

APPENDIX 3  
REVENUE BUDGET 2024/29  
SERVICE – HOUSING REVENUE ACCOUNT  
EXECUTIVE SUMMARY

Date: 10 January 2024

	<u>Activity Expenditure Pressure &amp; Impact Analysis</u>	Un-Funded Expenditure Pressures				
		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
1	<p><b>Increase in Staff Costs</b></p> <p>The increase in staff costs allows for a pay increase of 3% for Single Status and Trades staff for 2024/25 onwards plus the cost of incremental progression. The costs for 2024/25 also includes the cost of the increased level of pay award in 2023/24.</p> <p><b>Strategic Objective Impacted:</b> Organised to Deliver</p>	612	356	370	383	396
2	<p><b>Adjustment to Bad &amp; Doubtful Debt Provision</b></p> <p>The increases relate to annual uplifts required in line with the anticipated increased income levels each year to maintain the provision at 5%.</p> <p><b>Strategic Objective Impacted:</b> Organised to Deliver</p>	57	54	52	54	58
3	<p><b>Movement in Loan Charges</b></p> <p>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.</p> <p><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	500	500	500	500	500

	<b><u>Activity Expenditure Pressure &amp; Impact Analysis</u></b>	<b>Un-Funded Expenditure Pressures</b>				
		<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>
<b>4</b>	<p><b>Increased cost of Materials</b></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><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	229	175	193	212	0
<b>5</b>	<p><b>Electrical Inspection Condition Reports (EICR)</b></p> <p>As a landlord Perth &amp; 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><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	100	135	100	0	0

	<b><u>Activity Expenditure Pressure &amp; Impact Analysis</u></b>	<b>Un-Funded Expenditure Pressures</b>				
		<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>
<b>6</b>	<p><b>Evening &amp; Weekend Repairs Appointments</b></p> <p>Increase in the number of Trades staff to support the introduction of an evening and weekend appointment system to provide more flexibility for tenants.</p> <p><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	90	0	0	0	0
<b>7</b>	<p><b>Service &amp; Maintenance Costs</b></p> <p>As a landlord Perth &amp; 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.</p> <p><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	2	6	6	6	6
<b>8</b>	<p><b>Schedule of Rates Uplifts</b></p> <p>Contract price increases for Term Maintenance Contracts and Domestic Gas Contracts.</p> <p><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	157	0	0	0	0
<b>9</b>	<p><b>Increased Energy Costs</b></p> <p>Increased energy costs as a result of increasing Gas and Electricity prices.</p> <p><b>Strategic Objective Impacted:</b> Organised to Deliver</p>	85	50	30	20	0

	<b><u>Activity Expenditure Pressure &amp; Impact Analysis</u></b>	<b>Un-Funded Expenditure Pressures</b>				
		<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>
<b>10</b>	<p><b>Increased Staffing Requirements</b></p> <p>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.</p> <p>In addition to servicing and maintenance staff, we also require additional staff to deal with the EICR contract, planned maintenance and multi-storey strategy.</p> <p><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	332	236	0	0	0
<b>11</b>	<p><b>Estate Based Initiatives</b></p> <p>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.</p> <p>The budget for Estate Based Initiatives will be £200,000 after approval of this pressure.</p> <p><b>Strategic Objective Impacted:</b> Supporting People to Live Independent, Healthy and Active Lives</p>	50	0	0	0	0
<b>12</b>	<p><b>Additional Anti-Social Behaviour Measures</b></p> <p>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 2024/25.</p> <p><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	39	0	0	0	0
<b>13</b>	<p><b>Corporate Recharges</b></p> <p>Increased recharges in relation to corporate services such as Finance, HR, Legal.</p> <p><b>Strategic Objective Impacted:</b> Organised to Deliver</p>	85	85	80	0	0

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		<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>
<b>14</b>	<p><b>Internet of Things Project</b></p> <p>Over the last 18 months, the service has been undertaking a pilot project using sensors to monitor property condition against set parameters, real-time alerts and data are captured and reported providing insights into property health, that importantly enables providers to better allocate resources to support tenants and avoid costly repairs. To date there are 140 properties which have these sensors.</p> <p>This pressure will provide permanent funding for sensors to be installed in an additional 200 properties per year plus the ongoing costs for monitoring the output of the data.</p> <p><b>Strategic Objective Impacted:</b> Supporting People to Live Independent, Healthy and Active Lives</p>	56	17	9	9	9
<b>15</b>	<p><b>Asset Management Database</b></p> <p>Ongoing maintenance costs of the new database.</p> <p><b>Strategic Objective Impacted:</b> Organised to Deliver</p>	6	0	0	0	0
<b>16</b>	<p><b>Housing Enabler</b></p> <p>The Corporate Plan 2022 – 2027 identifies the provision of new social housing units as a key indicator in meeting its Tackling Poverty priority. The Local Housing Strategy (March 2023) sets a target of affordable housing delivery of 210 average per year over 2022- 2027.</p> <p>To ensure the target of 80 units per for new build for PKC housing is achieved, a dedicated, HRA, Housing Enabler is required. The post holder would solely progress the Council's social rented new build programme - with support from the wider Housing Strategy Team and clear direction from the New Build / Capital Improvement Team.</p> <p><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	0	56	0	0	0
<b>17</b>	<p><b>Gypsy Traveller Project Officer</b></p> <p>A permanent Gypsy Traveller Project Officer to take forward the improvements within our Gypsy Traveller sites.</p> <p><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	0	50	0	0	0

