

# **PERTH AND KINROSS COUNCIL**

## **Housing and Communities Committee**

**29 January 2020**

### **Housing Revenue Account (HRA) Strategic Financial Plan incorporating the 5 Year Capital Investment Programme and Rent Strategy to 2024/25, Reserves Strategy and other Housing Charges for 2020/21**

#### **Joint Report by Executive Director (Housing & Environment) and Head of Finance (Report No. 20/29)**

This report sets out the proposed Housing Revenue Account (HRA) Budget for five years from 2020/21 to 2024/25. It recommends increases to rents for houses and other HRA property service charges, and an appropriate level of reserves. The proposed budget for the next five years of the Capital Investment Programme totalling £69.4 million from 2020/21 to 2024/24 is also detailed. The HRA 30-year Business Plan has been updated to reflect and confirm the affordability of the proposals.

#### **1. BACKGROUND/MAIN ISSUES**

- 1.1 The Council owns and manages 7,636 properties. The Housing Revenue Account (HRA) meets all operational expenditure of supporting tenancies, building maintenance and capital financing charges associated with investment in existing and new social rented housing stock. It also contributes to financing major upgrades and improvements in the investment programme, through revenue contributions to capital projects.
- 1.2 The HRA receives income from rents (houses, garages and other properties) and interest on balances, which funds all relevant HRA expenditure.
- 1.3 The HRA Business Plan and Capital Investment Programme form the basis of proposals to ensure that the Council's housing stock continues to comply with the Scottish Housing Quality Standard (SHQS).
- 1.4 The HRA Business Plan is updated each year to reflect the available budget, tenants' priorities, rent strategies and economic conditions to ensure it continues to be affordable and sustainable. The HRA Business Plan has been updated to reflect the proposals within this report. The HRA budget for 2020/21 (Appendix 1) has been prepared in accordance with Housing Acts, Scottish Government directives and regulatory requirements.
- 1.5 A house condition survey to assess the condition of the Council's housing stock was undertaken in 2014/15 to:
  - benchmark the current performance of our housing stock against the SHQS
  - estimate short term investment levels required in our housing stock
  - examine longer term investment requirements over a 30-year business planning cycle

- 1.6 A further house condition survey is currently underway, and the findings will inform the Local Housing Strategy, which will be reported to Committee in August 2020.
- 1.7 Other factors influencing the capital programme and rent setting proposals include the Welfare Reform agenda, increasing costs of materials and services across the whole of the HRA, the climate change agenda, Housing to 2040 and uncertainty over the level of grant to be received from the Scottish Government in respect of new build housing.
- 1.8 Universal Credit full service was introduced to Perth and Kinross in June 2018. This included changes in Housing Benefit payments from direct to landlord to directly to the tenant.
- 1.9 The full financial impact of these changes on the Housing Revenue Account (including payment of rental benefits direct to individuals rather than landlords as previously) continues to be closely monitored. The introduction of Universal Credit has impacted on rent arrears for the HRA and provisions will continue to be reviewed as impacts of the changes emerge over time. A further report on the impact of Universal Credit is also presented to this Committee.

## **2. TENANT ENGAGEMENT**

### **Approach**

- 2.1 The Scottish Social Housing Charter sets the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. Outcomes 14 and 15 are the outcomes primarily linked to the rent setting process and the financial aspect/delivery of the HRA. These outcomes require social landlords to set rents and service charges in consultation with their tenants and other customers so that:
- “A balance is struck between the level of services provided, the cost of the services and how far the current and prospective tenants and other customers can afford them” and “tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlords and tenants.”
- 2.2 These outcomes reflect local authorities’ legal duties under section 25(4) of the Housing (Scotland) Act 2001 to consult tenants affected by the proposed increases and to have regard to their views, including affordability and decisions about how rental income is spent. Landlords must also decide whether to publish information on expenditure, as well as the format and level of detail to be included within this information.

