

PERTH AND KINROSS COUNCIL

Housing & Health Committee – 4 February 2009

**HOUSING REVENUE ACCOUNT ESTIMATES AND CAPITAL INVESTMENT
PLAN FOR 2009/10 INCORPORATING RENTS AND CHARGES****Report by Executive Director (Housing & Community Care)
and Head of Finance****ABSTRACT**

This report sets out the proposed Housing Revenue Account Budget for 2009/10 and recommends increases in the rents for houses and other HRA property and garages. The report also recommends the balance of reserves to be retained by the HRA.

1. RECOMMENDATIONS

- 1.1 That Committee notes the progress made to date in the delivery of the Housing Standard Delivery Plan with the rent strategy agreed by tenants. (Sect 2)
- 1.2 That Committee approves an average weekly rent increase of £3.80 per week (8.2%) for Council houses in accordance with the Business Plan. The approved weekly average rent proposed for 2009/10 will be £50.16 per week based on 52 weeks. (Sect 4.4)
- 1.3 That Committee notes that a review of the rents strategy for council housing during 2009/10 will be required in light of the revised HRA Business Plan as updated by the findings of the stock condition survey.
- 1.4 That Committee approves rent increases of 5.2% for commercial properties (5.1).
- 1.5 That Committee approves rent increases of 8.2% for garages and garage sites. (5.2)
- 1.6 That Committee approves rent increases of 8.2% for sites for travelling people (5.3)
- 1.7 That Committee notes the requirement to commission a stock condition survey as a priority in order to determine future capital investment costs required to achieve the Housing Quality Standard. (7)
- 1.8 That Committee notes the funding strategy for the proposed construction of 26 new council houses, as previously approved by Housing & Health Executive Sub-Committee on 9 January 2009 (Report 09/18) and detailed in Appendix 2 of the report, subject to the approval by Council of the General Fund Reserves Strategy on 12 February 2009. (9.1)

- 1.9 That Committee approves the proposed Housing Revenue Account Budget for 2009/10 as set out in Appendix 1.
- 1.10 That Committee approves the proposed Housing Revenue Account Capital Investment Plan for 2009/10 as set out in Appendix 2.
- 1.11 That Committee approves the Housing Revenue Account Reserves Strategy as set out in Appendix 3 and noted in Section 8.1.

2. BACKGROUND

- 2.1 The attached Housing Revenue Account (HRA) budget (Appendix 1) for 2009/10 has been prepared in accordance with Housing Acts and Scottish Government directives.
- 2.2 The HRA meets all expenditure on staffing, office running costs, supplies and services, council support services, council house maintenance and capital financing charges associated with the Housing Service. It also contributes to the financing of major repairs and improvements in the investment programme, through revenue contributions to capital projects.
- 2.3 The HRA receives income from rents (houses, garages and other properties) and interest on balances which funds all relevant expenditure.
- 2.4 The context for the proposed HRA budget is the Housing Business Plan approved by the Housing & Health Committee on 28 January 2004 (Report 04/39). This is a comprehensive plan for the activities of the HRA and covers the thirty year period from 2005/06 to 2034/35. This plan is currently being reviewed and updated by Housing Services and its consultants DTZ Peda.
- 2.5 The HRA Business Plan, approved in January 2004, is currently being reviewed. Part of this will be a survey of the condition of the housing stock in order to ascertain the level of work required to achieve the Scottish Housing Quality Standard and to maintain the stock thereafter. This work will be carried out in 2009/10. The funding for the survey has been included in the HRA.
- 2.6 It must be acknowledged that by moving into external works we are also moving into mixed tenure issues. There is likely to be a low take-up of improvements due to affordability issues, and we may not deliver in all areas.

3. CURRENT PRESSURES

- 3.1 A number of factors have an impact on the HRA finances. These include the:
- general cost of living inflation (including pay awards)
 - Capital Investment Plan to meet housing quality standards
 - reduction in capital receipts due to reduced council house sales
 - cost of the housing repairs service
- 3.2 The anticipated cost of pay awards for staff is projected at 2.5% for 2009/2010. In addition, the inflationary index, the Consumer Price Index (CPI) was 5.2% at September 2008.
- 3.3 The Capital Investment Programme took into account the tenants' desire to continue to improve standards through the kitchen and bathroom programmes. As a result of the reduction in council house sales, we now have more houses included as part of this programme, which will affect overall costs which will need to be met by the HRA borrowing additional funding. The additional rent increase above RPI/CPI was to meet this borrowing.
- 3.4 A significant issue in delivering the HRA budget is the Housing Repairs Service. While this service achieves high satisfaction levels, with the new Rapid Response Teams achieving high performance, this has caused a budget overspend in 2008/9 and the level of service needs to be managed within the budget in future years.

