

**APPENDIX 2
REVENUE BUDGET 2021/26
SERVICE – HOUSING REVENUE ACCOUNT
EXECUTIVE SUMMARY**

Date: 19 November 2020

	<u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures				
		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
1	<p>Increase in Staff Costs</p> <p>The increase in staff costs allows for a pay increase of 3% for Single Status and Trades staff for 2021/22 onwards plus the cost of incremental progression.</p> <p>Strategic Objective Impacted: Organised to Deliver</p>	303	311	319	329	340
2	<p>Adjustment to Bad & Doubtful Debt Provision</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>Strategic Objective Impacted: Organised to Deliver</p>	32	49	49	46	45
3	<p>Movement in Loan Charges</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>Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations</p>	(60)	136	298	85	67
4	<p>Digital & Financial Inclusion</p> <p>Many tenants are facing financial difficulties with reduced or loss of income or increased household costs arising from the impact of Covid19. This is having an impact on their ability to meet rent payments. There has been a significant increase in rent arrears and the number of tenants applying for Universal Credit (UC), which is expected to continue as we move through the pandemic. An element of this pressure would allow us to enhance service delivery to support income maximisation and ensure financial and budgeting advice is available for those who need it.</p>	150	0	0	0	0

	<u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures				
		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
	<p>Our response to the pandemic also highlighted that many tenants are digitally excluded and struggle to use online services. This means they don't have access to important information about their services, finances and communities. COVID-19 has heightened the need for a greater focus on digital inclusion, as there has been a significant shift to people relying on the internet for online services and social interactions.</p> <p>The enhanced service delivery mentioned above would also focus on improving tenants' digital skills, making sure they can access the internet and online services</p> <p>Strategic Objective Impacted: Creating a Safe and Sustainable Place for Future Generations</p>					
5	<p>Social Isolation Support Service</p> <p>Social isolation has affected many tenants who are really struggling as a result of the lockdown and ongoing restrictions. Feedback from tenants in response to our tenant welfare checks was overwhelmingly positive with many of them finding the support invaluable. The checks allowed us to personally connect with tenants and gain a far greater understanding about their household circumstances and individual needs and ensure they received the necessary support.</p> <p>The impact of social isolation is being felt significantly, especially by older and vulnerable tenants. As the pandemic and social restrictions continue, we need to be able to provide ongoing support in this area. We are proposing to set up a new Social Inclusion Support Service for tenants that will enable us to maintain more regular contact with older tenants around their health and wellbeing and help link them with vital services and support that exist in their communities.</p> <p>Strategic Objective Impacted: Supporting People to Live Independent, Healthy and Active Lives</p>	50	0	0	0	0
6	<p>Corporate Recharges</p> <p>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.</p> <p>Strategic Objective Impacted: Organised to Deliver</p>	50	50	50	50	50

	<u>Activity Expenditure Pressure & Impact Analysis</u>	Un-Funded Expenditure Pressures				
		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
7	<p>Movement in relation to Contribution to Capital Projects (CFCR)</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>2020/21 - £2,584,000 2021/22 - £2,894,000 2022/23 - £3,341,000 2023/24 - £3,611,000 2024/25 - £4,036,000 2025/26 - £4,414,000</p> <p>Strategic Objective Impacted: Organised to Deliver</p>	310	447	270	425	378
	TOTAL	835	993	986	935	880

	<u>Compensating Saving / Budget Flexibility & Impact Analysis</u>	Net Saving					Staffing Implications				
		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2021/22	2022/23	2023/24	2024/25	2025/26
1	<p>Increase in Council House Rents</p> <p>In order to deliver on tenant's priorities, meet the fixed costs borne by the HRA, and any efficiency savings, a 1.0% rent increase will be required for 2021/22.</p> <p>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.</p> <p>The indicative rate for future years may vary reflecting future priorities identified by tenants.</p> <p>2021/22 – 1.0% 2022/23 – 2.2% (Provisional) 2023/24 – 2.2% (Provisional) 2024/25 – 2.2% (Provisional) 2025/26 – 2.2% (Provisional)</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 & Offices.</p> <p><u>Impact Analysis and Risk Assessment</u></p>	635	993	986	935	880	0.0	0.0	0.0	0.0	0.0

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		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2021/22	2022/23	2023/24	2024/25	2025/26
	<p>Socio-Economic: 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 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>Reduction in Estate Based Initiatives</p> <p>Since its introduction in April 2015, over £1million has been spent on improving external areas identified by tenants.</p> <p>In order to help fund the new pressures and minimise the rent increase on our tenants, it is proposed to reduce the EBI budget by 50% to £150,000.</p> <p>This remaining budget will allow continued investment in this area of work.</p>	150	0	0	0	0	0.0	0.0	0.0	0.0	0.0

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		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2021/22	2022/23	2023/24	2024/25	2025/26
	<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										
3	General Efficiencies Deletion of vacant hours across the service without impacting on frontline service delivery. <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	30	0	0	0	0	0.5	0.0	0.0	0.0	0.0
4	Reduction in Tenant Participation Budget Efficiencies within the TP budget, this saving would not impact on any level of service currently provided to tenants.	20	0	0	0	0	0.0	0.0	0.0	0.0	0.0

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		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2021/22	2022/23	2023/24	2024/25	2025/26
	<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										
	TOTAL	835	993	986	935	880	0.5	0.0	0.0	0.0	0.0