- 2.3 Perth and Kinross Council must engage in discussions with tenants about rents and any decisions made, in relation to rent levels, should reflect tenants' views. The proposals contained within this report reflect tenants' views. In approving this report, members of the committee must demonstrate that they have fully considered these views.
- 2.4 Our approach to involving tenants in the rent setting process was developed by the Strategic Tenant Engagement in the Annual Rent Setting (STEARS) tenant working group in 2014/15. This approach is reviewed with tenants every year. Recent changes and improvements to the approach were based on recommendations from a thematic inquiry carried out by the Scottish Housing Regulator in November 2016 and included:
- providing tenants with 3 rent increase options
  - demonstrating affordability levels
  - consulting with current and prospective tenants

### **Rent Structure**

- 2.5 In 2016/17, a new model to calculate the way we charge rent was introduced. The model was developed in partnership with an independently supported Tenant Working Group and in consultation with our wider tenant body. One of the main aims was to ensure that a fair and equitable model was introduced to address the inequalities which existed between location, property size and type. The approach taken was recognised as sector leading, in terms of the scale and diversity of engagement opportunities, along with the genuine commitment to build the capacity of our tenants through both support and training. The approach was also recognised by the Fairness Commission as an example of good practice, in relation to tenant engagement and the delivery of a fair and equitable rent structure.

### **Affordability Model**

- 2.6 In 2017, an external consultant was engaged to work with staff and tenants to develop and deliver an affordability model. This model is updated annually to assess the affordability of our rent setting proposals.
- 2.7 The outcome from this year's affordability assessment demonstrated that Perth and Kinross Council's rents were, on average, 4-5% lower than neighbouring local authorities and 21-22% lower than local Housing Associations. These figures are based on our proposed rent levels for 2020/21, compared against an assumed average national increase of 2.5% for other local authorities and Housing Associations.
- 2.8 The model also demonstrated that 83% of our residents could afford our rents based on their income alone, without taking into account any housing benefit they receive.

## Tenant Feedback

2.9 In April 2019, all Council tenants received a questionnaire asking for their views and priorities in relation to rent setting, and how additional rent money should be spent.

2.10 A total of 849 (11%) of tenants responded, highlighting their priorities as follows:

Priority	High	Medium	Low
Keeping my home well maintained and warm (such as energy efficiency, door entry systems)	79%	14%	5%
Providing access to more of your services online	13%	36%	42%
Improving the maintenance of my neighbourhood (such as fences/boundary walls/bin stores)	52%	35%	10%
More investment in my home (such as kitchens, bathrooms, windows)	58%	31%	8%
More building maintenance (such as gutter cleaning, close painting)	51%	34%	12%
Increasing the number of council homes for rent	57%	27%	10%
Providing a high-quality repairs service	82%	13%	2%
Providing more tenant participation activities and opportunities in my area	20%	40%	35%
Improving the services we provide to older tenants	61%	29%	7%
Improving the services we provide to younger tenants	36%	42%	14%
New ways to support tenants to sustain their tenancies	50%	35%	9%

2.11 At the Summer Conference, tenants were asked additional questions to gain more detailed information on these priorities. The questions and results are detailed at Appendix 2.

2.12 The overall feedback received from tenants has influenced the spending priorities identified through the budget setting process and proposed within this report. As a result, the following elements have been incorporated into the proposed budget:

- continued investment to increase the supply of affordable housing, through new builds, to meet the housing needs of our communities and our target of 400 new builds over the next 5 years.
- continued investment in improving energy efficiency across Council properties to ensure that tenants live in warm, energy efficient and low carbon homes which they can afford to heat.
- continued investment to improve the external fabric (roofing etc), maintaining our properties to a high standard and improving the external appearance of our properties and estates.

- an allowance to improve sound proofing and reduce nuisance, caused by noise transference, between properties.
- an allowance in the capital programme for property refurbishments including the internal fabric of our properties.
- an increase in repairs and maintenance and external voids budgets to meet the current level of demand and ensure that performance and standards are maintained.
- an increase in the planned maintenance budget to enable the programme to be delivered over a 6-8 year rolling programme.
- a personalised Tenant Budget to enable frontline staff to respond quickly to unique circumstances and support tenancy sustainment.
- to make permanent a Housing Occupation Therapist post, undertaking operational and strategic activity to support housing outcomes for older people and people with disabilities.