4. RENT STRATEGY AND RECOMMENDATION FOR INCREASES

- 4.1 At its meeting of 6th February, 2008 (Report 08/54) the Housing & Health Committee agreed that the Consumer Price Index (CPI) should be used rather than RPI.
- 4.2 It should be noted that the annual increase of DWP benefits for 2009 will range from 5% to 6.3%, averaging approximately 6%. As 54% of our tenants are in receipt of benefits, their income will increase by an average of 6% in 2009/10.
- 4.3 The DWP used the mid-year (September 2008) CPI for their calculations which stood at 5.2%. Using this inflationary increase, we would have an overall rent increase of 8.2%, i.e. 5.2% (inflation) and 3% uplift above inflation. This was agreed with tenants at the introduction of the Retention Plus programme to meet the Scottish Housing Quality Standard.
- 4.4 The weekly rents approved to date have not been as high as the Housing Business Plan proposed. Table 1 below shows that to date Housing & Health Committee have approved a weekly rent below the agreement in the Housing Business Plan: £1.29 per week less in 2008/9.

Table 1: Actual weekly rents charged compared to rents set in Business Plan

Financial Year	Weekly Rent (52 week rent) Business Plan	Weekly Rent (52 week rent) Actual	Actual Rent less than Rent Strategy
2004/05	£37.59	£37.59	£0.00
2005/06	£39.67	£39.67	£0.00
2006/07	£41.85	£41.85	£0.00
2007/08	£44.49	£44.15	£0.34
2008/09	£47.65	£46.36	£1.29
2009/10 RPI	£51.46		
2009/10 Proposed Rent Increase - 8.2%		£50.16	£1.30

4.5 In the first five years of the Business Plan it was agreed that rents would be set with an annual increase of inflation + 3%. This was to ensure the Business Plan was affordable and sustainable. It is now intended to review the rent strategy in light of the requirements of the Plan and the Council's principles set out in 4.1 above.

This proposal is for an 8.2% increase to weekly rents. The impact would be:

Positive Impact	Negative Impact
8 th lowest average rent in Scotland	High percentage weekly rent increase
Average weekly rent is £2.00 less than Scottish average *	
Average weekly rent is 94p less than the agreed Rent Strategy (2004)	
Capacity to keep future rent increases lower and contain future cost pressures	
Maintain capital investment levels as planned	Review external contracts to ensure best value which may result in reduction and work being carried out in-house. This would impact on local contractors.
Achieve the Scottish Housing Quality Standard by 2015	

* Assumes all other local authorities apply flat rates of 5.2% to rents.

5. PROPOSED RENTS AND CHARGES FOR OTHER SERVICES

5.1 It is recommended that increases in rental income from shops and offices should be at 5.2%, which would generate £17,000.

5.2 It is proposed that increases in rents for garages and for garden maintenance should be at 8.2%.

5.3 Although sites for travelling people and Hostels are General Fund items, it is also intended that these rents will rise by 8.2% for 2009/10.

6. COMPARISON WITH OTHER LOCAL AUTHORITIES AND REGISTERED SOCIAL LANDLORDS (RSLs)

6.1 Appendix 4 shows the council house rents in Perth and Kinross compared to other Councils in Scotland. Assuming that other Councils increase their rent by the CPI figure at 30 September, Perth & Kinross will have an average rental figure of £50.16, compared to the Scottish average of £52.19.

6.2 If we look at a selection of possible rent increases and compare to the rest of Scotland, the situation would be as described below, although it is very unlikely that local authorities will keep rents to this level. All Councils are facing a reduction in capital receipts due to a reduction in right to buy. Neighbouring authorities have indicated possible rent increases of between 5.5% and 7%.

2009/10 Rent Increase %	2009/10 Rent Increase £	Position in league table*
8.2	3.80	19/26
7.0	3.25	21/26
6.0	2.78	21/26

* Assumes all other local authorities apply flat rates of 5.2% to rents.

6.3 Many local authorities increased rents at the point of the introduction of the Scottish Housing Quality Standard in 2004/05. As council's voted to retain their stock there was an acknowledgement that generated income needed to increase to meet the new investment requirements. Councils which increased their rents steeply at that point include West Lothian, Aberdeen City, Fife and Aberdeenshire.

6.4 Average rent levels have not yet been published for RSLs for 2008/9. However for 2007/08 the average rents of local RSLs were: -

Name of RSL	Rent in 2007/08 (£)	No. units
Perthshire HA	50.73	1,266
Hillcrest HA	54.87	512
Kingdom HA	53.37	42
Fairfield HC	49.09	329
Link Group	48.42	15
Bowerswell	35.17	41
Servite HA	51.26	453
RSL average*	48.99	
PKC average	44.15	7,542

* excludes sheltered housing

7. STOCK CONDITION SURVEY

Part of the review of the HRA Business Plan is a plan to review the condition of the housing stock to inform and update the plan as to the level of work required to achieve the Scottish Housing Quality Standard and to maintain the stock thereafter. This survey work will be commissioned and carried out in 2009/10 and funding has been included in the HRA.

8. RESERVES STRATEGY

The recommended level of retained balances in 2009/10 has been determined in accordance with the guidance included in the CIPFA Local Authority Accounting Panel (LAAP) Bulletin 77 issued in November 2008. It is proposed to budget to retain the reserve at its present level and to maintain the level of uncommitted reserves within a range of between 2% and 4% of gross expenditure. This will be reviewed in future years and amended as required. The budgeted reserve included within the 2009/10 recommended budget is £981,000 and comprises a general reserve of £750,000 and an earmarked reserve of £231,000, as detailed in Appendix 3 to the report.

