stock. This budget pressure is the cost of a team to deliver improvements works and to allow full engagement in Climate Change strategies and relates to the full year effect of the pressure approved in last year's budget setting process. Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations	44	0	0	0	0
7	Service & Maintenance Costs As a landlord Perth & Kinross Council (PKC) are legally obligated to ensure that servicing and maintenance is carried out to all emergency lighting within the communal areas of the Council's housing stock and the maintenance of mains fed sprinklers which have been and will continue to be installed our new build housing. Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations	216	2	6	6	6
8	Schedule of Rates Uplifts Contract price increases for Term Maintenance Contracts and Domestic Gas Contracts. Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations	139	19	0	0	0

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		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
9	Increased Energy Costs Increased energy costs as a result of increasing Gas and Electricity prices. Strategic Objective Impacted: Organised to Deliver	150	85	50	30	20
10	Increased Staffing Requirements As a landlord we are responsible for the cyclical servicing and maintenance of many systems and items of equipment in domestic dwellings, multi-storey flats, and our sheltered housing complexes. Our current staffing resource is insufficient to ensure that we are meeting all the requirements and obligations of these servicing and maintenance aspects. In addition to servicing and maintenance staff, we also require additional staff to deal with the EICR contract, planned maintenance and multi-storey strategy. Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations	0	342	0	0	0
11	Estate Based Initiatives As part of the budget approved in February 2021, this budget was reduced by £150,000 to fund Digital and Financial Inclusion for a 2 year period. It has been agreed to continue the funding for Digital and Financial Inclusion on a permanent basis and to part-reintroduce the savings from Estate Based Initiatives. The budget for Estate Based Initiatives will be £200,000 after approval of this pressure. Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives	0	50	0	0	0
12	Additional Anti-Social Behaviour Measures As part of the budget approved in January 2022, a motion was approved for enhanced measures to tackle Anti-Social Behaviour. This has been funded from reserves for the last 2 years and now requires permanent funding from 2023/24. Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations	0	39	0	0	0

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		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
13	Asset Management Database Ongoing maintenance costs of the new database. Strategic Objective Impacted: Organised to Deliver	0	6	0	0	0
14	Movement in relation to Contribution to Capital Projects (CFCR) As a result of the net movement between pressures and income/savings options this is the projected movement in CFCR. It is recommended that any surplus (CFCR) is used to fund capital spending, thus reducing the borrowing requirement in the Housing Investment Programme and hence reduce Capital Financing Costs in future years. The level of CFCR available each year will be as follows: 2022/23 - £2,614,000 2023/24 - £2,055,000 2024/25 - £1,918,000 2025/26 - £2,248,000 2026/27 - £2,520,000 2027/28 - £2,752,000 Strategic Objective Impacted: Organised to Deliver	(559)	(137)	330	272	232
	TOTAL	1130	1137	1171	1123	1007

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving					Staffing Implications				
		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2023/24	2024/25	2025/26	2026/27	2027/28
1	Increase in Council House Rents In order to deliver on tenant's priorities, meet the fixed costs borne by the HRA, and any efficiency savings, a 2.2% rent increase will be required for 2023/24. The proposed rent strategy for the next four years will be set at an indicative rate of 2.2%. This provides a baseline level to highlight the indicative rent increase required to deliver the future capital investment programme and running costs of the HRA. The indicative rate for future years may vary reflecting future priorities identified by tenants. 2022/23 – 2.2% 2023/24 – 2.2% (Provisional) 2024/25 – 2.2% (Provisional) 2025/26 – 2.2% (Provisional) 2026/27 – 2.2% (Provisional) Future provisional rents will be adjusted each year to reflect anticipated levels required to meet the needs of the HRA Business Plan. These updated income figures reflect revised assumptions regarding increases in housing stock, based on the planned progress in delivering the new build and new supply programmes. There are no increases attributed to Shops & Offices.	880	1137	1171	1123	1007	0.0	0.0	0.0	0.0	0.0

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving					Staffing Implications				
		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2023/24	2024/25	2025/26	2026/27	2027/28
	<u>Impact Analysis and Risk Assessment</u> Promote Fairness/Reduce Inequality/Address Socio Economic Disadvantage: An affordability assessment has been undertaken and evidenced that our rents are affordable to 87% of the population (without housing costs being taken into account). They remain the most affordable social rent in the area and are the 6 th lowest local authority rent nationally. Increases will affect all tenants Workforce: None Customer: Tenants will be consulted on the Standard Delivery Plan and proposed levels of rent increase. Equalities / Diversity: No identified equality/diversity issues Outcome and Performance: This will allow Perth & Kinross Council to continue to meet the requirements of the Scottish Quality Housing Standard. Climate Change: No significant impact identified. Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives										
2	Review of Non-Staff Budgets A review of existing budgets and expenditure for non-staff budgets. <u>Impact Analysis and Risk Assessment</u> Promote Fairness/Reduce Inequality/Address Socio Economic Disadvantage: The efficiencies identified allow us to maintain rents at an affordable level. Workforce: None	150	0	0	0	0	0.0	0.0	0.0	0.0	0.0

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving					Staffing Implications				
		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2023/24	2024/25	2025/26	2026/27	2027/28
	Customer: None Equalities / Diversity: No identified equality/diversity issues Outcome and Performance: None Climate Change: No significant impact identified. Strategic Objective Impacted: Organised to Deliver										
3	Increase in Staff Slippage Target Increase in the staff slippage target to 4% to match the general fund slippage target. <u>Impact Analysis and Risk Assessment</u> Promote Fairness/Reduce Inequality/Address Socio Economic Disadvantage: The efficiencies identified allow us to maintain rents at an affordable level. Workforce: None Customer: None Equalities / Diversity: No identified equality/diversity issues Outcome and Performance: None Climate Change: No significant impact identified. Strategic Objective Impacted: Organised to Deliver	100	0	0	0	0	0.0	0.0	0.0	0.0	0.0
	TOTAL	1130	1137	1171	1123	1007	0.0	0.0	0.0	0.0	0.0