## **Rent Options**

- 2.13 This year's autumn forum was attended by 62 tenants, where further discussions took place about tenant priorities and rent setting. Attendees were asked to consider three rent increase options that would meet the priorities highlighted to us by tenants as being important. Tenants were provided with information on the impact and affordability of these options.
- 2.14 The options were:
- 3.5% rent increase
  - 4.0% rent increase
  - 4.5% rent increase
- 2.15 Tenants were provided with information and an explanation of each option, the services and capital improvements that could be delivered, and the potential impacts on service delivery (both positive and negative) of each.
- 2.16 A question and answer session was held at the forum, providing tenants the opportunity to ask questions on the proposals presented to them.
- 2.17 Following the autumn forum, all 7,636 tenants received rent setting information and asked to indicate their preferred option on the proposals through the tenants On the House magazine, Twitter, Facebook and text messages. To increase the level of responses and encourage as many tenants as possible to have their say, staff across the service undertook phone surveys and face to face visits.
- 2.18 A total of 1,251 tenants (16%) responded with the outcome as follows:
- 3.5% - 56%
  - 4.0% - 32%
  - 4.5% - 12%

- 2.19 The consultation process has provided all tenants with genuine opportunities to consider the options, with information on each option about the impact on service delivery and affordability for tenants. All tenants have had an opportunity to express their preferred level of rent increase for the forthcoming year. The total number of responses this year was 1,251, an increase of 18% from last year.

### **3. HOUSING REVENUE ACCOUNT**

- 3.1 A budget for the HRA (as shown in Appendix 1) is balanced each financial year to ensure the operating costs are met from the yearly rental income. The budget includes an amount for Prudential Borrowing to meet the revenue cost of the capital investment programme. Since the Standard Delivery Plan (SDP) commenced in 2004, £115 million has been borrowed. This included the first major works necessary to meet the SHQS, namely, the installation of new kitchens and bathrooms.
- 3.2 The additional cost pressures (as shown in Appendix 3) which the HRA must contain within the next 5 financial years relate to the main areas described below:
- the budget allows for a 3% pay increase for Single Status and Trades staff for 2020/21, based on the assumptions contained in the Medium-Term Financial Plan approved by Council on 3 October 2018 (Report No. 18/326 refers), plus the cost of incremental progression
  - increased prudential borrowing costs as a result of the requirements of the capital investment programme
  - an adjustment to the bad and doubtful debt provision to take account of the potential increased risk to the Council as a result of the roll-out of full-service Universal Credit
  - an increase in external voids budget to meet existing demand
  - an increase in our repairs and maintenance budgets, to meet existing demand and cost pressures, as a result of increased costs for materials and health and safety activities
  - the provision of a budget for each locality team to enable them to respond to unique and crisis situations, to support tenants without delay
  - an increase in the planned maintenance budget
  - an increased investment in IT developments to support mobile working
  - additional staff costs for to a dedicated housing occupational therapist
  - an increase in corporate recharges

3.3 In addition, a range of efficiency savings and income generation opportunities will be delivered, to minimise the impact on future rents and borrowing requirements. These savings are summarised below:

- no further increase to the current Estate Based Initiatives budget of £300,000
- a review of non-staff budgets across the service
- income received as part of our investment in renewable heating systems
- an increase in income budgets for recoverable charges
- efficiencies from the rationalisation of buildings occupied by the Council
- a phased increase in charges for the Garden Maintenance Scheme to cover the full cost of this service to the HRA

3.4 The full detail of the pressures and savings are detailed in Appendix 3.

#### **4. CAPITAL INVESTMENT PROGRAMME**

4.1 Good progress has again been made with capital improvements during 2019, and the number of houses achieving overall compliance with the SHQS has continued to rise. The independent stock condition survey (outlined in paragraph 1.5 above), which included 30% of the total Council house stock, provided a useful validation of SHQS performance and correlated favourably with existing records.

4.2 Based on the stock data at 31 March 2019, the overall level of SHQS compliance was 96.74% i.e. 7,387 Council houses. Perth and Kinross continue to compare favourably across Scotland, with the national average for local authorities in 2018/19 sitting at 94.30%.