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		<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>
<b>18</b>	<p><b>HRA Roads &amp; Footpaths</b></p> <p>The maintenance of the HRA owned roads and footpaths within our housing estates are a key part of Housing Service delivery and tie in with Housing’s key strategic priorities.</p> <p>It is proposed that a small annual budget is allocated to allow repairs to roads and footpaths within our estates that are owned by the HRA.</p> <p><b>Strategic Objective Impacted:</b> Creating a Safe and Sustainable Place for Future Generations</p>	0	15	0	0	0
<b>19</b>	<p><b>Housing Repairs Out of Hours Service</b></p> <p>Increased costs to provide the repairs out of hours service.</p> <p><b>Strategic Objective Impacted:</b> Organised to Deliver</p>	0	5	0	0	0
<b>20</b>	<p><b>Movement in relation to Contribution to Capital Projects (CFCR)</b></p> <p>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.</p> <p>The level of CFCR available each year will be as follows:</p> <p>2023/24 - £2,055,000  2024/25 - £1,833,000  2025/26 - £2,078,000  2026/27 - £2,004,000  2027/28 - £2,125,000  2028/29 - £2,340,000</p> <p><b>Strategic Objective Impacted:</b> Organised to Deliver</p>	(222)	245	(74)	121	215
	<b>TOTAL</b>	<b>2178</b>	<b>1985</b>	<b>1266</b>	<b>1305</b>	<b>1184</b>

	<b><u>Compensating Saving / Budget Flexibility &amp; Impact Analysis</u></b>	<b>Net Saving</b>					<b>Staffing Implications</b>				
		<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
<b>1</b>	<p><b>Increase in Council House Rents</b></p> <p>In order to deliver on tenant's priorities, meet the fixed costs borne by the HRA, and any efficiency savings, a 6.0% rent increase will be required for 2024/25.</p> <p>The proposed rent strategy for the next four years will be set at an indicative rate of 4.5% for 2025/26 and then 2.2% for the following three years. 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.</p> <p>The indicative rate for future years may vary reflecting future priorities identified by tenants.</p> <p>2024/25 – 6.0%  2025/26 – 4.5% (Anticipated minimum increase)  2026/27 – 2.2% (Anticipated minimum increase)  2027/28 – 2.2% (Anticipated minimum increase)  2028/29 – 2.2% (Anticipated minimum increase)</p> <p>Future provisional rents will be adjusted each year to reflect anticipated levels required to meet the needs of the HRA Business Plan.</p> <p>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.</p> <p>There are no increases attributed to Shops &amp; Offices.</p>	2178	1985	1266	1305	1184	0.0	0.0	0.0	0.0	0.0

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		<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<p><u>Impact Analysis and Risk Assessment</u></p> <p><b>Promote Fairness/Reduce Inequality/Address Socio Economic Disadvantage:</b> An affordability assessment has been undertaken and evidenced that our rents are affordable to 86% of the population (without housing costs being taken into account). They remain the most affordable social rent in the area and are the 4<sup>th</sup> lowest local authority rent nationally. Increases will affect all tenants</p> <p><b>Workforce:</b> None</p> <p><b>Customer:</b> Tenants will be consulted on the Standard Delivery Plan and proposed levels of rent increase.</p> <p><b>Equalities / Diversity:</b> No identified equality/diversity issues</p> <p><b>Outcome and Performance:</b> This will allow Perth &amp; Kinross Council to continue to meet the requirements of the Scottish Quality Housing Standard.</p> <p><b>Climate Change:</b> No significant impact identified.</p> <p><b>Strategic Objective Impacted:</b> Supporting People to Live Independent, Healthy and Active Lives</p>										
	<b>TOTAL</b>	<b>2178</b>	<b>1985</b>	<b>1266</b>	<b>1305</b>	<b>1184</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>