9. PROPOSED BUILDING OF NEW COUNCIL HOUSES

- 9.1 The Council proposes to build 26 new council houses. Two sites have been identified, one in Letham for six houses and one in Methven for 20 houses.
- 9.2 An analysis of demand has shown a mixture of property size and types is required on each site and the designs for each are developed around these needs with varying occupancy levels catered for at each site. The site at Letham will support six houses comprising four 4 apartment 5 persons; one 5 apartment 6 persons; and 15 apartment 8 persons with ground floor bedroom and full bathroom. The site at Methven will support twenty houses comprising ten 4 apartment 5 persons; nine 4 apartment 6 persons; and one 5 apartment 8 persons with ground floor bedroom and full bathroom. The house designs are being developed to ensure sustainable energy efficient units and also to cater for tenants with special needs
- 9.3 A detailed phasing, with anticipated costs and funding can be found in Appendix 2. A full proposal has been prepared and an application made to the Scottish Government for grant funding to assist with the project. If successful, the Government will fund up to £25,000 per house, with the balance being met through Council Tax income on second homes, Prudential Borrowing and rental income.
- 9.4 The application of the Council Tax Income on Second Homes to assist the cost of the project is subject to the approval of the use of these reserves for this purpose by the Council at its meeting on the 12th February 2009.

10. CONSULTATION

The draft HRA budget and rent increase proposals were discussed with the Executive Committee of the Perth & Kinross Federation of Tenants & Residents during February 2009.

11. RESOURCE IMPLICATIONS

These are detailed in the report.

12. COUNCIL CORPORATE PLAN OBJECTIVES 2006-2010

The Council's Corporate Plan 2006-2010 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) A Safe, Secure and Welcoming Environment
- (ii) Healthy, Caring Communities
- (iii) Confident, Active and Inclusive Communities

13. EQUALITIES ASSESSMENT

The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Assessment Framework and the determination was made that the items summarised in this report do not require further assessment as they do not have an impact on people's wellbeing.

14. STRATEGIC ENVIRONMENTAL ASSESSMENT

The plan, programme or strategy presented in this report was considered under the Environmental Assessment (Scotland) Act 2005 and the determination was made that the items summarised in this report do not require further action as they do not qualify as a plan, programme or strategy as defined by the Act.

15. CONCLUSION

The recommendations of the report are required to satisfy the requirements of the Council's approved Standard Delivery Plan, ensuring the rent levels proposed continue to generate the income necessary to sustain the level of investment and services identified and agreed within the HRA Business Plan.

DAVE ROBERTS

Executive Director (Housing & Community Care)