4.3 The planned investment programme of £69.4 million for the 5-year period from April 2020 to March 2025 is summarised in Appendix 4. A number of community benefits will arise from this level of investment, as well as the improvements to our Council stock. The proposed capital investment programme required to continue to comply with SHQS over the next 5 years amounts to £27.8m and is summarised as follows:

- external fabric works - £6.7 million
- kitchens and bathrooms - £6.7 million
- rewiring/infrastructure - £3.0 million
- energy efficiency works - £2.2 million
- multi-storey flats\* - £2.1 million
- fire precaution measures - £2.0 million
- central heating renewal - £1.3 million
- structural works - £1.3 million
- property refurbishment - £1.0 million
- environmental improvements - £0.7 million
- sound insulation - £0.5 million
- triple glazing - £0.3 million

\*Work on the 6 multi storey blocks includes all the types of improvement work listed in 4.3.

- 4.4 Relevant business cases have been produced for the capital programmes, where appropriate. These will be made available in the Councillors' lounge and online on the Councillors' CHIP SharePoint site.
- 4.5 The capital programme in Appendix 4 also details the proposals for the following non SHQS elements:
- council house new build programme
  - purchasing houses through the open market
  - major adaptations to properties for people with disabilities
  - redevelopment and regeneration of St Catherine's Square
  - investment in Sheltered Housing complexes
  - adaptations to shops & offices
  - mortgage to rent – under certain circumstances, where owner/occupiers have difficulty in meeting mortgage payments, the Government can arrange for the Council to buy the property and rent it back to the same individual as a tenant to avoid homelessness
  - replacement of lifts to ensure fire safety regulations in multi-storey accommodation is met
  - information and systems technology will be required to support new ways of working e.g. PCs, mobile technology, servers etc.

## **5. INCREASING COUNCIL HOUSE STOCK**

- 5.1 The Council has been continuing to increase its housing stock in three key ways: new build programme, buyback scheme and conversion of existing HRA commercial properties.
- 5.2 In summary, by the end of March 2020, it is estimated that 334 Council houses will have been built since 2011, 191 former council houses purchased, and 12 properties converted into flats for social rent. An update is provided on each of these below.

### **Building new houses for social rent**

- 5.3 During 2008, the Scottish Government announced plans to provide grants to local authorities to support new-build Council housing. Perth and Kinross Council has successfully obtained grant awards each year of the funding programme.
- 5.4 The aim of the Council's new build housing programme is to provide high quality affordable housing to meet housing need within the area. Between 2011 and 2020, the Council has built 334 new builds.



- 5.5 The table below summarises recent completions and current plans for the forthcoming year.

<b>Project</b>	<b>No of Units</b>	<b>Year Completed</b>
Stanley (Phase 2)	10	2019/20
Milne Street, Perth	8	2020/21
Glebe, Scone	65	2020/21
Huntingtower, Perth	70	2020/21 & 2021/22
Elm Drive, Blairgowrie	13	TBC
Ardler Road, Meigle	8	TBC

- 5.6 The size, type, location and funding of the new build programme is determined through the Strategic Housing Investment Plan, which was approved by the Housing and Communities Committee on 30 October 2019 (Report No. 19/301 refers).
- 5.7 Additional investment of £15 million was included in the capital programme in 2016/17, to increase the overall capacity to approximately 80 houses per annum. Some of this investment has now been drawn down due to the commencement of building at Glebe, Scone and Huntingtower, Perth. The remaining element of this investment has been allocated to year 5 of the Capital Investment Programme, and will be drawn down as development opportunities arise, when the Local Development Plan releases land for house building.
- 5.8 The capital investment programme assumes the Council house building programme will continue to receive the same level of financial funding per house from the Scottish Government. It also assumes the continuing use of the Council's Earmarked Reserve for Affordable Housing.
- 5.9 The capital investment programme, detailed in Appendix 4, incorporates the existing committed new build programme and an indicative future new build programme, with the funding assumptions as presented in section 5.6. Work is currently underway to identify future sites for new builds. These will be reported to Committee once confirmation is received that sites are viable projects.

### **Purchasing former Council houses (buybacks)**

- 5.10 The capital investment programme also includes funding for increasing Council house stock by purchasing houses through the open market. It is anticipated that by 31 March 2020, 191 houses will have been purchased at a cost of approximately £21.7 million (including upgrading to SHQS). The purchase of these properties has facilitated a further 212 moves through the resulting vacancy chains, supporting people into more suitable accommodation.
- 5.11 In response to tenants' priorities to increase housing stock for rent, it is proposed to allocate £4 million of funding for buy-backs over the next 2 years, with the potential to allocate additional money to this from the overall budget for increasing our Council stock. This funding will be accelerated as and when required, as properties become available to purchase.

