

APPENDIX 3
REVENUE BUDGET 2020/25
SERVICE – HOUSING REVENUE ACCOUNT
EXECUTIVE SUMMARY

Date: 14 January 2020

	<u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures				
		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £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 2020/21 onwards plus the cost of incremental progression. Strategic Objective Impacted: Organised to Deliver	291	286	294	303	313
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	66	53	48	50	47
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	(380)	94	11	318	127
4	Estate Based Initiatives This reflects the previously approved increase in the Estate Based Initiatives budget. It is now proposed to reinvest this money in other areas of service delivery (see saving 2 below). Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations	50	0	0	0	0

	<u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures				
		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
5	Housing Repairs During this year we have faced pressures in relation to the repairs service, despite significant underspends over the last few years. Although efficiencies and savings of £500,000 have been delivered, new emerging pressures have arisen such as increased voids, improved in house productivity, more complex repairs resulting in increased stock and materials purchases, increasing cost of materials and increased health and safety costs. In addition to this, our overall stock levels have increased through new builds and buy backs by just under 300 properties (4%), resulting in further pressures being placed on the existing budget. We have delivered significant efficiencies, maintained good performance and high levels of tenant satisfaction with our repairs service. Housing repairs and the delivery of a responsive repairs service continues to be a high priority for our tenants; the increase will enable us to maintain our strong position. Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives	601	0	0	0	0
6	External Voids The number of voids has risen steadily year on year for the last 5 years, with an overall 39% increase in the number of voids over this period. An increase in the external voids budget is required to meet the current level of demand placed on the service and ensure that performance and standards are maintained. Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives	252	0	0	0	0
7	Personalised Tenant Budget The provision of a budget for each locality team to enable them to respond to unique and crisis situations to support tenants without delay. Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives,	30	0	0	0	0

	<u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures				
		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
8	Planned Maintenance The Council's housing stock is scheduled to receive exterior and interior planned maintenance based on a 6-8 year rolling cycle. Over the last 3 years cost in delivering the planned maintenance programme have increased due to increased health and safety requirements, increased material and labour costs and increased scope of works, required due to ageing stock. These additional costs have resulted in a reduction in the number of properties receiving planned maintenance and extended the rolling cycle. This additional investment will enable the programme to be delivered within the 6-8 year rolling cycle of investment. Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives	195	0	0	0	0
9	Housing Northgate System System maintenance is crucial to support the delivery of services and system upgrades and developments are required on an ongoing basis to ensure our systems meet our business needs. Strategic Objective Impacted: Organised to Deliver	30	0	0	0	0
10	Housing Occupational Therapist Perth & Kinross has above national average levels of people aged 65+ and 75+. Housing has a key role in supporting the outcomes of the HSCP to enable people to live at home for as long as possible. This post will ensure that the housing stock in Perth & Kinross is appropriately utilised to meet the demand for accessible housing in accordance with the Council's statutory obligations, strategies, policies and procedures and contribute to housing policy and practice development. The post will also provide professional expertise, advice and information in relation to accessible housing design, disabled adaptation and meeting the housing needs of people with disabilities. It is proposed to make this temporary post permanent due to the successful work that has been undertaken in the past year. Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives	46	0	0	0	0

	<u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures				
		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
11	Corporate Recharges There has been an increase in Corporate recharges over the last 4 years. This pressure anticipates that there will continue to be the same level of increases over the next 5 years. This pressure in the first year is higher than future years as there was no funding solution identified for the 18/19 increase. Strategic Objective Impacted: Organised to Deliver	100	50	50	50	50
12	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: 2019/20 - £2,293,000 2020/21 - £2,583,000 2021/22 - £3,161,000 2022/23 - £3,730,000 2023/24 - £4,010,000 2024/25 - £4,422,000 Strategic Objective Impacted: Organised to Deliver	290	578	569	280	412
	TOTAL	1571	1061	972	1001	949

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving					Staffing Implications				
		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2020/21	2021/22	2022/23	2023/24	2024/25
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 3.5% rent increase will be required for 2020/21. 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. 2020/21 – 3.5% 2021/22 – 2.2% (Provisional) 2022/23 – 2.2% (Provisional) 2023/24 – 2.2% (Provisional) 2024/24 – 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. <u>Impact Analysis and Risk Assessment</u>	1332	1061	972	1001	949	0.0	0.0	0.0	0.0	0.0