JOHN SYMON

Head of Finance

Note: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

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Date: 4 February 2009

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DEPARTMENT - HOUSING REVENUE ACCOUNT BUDGET 2009/10

SUMMARY SHEET	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	2008/09 Opening Budget	Approved Virement	Committee Approvals	2009/10 Staff cost Adjustment	2009/10 Full year Effects	2009/10 Provisional Budget	2009/10 Recognised new burdens	2009/10 Specific Inflation	2009/10 Proposed Service Plan adjust	Financed by savings/ additional Income	2009/10 Revised Budget (col 6-10)
	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)
BUDGET HEADING											
STAFF COSTS											
Single Status											
- Gross Pay	3,275,385	0	0	122,535	0	3,397,920	0	0	0	0	3,397,920
- Superannuation	619,045	0	0	13,885	0	632,930	0	0	0	0	632,930
- National Insurance	221,232	0	0	(2,594)	0	218,638	0	0	0	0	218,638
Craft Workers											
- Gross Pay	1,494,300	0	0	62,687	0	1,556,987	0	0	0	0	1,556,987
- Superannuation	246,560	0	0	43,094	0	289,654	0	0	0	0	289,654
- National Insurance	101,089	0	0	3,434	0	104,523	0	0	0	0	104,523
Overtime	189,146	0	0	0	0	189,146	0	0	0	0	189,146
Other Staff costs											
Conference/Training	157,320	2,000	0	0	0	159,320	0	0	0	0	159,320
Employment Advertising	64,121	(41,421)	0	0	0	22,700	0	0	0	0	22,700
Sundry Costs (Inc of staff recharge from general fund)	1,516,757	10,000	0	56,678	0	1,583,435	0	0	0	0	1,583,435
Total Other Staff Costs	1,738,198	(29,421)	0	56,678	0	1,765,455	0	0	0	0	1,765,455
TOTAL STAFF COSTS	7,884,955	(29,421)	0	299,719	0	8,155,253	0	0	0	0	8,155,253
PROPERTY COSTS											
Non Domestic rates	53,676	13,860	0	0	0	67,536	0	0	0	0	67,536
Council Tax	10,712	0	0	0	0	10,712	0	0	0	0	10,712
Rents	90,600	6,791	0	0	0	97,391	0	0	0	0	97,391
Unitary Charge	137,200	0	0	0	0	137,200	0	0	0	0	137,200
Water & Sewage	9,050	0	0	0	0	9,050	0	0	0	0	9,050
Energy Costs	88,836	10,000	0	0	0	98,836	0	0	0	0	98,836
Property Insurance	432,222	0	0	0	0	432,222	0	0	0	0	432,222
Health & Safety Costs	5,100	10,000	0	0	0	15,100	0	0	0	0	15,100
DSO Cleaning	47,291	5,300	0	0	0	52,591	0	0	0	0	52,591
Metered Water	1,030	0	0	0	0	1,030	0	0	0	0	1,030
Property Maintenance											
Shops & Offices	10,300	0	0	0	0	10,300	0	0	0	0	10,300
Garages	56,650	0	0	0	0	56,650	0	0	0	0	56,650
Garage sites	20,600	0	0	0	0	20,600	0	0	0	0	20,600
Boundary walls/fences	15,450	0	0	0	0	15,450	0	0	0	0	15,450
Roads & paths	103,000	0	0	0	0	103,000	0	0	0	0	103,000
OAP grass cutting	210,058	0	0	0	0	210,058	0	0	0	0	210,058
Dispersed Alarm Maintenance	35,350	0	0	0	0	35,350	0	0	0	0	35,350
Repairs & Maintenance	655,948	661,053	0	0	0	1,317,001	533,000	0	0	0	1,850,001
Safe & Secure Fund	480,000	0	0	0	0	480,000	0	0	0	0	480,000
Rents Voids	210,292	0	0	0	0	210,292	0	0	0	0	210,292
Bad Debt Provision	190,350	0	0	0	0	190,350	0	0	0	0	190,350
External painter work	370,821	0	0	0	0	370,821	0	0	0	0	370,821
Service & Maint Contracts	565,950	0	0	0	0	565,950	0	0	0	0	565,950
Reserve List	51,500	0	0	0	0	51,500	0	0	0	0	51,500
Total property maintenance	2,976,269	661,053	0	0	0	3,637,322	533,000	0	0	0	4,170,322
Other Property Costs	192,778	(96,163)	0	0	0	96,615	0	0	0	0	96,615
TOTAL PROPERTY COSTS	4,044,764	610,841	0	0	0	4,655,605	533,000	0	0	0	5,188,605
SUPPLIES & SERVICES											
Administration Insurance	6,491	(3,000)	0	0	0	3,491	0	0	0	0	3,491
Other Supplies & Services											
Equipment	14,775	(2,200)	0	0	0	12,575	0	0	0	0	12,575
Furniture	13,660	(1,000)	0	0	0	12,660	0	0	0	0	12,660
Laundry	2,130	0	0	0	0	2,130	0	0	0	0	2,130
Clothing	7,368	(3,053)	0	0	0	4,315	0	0	0	0	4,315
Printing	9,006	(1,400)	0	0	0	7,606	0	0	0	0	7,606
Stationery	14,289	(1,200)	0	0	0	13,089	0	0	0	0	13,089
Postages	22,050	(3,200)	0	0	0	18,850	0	0	0	0	18,850
telephones	55,587	(8,000)	0	0	0	47,587	0	0	0	0	47,587
Direct Stock Purchases	0	603,327	0	0	0	603,327	0	0	0	0	603,327
Computer Hardware	3,750	(1,000)	0	0	0	2,750	0	0	0	0	2,750
Computer Software	100	0	0	0	0	100	0	0	0	0	100
Computer Maintenance	12,650	(7,000)	0	0	0	5,650	0	0	0	0	5,650
Consultant Fees	132,000	(130,000)	0	0	0	2,000	0	0	0	0	2,000
Misc	52,294	24,606	0	0	0	76,900	0	0	0	0	76,900
Medical exam fees	20,000	0	0	0	0	20,000	0	0	0	0	20,000
Photocopying	3,650	(1,050)	0	0	0	2,600	0	0	0	0	2,600
Rent recovery sherriff officer	15,000	(10,000)	0	0	0	5,000	0	0	0	0	5,000
Wardens mobile response team	76,956	0	0	0	0	76,956	0	0	0	0	76,956
Total other supplies & services	455,265	458,830	0	0	0	914,095	0	0	0	0	914,095
TOTAL SUPPLIES & SERVICES	461,756	455,830	0	0	0	917,586	0	0	0	0	917,586
TRANSPORT COSTS											
Travel & Subsistence	178,258	800	0	0	0	179,058	0	0	0	0	179,058
Contract Car Hire	6,700	0	0	0	0	6,700	0	0	0	0	6,700
Other Transport Costs	181,989	0	0	0	0	181,989	0	0	0	0	181,989
TOTAL TRANSPORT COSTS	366,947	800	0	0	0	367,747	0	0	0	0	367,747
TRANSFER PAYMENTS	0	0	0	0	0	0	202,000	0	0	0	202,000
THIRD PARTY PAYMENTS											
Other Third Party Payments	709,430	(387,050)	0	0	0	322,380	0	0	0	0	322,380
TOTAL THIRD PARTY PAYMENTS	709,430	(387,050)	0	0	0	322,380	0	0	0	0	322,380
SUPPORT SERVICES											
Corporate Recharge	1,420,899	0	0	0	0	1,420,899	0	172,000	0	0	1,592,899
Strategy & Support	532,596	239,340	0	0	0	771,936	58,000	0	0	(386,000)	443,936
TOTAL SUPPORT SERVICES	1,953,495	239,340	0	0	0	2,192,835	58,000	172,000	0	(386,000)	2,036,835
CAPITAL FINANCING COSTS	3,216,136	0	0	0	0	3,216,136	895,000	0	0	0	4,111,136