- 5.12 The Council has been successful in obtaining funding, in addition to the Housing Allocation Grant from the Scottish Government, for the period 2013/14 to 2019/20 of £5.6 million. This has allowed the purchase of approximately 47 properties over and above the existing budget within the Capital Investment Programme.

## **6. RENT STRATEGY**

- 6.1 When setting the 2019/20 budget, the Housing and Communities Committee approved a 1.5% rent increase for 2019/20 and a four-year rent strategy for 2020/21 to 2023/24 at an indicative rate of 2.2% (Report No. 19/12 refers).
- 6.2 This provided a baseline level for tenants. It also allowed the Council to highlight the potential future rent increase required to deliver the capital investment programme and running costs of the HRA.
- 6.3 In order to meet the tenants' priorities gathered through the extensive consultation detailed in sections 2.2 to 2.23, meet the fixed costs borne by the HRA and take into account efficiency savings detailed in section 3.3, a 3.5% rent increase will be required for 2020/21.
- 6.4 The proposed increase of 3.5% also reflects the views of our tenants as noted in section 2.18.
- 6.5 The proposed rent strategy for the four-year period from 2021/22 to 2024/25 will be set at an indicative rate of 2.2%. The actual agreed level will be dependent on the outcomes of tenant feedback and the wider HRA rent setting process.
- 6.6 This strategy was previously agreed with tenants in November 2016. It aims to provide a more planned and consistent approach for tenants, and to minimise future fluctuations, dependent on consultation with tenants on their spending priorities for future years.
- 6.7 The rent strategy as detailed above allows the HRA to:
- set rents at reasonable levels over the period, maintaining Perth and Kinross Council rents lower than the Scottish average
  - demonstrate affordable rents for our tenants
  - finance the cost of the future investment programmes to continue to improve our housing stock
  - provide headroom to allow for an increased commitment of 80 new houses each year
  - increase the Council house stock by purchasing houses through the open market
  - finance the revenue borrowing cost of previous capital programme investment to meet the SHQS and provide a new build programme (334 houses to date)
  - resource Locality Teams in managing tenancies, foster tenant participation and work with partner colleagues in the community to create safe and vibrant neighbourhoods
  - enable a Reserves Strategy to provide uncommitted reserves of £1million.

## **7. USE OF BALANCES/RESERVES STRATEGY**

7.1 When reviewing their medium-term financial plans and preparing annual budgets, local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes to:

- provide working balances to cushion the impact of uneven cash flows and avoid unnecessary borrowing
- cushion the impact of unexpected events or emergencies
- build up funds, often referred to as earmarked reserves, to meet known or predicted requirements

7.2 Money held in the general reserve is, therefore, not being directly used to deliver the Housing Business Plan but is set aside for the purposes outlined in section 7.1.

7.3 The financial risks to which the HRA could potentially be exposed include the possibility of:

- additional repairs due to severe weather events and other emergencies
- the current economic climate and the change in Housing Benefits legislation. This may impact upon income recovery with the potential for an increase in non-collection levels for housing rents
- the economic conditions, which could also impact on commercial lets, resulting in lower rent levels or properties remaining void for longer periods.

7.4 The Service continues to closely monitor the impact of Full-Service Universal Credit. The introduction of Universal Credit has impacted on rent arrears for the HRA and provisions for increased bad debt will continue to be reviewed as impacts of the changes emerge over time.

7.5 In view of the potential risks facing the HRA and in accordance with guidance set out in the CIPFA Local Authority Advisory Panel Bulletin (LAAP) 99 (published in July 2014), the Head of Finance, therefore, recommends retaining an uncommitted reserve on the Housing Revenue Account of between 2% and 4% of gross expenditure – approximately £595,000 to £1,191,000. This will be reviewed in future years and amended as required.

7.6 At the Housing and Communities Committee of 24 January 2019, members agreed that the HRA should maintain an uncommitted general reserve balance of £1,000,000 (Report No. 19/12 refers). After reviewing the 30-year business plan, it is felt prudent that the balance should continue to be maintained at the present level. The business plan assumes that a balance of £1,000,000 will be maintained for the next 5 years.