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving					Staffing Implications				
		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2020/21	2021/22	2022/23	2023/24	2024/25
	<p>Socio-Economic: An affordability assessment has been undertaken and evidenced that our rents are affordable to 83% of the population (without housing costs being taken into account). They remain the most affordable social rent in the area and are the 6th lowest local authority rent nationally. Increases will affect all tenants</p> <p>Workforce: None</p> <p>Customer: Tenants will be consulted on the Standard Delivery Plan and proposed levels of rent increase.</p> <p>Equalities / Diversity: No identified equality/diversity issues</p> <p>Outcome and Performance: This will allow Perth & Kinross Council to continue to meet the requirements of the Scottish Quality Housing Standard.</p> <p>Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives</p>										
2	<p>No further increase in Estate Based Initiatives</p> <p>Since its introduction in April 2015, the EBI budget has been increased year on year by £50,000 from the initial base of £100,000 to the current level of £300,000.</p> <p>Since commencing, £1million has been spent on improving external areas as identified by tenants.</p> <p>It is proposed to maintain the annual EBI budget at £300,000 which will allow continued investment in this area of work.</p> <p><u>Impact Analysis and Risk Assessment</u></p>	50	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				
		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2020/21	2021/22	2022/23	2023/24	2024/25
	Socio-Economic: 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 Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives										
3	Review of Non-Staff Budgets A review of existing budgets and expenditure for non-staff budgets. <u>Impact Analysis and Risk Assessment</u> Socio-Economic: 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 Strategic Objective Impacted: Organised to Deliver	33	0	0	0	0	0.0	0.0	0.0	0.0	0.0
4	Renewable Heat Incentive Income The Renewable Heat Incentive (RHI) is a UK Government scheme set up to encourage uptake of renewable heat technologies amongst householders, communities and businesses through financial incentives. Air-sourced heat pumps are being installed across a number of Council properties which are primarily off-gas	50	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				
		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2020/21	2021/22	2022/23	2023/24	2024/25
	<p>properties. These installations are registered with the Domestic Renewable Heat Incentive Scheme which generates financial support towards the installations over a 7-year period. This saving is the income that will be received from the RHI on an annual basis.</p> <p><u>Impact Analysis and Risk Assessment</u> Socio-Economic: 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</p> <p>Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives</p>										
5	<p>External Voids Recoverable Charges</p> <p>The level of recoverable charges against external voids has increased over the last two to three years. This savings aligns the income budget to the level of charges received.</p> <p><u>Impact Analysis and Risk Assessment</u> Socio-Economic: 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</p> <p>Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives</p>	50	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				
		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2020/21	2021/22	2022/23	2023/24	2024/25
6	Planned Maintenance Recoverable Charges The level of recoverable charges against planned maintenance generates approximately £20,000 per year but is currently not budgeted for. This savings aligns the income budget to the level of charges received. <u>Impact Analysis and Risk Assessment</u> Socio-Economic: 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 Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives	20	0	0	0	0	0.0	0.0	0.0	0.0	0.0
7	Rationalisation of Council Buildings This saving relates to the HRA share of the savings arising from the relocation of teams from York Place to Pullar House. <u>Impact Analysis and Risk Assessment</u> Socio-Economic: None Workforce: None Customer: None Equalities / Diversity: No identified equality/diversity issues Outcome and Performance: No impact Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations	26	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				
		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2020/21	2021/22	2022/23	2023/24	2024/25
8	Review of Garden Maintenance Scheme In January 2016, committee approved the Review of charges for the Garden Maintenance Scheme delivered to approximately 750 elderly Council tenants. It was agreed to phase the increase in charges over a 5-year period, 2020/21 is the final year with the revised charge detailed below: 2020/21 - £124.00 <u>Impact Analysis and Risk Assessment</u> Socio-Economic: None Workforce: None Customer: Increased charges to Council tenants Equalities / Diversity: No identified equality/diversity issues Outcome and Performance: None Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations	10	0	0	0	0	0.0	0.0	0.0	0.0	0.0
	TOTAL	1571	1061	972	1001	949	0.0	0.0	0.0	0.0	0.0