SUMMARY SHEET	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	2008/09 Opening Budget	Approved Virement	Committee Approvals	2009/10 Staff cost Adjustment	2009/10 Full year Effects	2009/10 Provisional Budget	2009/10 Recognised new burdens	2009/10 Specific Inflation	2009/10 Proposed Service Plan adjust	Financed by savings/ additional Income	2009/10 Revised Budget (col 6-10)
BUDGET HEADING	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)
CFCR	2,045,936	0	0	0	0	2,045,936	0	0	0	(1,085,941)	959,995
GROSS EXPENDITURE	20,683,419	890,340	0	299,719	0	21,873,478	1,688,000	172,000	0	(1,471,941)	22,261,537
INCOME											
Internal Recharges											
Recharge to HGF Homelessness	17,114	491,000	0	0	0	508,114	0	0	0	0	508,114
Recharge to Supporting People-Warden Service	490,755	0	0	0	0	490,755	0	0	0	0	490,755
General charges (neighbourhood offices)	0	239,340	0	0	0	239,340	0	0	0	0	239,340
HRA Capital Recharge	263,000	160,000	0	0	0	423,000	0	0	0	118,000	541,000
Total Internal charges	770,869	890,340	0	0	0	1,661,209	0	0	0	118,000	1,779,209
Specific Government Grant	268,941	0	0	0	0	268,941	(75,941)	0	0	0	193,000
Income Subject to											
- Specific Inflation											
Grass Cutting	74,174	0	0	0	0	74,174	(37,000)	0	0	0	37,174
Rents	18,201,672	0	0	0	0	18,201,672	0	0	0	1,056,719	19,258,391
Other Income	358,870	0	0	0	0	358,870	0	0	0	0	358,870
Rents shops & off	327,229	0	0	0	0	327,229	0	0	0	0	327,229
Rents gar/lock ups	302,073	0	0	0	0	302,073	(40,000)	0	0	0	262,073
Rents Garage sites	29,591	0	0	0	0	29,591	0	0	0	0	29,591
IORB	350,000	0	0	0	0	350,000	(334,000)	0	0	0	16,000
Total Income subject to specific Inflation	19,643,609	0	0	0	0	19,643,609	(411,000)	0	0	1,056,719	20,289,328
TOTAL INCOME	20,683,419	890,340	0	0	0	21,573,759	(486,941)	0	0	1,174,719	22,261,537
NET EXPENDITURE	0	0	0	299,719	0	299,719	2,174,941	172,000	0	(2,646,660)	0

**HOUSING INVESTMENT PROGRAMME : SUMMARY
CAPITAL EXPENDITURE IN HOUSING REVENUE ACCOUNT**

SERVICE	TOTAL PROGRAMMED EXPENDITURE £'000 OUTTURN PRICES										
	Prudential Borrowing		Prudential Borrowing				Prudential Borrowing				
	ACTUAL 2007/08	PRE-AUDIT 2008/09	TOTAL 2009/10	20010/11	20011/12	2012/13	2013/14	20010/11	20011/12	2012/13	2013/14
Capitalised Improvement and ancillary works (Roofing & Central Heating)	912	116	480	538	1,520	2,020	2,730				
Improvement : Double Glazing Installation	3,151	290	0	0	0	0	0				
Internal Modernisation - Kitchen Programme	6,264	8,527	8,700	3,057	0	0	0				
Internal Modernisation - Bathroom Programme	5,903	9,095	9,150	550	0	0	0				
External Refurbishment/Central Heating etc	222	159	120	100	1,450	4,500	5,500				
STANDARD DELIVERY PLAN SUBTOTAL:	16,452	18,187	18,450	4,245	2,970	6,520	8,230				
Acquisition : Clearance of Land/Houses/Property	937	0	0	0	0	0	0				
Housing Repairs Service - Relocation to new depot	5	0	0	0	0	0	0				
Major Adaptations to Council House Stock	1	25	250	250	250	0	0				
Council House New Build	0	0	0	1,280	0	0	0				
Other Investment: Homelessness, Professional Fees & IT	765	760	746	756	767	777	788				
Mortgage to Rent	45	95	250	250	250	250	0				
Garage Sites & Lock-ups	0	65	0	0	0	0	0				
SUBTOTAL = TOTAL GROSS EXPENDITURE	18,205	19,132	19,696	6,781	4,237	7,547	9,018				
Less: Amount to be funded from Current Revenue (C.F.C.R.)	-343	-762	-960	-960	-960	-960	-960				
Less: Amount to be funded from Capital Receipts	-6,472	-2,447	-1,461	-1,092	-923	-909	-894				
Less: Amount to be funded from HRA Balances	-4,136	0	0	0	0	0	0				
PRUDENTIAL BORROWING REQUIREMENT	7,254	15,923	17,275	4,729	2,354	5,678	7,164				