7.7 At this time, it is not anticipated that there will be any requirement to utilise the reserve in 2019/20 and consequently the balance will remain at £1,000,000.

## 8. COMPARISON WITH OTHER LOCAL AUTHORITIES AND REGISTERED SOCIAL LANDLORDS

- 8.1 Appendix 5 shows the Council house rents in Perth and Kinross compared to other councils in Scotland. Perth and Kinross Council currently has the 6<sup>th</sup> lowest rent in Scotland, at £5.30 below the Scottish average.
- 8.2 Based on recent information provided by other councils and assumptions on potential rent increases, comparisons have been made on potential rent levels for Councils for 2020/21 as detailed in Appendix 5.
- 8.3 Using these assumptions, Perth and Kinross would have an average rental figure of £71.22 compared to the projected Scottish average of £76.33 for 2020/21. This would mean Perth and Kinross Council would have the 6<sup>th</sup> lowest rent in Scotland, £5.11 lower than the projected Scottish average.
- 8.4 The level of rent increases for 2019/20 across local authorities in Scotland ranged from 0% to 5%, with the Scottish average being 3%.
- 8.5 Table 1 below details 2018/19 average rent levels for the main Registered Social Landlords (RSLs) within Perth and Kinross.

Registered Social Landlord 2018/19	Bedroom Size/Weekly Rent (£)				
	Bedsit	1	2	3	4+
PKC	46.48	63.30	68.42	76.44	82.77
Caledonia	86.86	86.21	80.82	89.98	97.79
Hillcrest HA	34.47	73.10	86.43	94.28	102.68
Kingdom HA	61.68	72.70	79.78	91.79	95.37
Fairfield Co-op	n/a	69.49	76.94	78.91	82.65

Table 1: Average Rents 2018/19 (based on 52 weeks)

Source: Scottish Housing Regulator 2019/20 Landlord Reports

- 8.6 During 2018/19, we were involved in a benchmarking exercise to compare the financial health of HRA Business Plans across local authorities in Scotland. This exercise evidenced that our business plan is well managed and in a good position to meet current and future demands and service requirements.

## **9. PROPOSED RENTS FOR OTHER SERVICES**

- 9.1 It is recommended that a range of non-commercial rents, excluding the HRA rents for housing stock (detailed in section 6), are amended as detailed below from 6 April 2020. The proposals ensure the Council continues to demonstrate that it has set rents which reflect the characteristics of individual dwellings and services provided. The different types of properties are detailed separately below:

### **Rental charges for Greyfriars Hostel**

- 9.2 It is proposed to have a 3.5% rent increase for Greyfriars Hostel to reflect the same rental strategy for mainstream rents.

### **Rental charges for dispersed temporary accommodation**

- 9.3 It is proposed to have a 3.5% increase on rental charges for properties owned by the HRA but allocated as temporary accommodation for homeless people to reflect the rental strategy for mainstream rents.

### **Rental charges for chalets and stances for Gypsy Travellers**

- 9.4 It is proposed to have a 3.5% rent increase for chalets and stances for Gypsy Travellers to reflect the rental strategy for mainstream rents.

### **Lock-ups**

- 9.5 It is proposed to have a 3.5% rent increase for lock-ups to reflect the rental strategy for house rents.

### **Garage Sites**

- 9.6 It is proposed to have a 3.5% rent increase for garage sites to reflect the rental strategy for house rents.

### **Commercial rents**

- 9.7 Rents from commercial properties are negotiated by Estates colleagues on a property by property basis. These contracts include agreed levels of fees and are not within the scope of this report.

## **10. PROPOSED HOUSING SERVICE CHARGES**

- 10.1 Local Authority Housing Services separate service charges from housing rents, to ensure that charges for services, such as caretaking, are fair and transparent. Service charges usually reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities rather than directly to the occupation of a dwelling. In addition, the HRA charges owners for services provided as determined by title deeds, the Tenement Management Scheme and the Property Factors Agreement.

- 10.2 The range of service charges currently levied by the HRA to tenants and owner occupiers are shown in tables 2 and 3 below. All services, apart from the garden maintenance scheme and communal heating at particular locations, are included in tenants' rents. Owner occupiers in locations with mixed tenure have additional charges as they have to meet some costs for the services they receive as determined by their title deeds.
- 10.3 The garden maintenance scheme is currently provided to approximately 750 elderly tenants at a current cost to the HRA of £124 per year. At the Housing and Health Committee of 27 January 2016, members agreed that the charge to recover the full cost of this service should be phased in over a 5-year period with an annual increase of £13 per year (Report No. 16/28 refers). 2016/17 was the first year of the increase with the final year of the increase being implemented in 2020/21.
- 10.4 At the Housing and Health Committee of 27 January 2016, members agreed that the charge to Council tenants and private owners at Market, Milne and Lickley Court for communal energy costs will be adjusted each year to reflect the previous year's energy costs (Report No. 16/28 refers).
- 10.5 The communal energy costs at Sheltered Housing Complexes have also been reviewed in line with the current agreement for Market, Milne & Lickley. The revised charges in relation to this, as well as the revised charges for garden maintenance and communal energy costs as detailed in sections 10.3 and 10.4, are detailed below:

Service Charges to Tenants	2019/20 Current Annual Charge	2020/21 Proposed Annual Charge
Garden Maintenance Scheme	£111.00	£124.00
Retirement Complexes	£210.04	£214.77
Communal Energy Costs – (Market, Milne and Lickley)	£292.24	£330.22
Heating and Lighting at Sheltered Housing complexes	£271.44 - £568.36	£315.13 - £601.43

Table 2: Service Charges to Tenants

- 10.6 As a result of the Property Factors Agreement being in place since 1 April 2014, Housing & Health Committee approved a range of charges to owner occupiers of multi-tenure blocks (Report No. 14/114 refers). These charges are reviewed annually in line with the actual cost of the service being provided with the proposed 2020/21 charges detailed in table 3 below:

Service Charges to Owner Occupiers	2019/20 Current Annual Charge	2020/21 Proposed Annual Charge
Stair Lighting	£21.41	£23.83
Market Court	£755.35	£810.68
Milne Court	£755.04	£810.59
Lickley Court	£755.63	£811.91
Potterhill	£392.64	£404.00
Pomarium (Nos 7-51)	£394.48	£398.02
Pomarium (Nos 52-95)	£394.42	£398.03
Charterhouse Court	£691.84	£762.42

Table 3: Service Charges to Owner Occupiers

#### 10.7 Rechargeable Repairs

Housing and Environment have a policy to recover the costs of repairs, clearance and related works, from current or former tenants and owners/residents. Accounts are raised for a number of reasons, including to: -

- recover the cost of work arising from tenant misuse
- consistently enforce the conditions of the Scottish Secure Tenancy
- deter misuse of Council property by future tenants.

- 10.8 A summary of all housing charges for 2020/21 is detailed at Appendix 6.

### 11. CONCLUSION AND RECOMMENDATIONS

- 11.1 This report details the proposed HRA budget for the 5-year period from 2020/21 - 2024/25 and recommends rent increases for houses and other HRA properties.
- 11.2 The recommended 3.5% increase is in line with the views of our tenants. This will ensure that our rent levels remain affordable to our tenants and, as 6<sup>th</sup> lowest in Scotland, continue to compare favourably at a national level.

11.3 The measures outlined will support continued and sustained improvements in the delivery of housing services. More specifically, they will meet tenants' priorities to:

- increase our housing stock and support the delivery of our new build commitments and meet housing need in the area.
- continue to invest in their homes through the capital investment programme ensuring ongoing compliance with the SHQS
- invest in our repairs and maintenance, planned maintenance and voids budgets to meet the current level of demand and ensure that performance standards are met
- support tenancy sustainment through a personalised tenant budget to enable frontline staff to respond quickly to unique circumstances
- support older tenants and people with disabilities to remain in their own homes through the appointment of a dedicated Housing Occupational Therapist.

11.4 The cumulative effect of these measures will support the delivery of the Charter outcomes to meet housing need in the area, provide safe and secure housing, and support sustainable tenancies and communities throughout the area.