PERTH & KINROSS

Housing Plan 2009

2009/2010 to 2013/14 Programme

SERVICE : CAPITALISED IMPROVEMENT AND ANCILLIARY WORKS

CAPITAL EXPENDITURE NOT YET LEGALLY COMMITTED

PROJECT TITLE AND NATURE OF EXPENDITURE/LOCATION	Number of Houses	EST CONSTRUCTION PERIOD		Est Total Cost	Prior Years Cum	Year					Later years	PROJECT REFERENCE	
		Start Date	End Date			2009/10	2010/11	2011/12	2012/13	2013/14			
<u>EASTERN AREA</u>													
Ferguson Park, Rattray (Affordable Warmth)	198	Oct 2009	Aug 2010	968		480	488						7/59/59
<u>COUNCIL WIDE</u>													
Controlled Door Entry Year 1	466	Mar 2011	Mar 2012	20			20						7/29/--
Controlled Door Entry Year 2	467	Apr 2012	Mar 2013	500				500					7/29/--
Controlled Door Entry Year 3	467	Apr 2013	Mar 2014	480					480				7/29/--
<u>CENTRAL HEATING</u>													
Central Heating Upgrade Provision (Phase 2)	476	Apr 2011	Mar 2012	1550		50		1,500					7/29/91
Central Heating Upgrade Provision (Phase 3)	476	Apr 2012	Mar 2013	1500					1,500				7/29/91
Central Heating Upgrade Provision (Phase 4)	476	Apr 2013	Mar 2014	1500						1,500			7/29/91
Central Heating Upgrade Provision (Phase 5)	475	Apr 2014	Mar 2015	2000							2,000		7/29/91
<u>REWIRING PROGRAMME</u>													
Rewiring Year 1	200	Apr 2012	Mar 2013	20					20				
Rewiring Year 2	200	Apr 2013	Mar 2014	750						750			
Rewiring Year 3	200	Apr 2014	Mar 2015	750							750		
TOTALS	4,101			10,038	0	480	538	1,520	2,020	2,730	2,750		

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SERVICE : KITCHEN INTERNAL MODERNISATION
LEGALLY COMMITTED CAPITAL EXPENDITURE

PROJECT TITLE AND NATURE OF EXPENDITURE/LOCATION	Number of Houses	EST CONSTRUCTION PERIOD		Est Total Cost	Prior Years Cum	Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14	Later years	PROJECT REFERENCE
		Start Date	End Date									
(a) Partnership Projects												
Kitchen Modernisation - Various	7329	Jul 2005	Jun 2010	25,612	14,155	8,500	2,957					7/29/80
Incidental Works	7329	Jul 2005	Jun 2010	918	618	200	100					7/29/80
TOTALS	14,658			26,530	14,773	8,700	3,057	0	0	0	0	

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SERVICE : BATHROOM INTERNAL MODERNISATION

LEGALLY COMMITTED CAPITAL EXPENDITURE

PROJECT TITLE AND NATURE OF EXPENDITURE/LOCATION	Number of Houses	EST CONSTRUCTION PERIOD		Est Total Cost	Prior Years Cum	CAPITAL EXPENDITURE AND PHASING £'000						PROJECT REFERENCE	
		Start Date	End Date			Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14	Later years		
(a) Partnership Projects													
Bathroom Modernisation - Various	6115	Apr 2007	Mar 2011	15,263	5,763	9,000	500						7/29/84
Bathroom Modernisation - Incidental Works	6115	Apr 2007	Mar 2011	478	278	150	50						7/29/84
TOTALS	12,230			15,741	6,041	9,150	550	0	0	0	0	0	

**SERVICE : EXTERNAL REFURBISHMENT
CAPITAL EXPENDITURE**

**PERTH & KINROSS
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PROJECT TITLE AND NATURE OF EXPENDITURE/LOCATION	Number of Houses	EST CONSTRUCTION PERIOD		Est Total Cost	Prior Years Cum	Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14	Later years	PROJECT REFERENCE
		Start Date	End Date									
<u>External Fabric Legally Committed</u>												
Coupar Angus - Cumberland Barracks	6	Jun 2007	Aug 2009	152	32	120						7/63/42
PERTH CITY												
<u>External Fabric Not Legally Committed</u>												
<u>External Fabric Improvements</u>												
External Fabric Year 1	700	Apr 2010	Mar 2011	50		50						7/29/93
External Fabric Year 2	700	Apr 2011	Mar 2012	450			450					7/29/93
External Fabric Year 3	700	Apr 2012	Mar 2013	1500				1,500				7/29/93
External Fabric Year 4	700	Apr 2013	Mar 2014	2000					2,000			7/29/93
External Fabric Year 5	700	Apr 2014	Mar 2015	2000						2,000		7/29/93
<u>External Insulation</u>												
Energy Efficiency Year 1	219	Apr 2010	Mar 2011	50		50						7/29/--
Energy Efficiency Year 2	219	Apr 2011	Mar 2012	950			950					7/29/--
Energy Efficiency Year 3	219	Apr 2012	Mar 2013	2000				2,000				7/29/--
Energy Efficiency Year 4	219	Apr 2013	Mar 2014	2000					2,000			7/29/--
Energy Efficiency Year 5	219	Apr 2014	Mar 2015	2000						2,000		7/29/--
<u>Multi Storey Flats Improvements</u>												
Multi Storey Flats Year 1	36	Jul 2011	Mar 2012	50			50					7/29/--
Multi Storey Flats Year 2	36	Apr 2012	Mar 2013	1000				1,000				7/29/--
Multi Storey Flats Year 3	35	Apr 2013	Mar 2014	1500					1,500			7/29/--
Multi Storey Flats Year 4	35	Apr 2014	Mar 2015	1500						1,500		7/29/--
TOTALS	4,743			17,202	32	120	100	1,450	4,500	5,500	5,500	

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SERVICE : MAJOR ADAPTATIONS TO COUNCIL HOUSE STOCK
CAPITAL EXPENDITURE NOT YET LEGALLY COMMITTED

PROJECT TITLE AND NATURE OF EXPENDITURE/LOCATION	Number of Houses	EST CONSTRUCTION PERIOD		Est Total Cost	Prior Years Cum	Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14	Later years	PROJECT REFERENCE
		Start Date	End Date									
<u>Major adaptations</u>												
Annual Provision - 2009/10	2	N/A	N/A	250		250	250					N/Y/E
Annual Provision - 2010/11	2	N/A	N/A	250			250					N/Y/E
Annual Provision - 2011/12	2	N/A	N/A	250				250				N/Y/E
TOTALS	6			750	0	250	250	250	0	0	0	

PERTH & KINROSS

Housing Plan 2009

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SERVICE : COUNCIL HOUSE NEW BUILD

NOT LEGALLY COMMITTED CAPITAL EXPENDITURE

PROJECT TITLE AND NATURE OF EXPENDITURE/LOCATION	Number of Houses	EST CONSTRUCTION PERIOD		EST Total Cost	Prior Years Cum	Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14	Later years	PROJECT REFERENCE
		Start Date	End Date									
COUNCIL HOUSE NEW BUILD												
Letham & Methven	26					210	3,300	81				
Scottish Government Subsidy (to be confirmed)						(210)	(650)	(81)				
Council Tax (Second Homes)							(1,370)					
TOTALS	26			0	0	0	1,280	0	0	0	0	

PERTH & KINROSS
Housing Plan 2009
2009/2010 to 2013/14 Programme

SERVICE : OTHER INVESTMENT: HOMELESSNESS PROFESSIONAL FEES & IT
CAPITAL EXPENDITURE NOT YET LEGALLY COMMITTED

PROJECT TITLE AND NATURE OF EXPENDITURE/LOCATION	EST CONSTRUCTION PERIOD	Number of Houses	Est Total Cost	Prior Years Cum	Year						Later years	PROJECT REFERENCE	
					Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14	Year 6			
LOCAL GOVT. RE-ORGANISATION													
ICT - Wide Area Network (W.A.N.)/Comms./(O.S.S.)	N/A	N/A	1370	620	125	125	125	125	125	125	125	125	N/A
M I S Northgate	N/A	N/A	2231	1751	80	80	80	80	80	80	80	80	N/A
Capital & Improvement Team	N/A	N/A	2809	541	541	551	562	572	583				N/A
MANAGEMENT PROGRAMME													
Garage Sites & Lock ups - Annual Provision	N/A	N/A	300									300	3/29/1
TOTALS		N/A	6,710	2,371	746	756	767	777	788	788	788	505	

PROJECT TITLE AND NATURE OF EXPENDITURE/LOCATION	Number of Houses	EST CONSTRUCTION PERIOD		Est Total Cost	Prior Years Cum	Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14	Later years	PROJECT REFERENCE
		Start Date	End Date									
<u>Mortgage to Rent</u> Mortgage to Rent		N/A	N/A	1266	266	250	250	250	250	0	0	N/A N/A
TOTALS				1,266	266	250	250	250	250	0	0	

CAPITAL RECEIPTS:

**PERTH & KINROSS
HOUSING PLAN 2009
2009/2010 to 2011/12 PROGRAMME**

NATURE OF RECEIPT & LOCATION	Year 1	Year 2	Year 3	Year 4	Year 5	Later years
	2009/10	2010/11	2011/12	2012/13	2013/14	
<u>COUNCIL HOUSE SALES</u>						
Anticipated Number of House Sales	35	35	29	28	27	
Income From House Sales	1,071	1,092	923	909	894	
<u>LAND SALES</u>						
Bridge of Earn (Muirmont Crescent)	250					
Crieff (Maxton Road)	100					
Muirton Phase 3	40					
TOTALS	1,461	1,092	923	909	894	0

Reserve Strategy

1. The level of retained balances in 2008/09 was determined in accordance with CIPFA Local Authority Accounting Panel (LAAP) Bulletin 55 – Guidance on Reserves and Balances. The Reserve as at 31 March 2008 was £981,000 and comprised of a general reserve of £750,000 and an earmarked reserve of £231,000. The earmarked reserve is to meet the costs of a council wide initiative and is termed, 'Contribution to Investment in Improvement Fund 2 Project'. It is anticipated that this portion of the reserve will be depleted in 2009/10 and will assist in the implementation of the new personnel and payroll system.
2. The level of retained reserves in 2009/10 has been reviewed in accordance with the latest LAAP Bulletin 77 issued in November 2008.
3. When reviewing the 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:-
 1. Provide HRA working balances to cushion the impact of uneven cash flows and avoid unnecessary borrowing
 2. To cushion the impact of unexpected events or emergencies
 3. A means of building up funds often referred to as earmarked reserves to meet known or predicted requirements.
4. When reviewing the level of reserve required, there must be a balance which meets the requirements of the points in 3) but does not unduly remove liquidity from the revenue account or disproportionately disadvantage the present tenants for the benefit of future tenants. At this time it is anticipated that the reserve is primarily required to meet unexpected costs or emergencies. This, by its very nature, would be a non-earmarked reserve. There are, however, a number of single status appeals outstanding which may require to be met. There are currently no equal pay claims. Assuming that all the single status appeals were successful and that all staff moved on to the next grade, it is anticipated that the total cost would be approximately £100,000 (worst case scenario).
6. It must be borne in mind that the Housing Revenue Account generates substantial net income each year which it uses to assist in the funding of the Housing Investment Programme. This is usually termed as Capital Funded from Current Revenue (CFCR). Should the scope for this be reduced it would simply lead to an additional requirement for prudential borrowing. The present rate of loan charges is 6%, therefore any reduction in CFCR of £100,000 would result in additional borrowing of £100,000 with loan charges of £6,000 per annum.