11.5 It is recommended that the Committee:

- (i) approves the Housing Revenue Account Budget for 2020/21 and provisional budgets for financial years 2021/22 to 2024/25 as set out in Appendix 1.
- (ii) approves the proposed Housing Revenue Account Capital Investment Programme for 2020/21 to 2024/25 as set out in Appendix 4.
- (iii) approves the Rent Strategy for 2020/21 and a provisional Rent Strategy for the following 4 years to 2024/25 as stated in Section 6.
- (iv) approves the rent increase of 3.5% for the year commencing 6 April 2020 for all Council houses. This would mean an average weekly rent increase of £2.41 per week, giving an average weekly rent of £71.22 per week based on 52 weeks.
- (v) approves the rent increase of 3.5% for the year commencing 6 April 2020 for:
  - all lock-ups
  - all garage sites
  - chalets and stances for travelling people at Double Dykes and Bobbin Mill
  - dispersed tenancies owned by the HRA
  - Greyfriars Hostel



- (vi) approves the Housing Revenue Account Reserves Strategy proposed in Section 7.
- (vii) approves the proposal to set Housing service charges from 6 April 2020 as stated in Section 10.
- (viii) endorses and approves, where necessary, the revised level of all housing related charges as detailed in Appendix 6.
- (ix) endorses the progress made to date in delivering and maintaining the SHQS for improving and managing the housing stock as set out in Section 4 and the related business cases.

### Authors

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Clare Mailer	Head of Housing	

### Approved

Name	Designation	Date
Barbara Renton	Executive Director (Housing & Environment)	17 January 2020

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All Council Services can offer a telephone translation facility.

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>None</b>
Corporate Plan	<b>Yes</b>
<b>Resource Implications</b>	
Financial	<b>Yes</b>
Workforce	<b>None</b>
Asset Management (land, property, IST)	<b>None</b>
<b>Assessments</b>	
Equality Impact Assessment	<b>Yes</b>
Strategic Environmental Assessment	<b>Yes</b>
Sustainability (community, economic, environmental)	<b>Yes</b>
Legal and Governance	<b>None</b>
Risk	<b>None</b>
<b>Consultation</b>	
Internal	<b>Yes</b>
External	<b>Yes</b>
<b>Communication</b>	
Communications Plan	<b>None</b>

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1 The Single Outcome Agreement for Perth and Kinross has five outcomes which provide a clear strategic direction, inform decisions at a corporate and service level and shape the allocation of resources. The following are relevant to this report:

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

#### Corporate Plan

- 1.2 As above.

### 2. Resource Implications

#### Financial

- 2.1 There are no direct financial implications arising from this report other than those reported within the body of the main report.

### **3. Assessments**

#### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties. The Equality Impact Assessment undertaken in relation to this report can be viewed clicking [here](#).
- 3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and no major change required, the Budget Option is robust and can continue without amendment.

#### Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 However, no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

#### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act: -
- in the way best calculated to delivery of the Act's emissions reduction targets
  - in the way best calculated to deliver any statutory adaptation programmes
  - in a way that it considers most sustainable

- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

#### Legal and Governance

- 3.7 Head of Legal and Governance was consulted on this report.

#### Risk

- 3.8 None arising from this report.

## **4. Consultation**

### Internal

- 4.1 The Chief Executive, Depute Chief Executive, all Executive Directors and the Head of Legal and Governance have been consulted in the preparation of this report.

### External

- 4.2 All Perth and Kinross Council tenants were invited to attend a Tenants' Conference in June 2019 and a Tenants' Autumn Forum in October 2019 and their feedback is detailed in Appendix 2. All tenants then received communication on the proposals via "On the House" magazine, Twitter, Facebook and text messages. Staff across the service also undertook phone surveys and face to face visits.
- 4.3 The Tenant Committee Report Panel was consulted on this report. They commented that 'This is a really comprehensive report and good to see that the tenants vote of the lowest rent increase has been proposed. As part of the rent consultation there has been more emphasis on each of the proposed options and what this means for tenants'.

## **5. Communication**

- 5.1 None.

## **2. BACKGROUND PAPERS**

- 2.1 None.

## **3. APPENDICES**

- 3.1 Appendix 1 – HRA Provisional Revenue Budget 2020-2025  
3.2 Appendix 2 – Feedback from tenant's rent survey  
3.3 Appendix 3 – HRA Executive Summaries 2020-2025  
3.4 Appendix 4 – HRA Capital Investment Programme 2020-2025  
3.5 Appendix 5 – Estimated Projected Average Rents  
3.6 Appendix 6 – Housing Related Charges 2020-21