7. The areas of risk associated with the HRA which could lead to unexpected costs or emergencies will be for areas such as:-
- Properties remaining void for longer periods:- The Housing Service has taken major strides in reducing the void period of properties and has maintained the same provision against voids in the Revenue Account. This is against the backdrop of additional requirements for social housing. It is therefore anticipated that loss of income attached to void houses will reduce. There is, however, the possibility of commercial properties being void for longer. There is no indication of this at this time but by adopting a prudent approach and leaving the provision at the previous level it should be sufficient to meet the costs of void properties.
 - Increase in non-collection rates:- Due to the present economic situation, it has been estimated that the arrears level will probably rise from 5.1% to 5.6% an increase of approximately £45,000. Write-offs only occur to former tenants balances and it is anticipated that this should not rise by a larger figure than the arrears increase.
 - Price volatility:- The Retail Prices Index has begun to decrease and could be negative at some time during 2009/10. It would appear that a competitive market would produce keen pricing and thereby provides very little upside risk of price volatility and a significant downside risk thereby presenting savings to the HRA.
 - Reduction in sales of Houses affecting income targets:- The Housing Business Plan has taken full account of the anticipated reduction in council house sales. The original plan implemented in 2005/06 assumed that the sales of council houses would be 220 in 2009/10. The latest projection which has been included in the budget is for the sale of 35 houses. This shows a reduction of 185 house sales. The downside risk has therefore been largely eliminated. Should there be any further decline the Capital Investment programme would be reviewed to mitigate the loss of income.
8. The financial information contained in the updated Housing Business Case, which has informed the 2009/10 HRA budget, has accounted for most of the volatility and uncertainty which may surround the account.
9. It should be remembered that money held in this reserve is not being directly used to assist the Housing Business Plan and is being set aside to meet unexpected costs. At present it is not easy to see where these additional costs may arise, but following the volatility in the markets recently it is recommended that the Council adopt an HRA strategy, at this time, which has an uncommitted reserve of between 2% and 4% of gross expenditure, approximately £450,000 to £900,000.

**PERTH AND KINROSS COUNCIL
HOUSING REVENUE ACCOUNT
Reserve Position**

	Reserve General £	Earmarked £	Total £
Projected Balance @ 1st April 2009	750,000	231,000	981,000
Anticipated Use of Reserves in 2009/10			
Transfer to Fund Investment in Improvement Fund 2 Project		(231,000)	(231,000)
Projected Balance at 31st March 2010	<u>750,000</u>	<u>0</u>	<u>750,000</u>

CONVENTION OF SCOTTISH LOCAL AUTHORITIES**AVERAGE WEEKLY RENT LEVELS 2009/10****Based on a 52 Week Rent**

Council	Average Weekly Rent		Increase Amount £	Estimated %age Increase
	2008/09 Actual £	2009/10 Estimated £		
Council A	39.40	41.45	2.05	5.2%
Council B	40.38	42.48	2.10	5.2%
Council C	42.96	45.19	2.23	5.2%
Council D	44.02	46.31	2.29	5.2%
Perth & Kinross 2008/2009	46.36			
Council E	46.44	48.85	2.41	5.2%
Council F	47.58	50.05	2.47	5.2%
Council G	47.67	50.15	2.48	5.2%
Perth & Kinross 2009/2010	46.36	50.16	3.80	8.2%
Council H	48.00	50.50	2.50	5.2%
Council I	48.33	50.84	2.51	5.2%
Council J	48.42	50.94	2.52	5.2%
Council K	48.63	51.16	2.53	5.2%
Council L	48.88	51.42	2.54	5.2%
Council M	49.06	51.61	2.55	5.2%
Council N	49.48	52.05	2.57	5.2%
Council O	49.91	52.51	2.60	5.2%
Council P	50.59	53.22	2.63	5.2%
Council Q	50.71	53.35	2.64	5.2%
Council R	52.33	55.05	2.72	5.2%
Council S	52.33	55.05	2.72	5.2%
Council T	53.68	56.47	2.79	5.2%
Council U	54.23	57.05	2.82	5.2%
Council V	54.93	57.79	2.86	5.2%
Council W	55.51	58.40	2.89	5.2%
Council X	56.66	59.61	2.95	5.2%
Council Y	61.95	65.17	3.22	5.2%
Scotland	49.56	52.19	2.63	5.3%

