

PERTH AND KINROSS COUNCIL

Housing and Health Committee

29 January 2014

Housing Revenue Account (HRA) Strategic Financial Plan incorporating the 5 Year Capital Investment Programme and Rent Strategy to 2018/19, Reserves Strategy and other Housing Charges for 2014/15

Joint Report by Executive Director (Housing and Community Care) and Head of Finance

PURPOSE OF REPORT

This report sets out the proposed Housing Revenue Account (HRA) Budget for five years from 2014/15 to 2018/19. It recommends increases to rents for houses and other HRA property and recommends an appropriate level of reserves. It also presents the proposed budget for the next five years of the Capital Investment Programme from 2014/15 to 2018/19. All of the proposals have been updated in the HRA 30 year Standard Delivery Plan which confirms the affordability of the proposals.

1. BACKGROUND / MAIN ISSUES

- 1.1 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 the financing of 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 expenditure.
- 1.3 Our Standard Delivery Plan (SDP) is approved and updated and still forms the basis of our proposals to ensure that the Council's houses comply with the SHQS by the required completion date in 2015.
- 1.4 The HRA Business Plan is updated each year to reflect the budgets, rent strategies and economic conditions approved by Housing and Health Committee to ensure the SDP continues to be affordable and sustainable. The HRA Business Plan has been updated to reflect the proposals within this report. The attached HRA budget for 2014/15 (Appendix 1) has been prepared in accordance with the Housing Act and Scottish Government directives.
- 1.5 The Council commissions a house condition survey to help refine its stock information database. The primary objectives of the survey are to benchmark the current performance of the Council's housing stock against the SHQS, to estimate investment needs to achieve compliance with the SHQS by 2015 and to examine longer term investment requirements over a 30 year business planning cycle. The next survey will commence in summer 2014, with the results being reported to committee thereafter.

- 1.6 The UK Government's deficit reduction plan includes savings to be made from the introduction of the Welfare Reform agenda, with some of the proposals affecting Housing Benefit. Two areas of the proposed reforms have already been introduced in 2013 on a phased basis:

- In April 2013 the size criteria assessments (under occupancy) for Housing Benefit claims in social housing, and
- In July 2013 the introduction of the new benefit cap

Universal Credit is currently being introduced across the UK on a phased basis. The implementation timetable is yet to be published; however, Universal Credit was introduced in Inverness on 25th November 2013.

The full financial impact of these changes on the Housing Revenue Account is difficult to assess; however provision has been made for an adjustment to the bad and doubtful debt provision along with a programme to minimise rent arrears.

- 1.7 The Scottish Social Housing Charter set 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 and require that social landlords 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."

"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."

These outcomes reflect local authorities' legal duties to consult tenants on affordability and decisions about how rental income is spent. Landlords must also decide whether to publish information on expenditure and the format and level of detail to be included within this information.

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.

In July 2013 the STEARS (Strategic Tenant Engagement in Annual Rent Setting) group was established with the purpose of reviewing our current approach to tenant involvement in rent setting and ensuring that our responsibilities in respect of the Charter outcomes are met in full.

During the course of this year a range of activities and events have taken place to inform tenants of the rent setting process and involve them in actions to improve the process in the forthcoming year. Such activities have included road show events; display boards in local offices; feedback / on the house; Tenant & Residents meetings and a Network event. Approximately 40 tenants have attended the various events during the course of the year.

As part of this year's Tenant Satisfaction Survey, tenants were asked to provide feedback on the following Scottish Social Housing Charter Indicator;

'Taking into account the accommodation and the services provided by Perth and Kinross Council provides to you as a landlord, do you think the rent for this property represents good or poor value for money?'

A total of 871 tenants (a 12% return) responded to the question and 83% considered the rent they paid represented good value for money.

2. HOUSING REVENUE ACCOUNT

2.1 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 SDP commenced in 2004, £42 million has been borrowed which included the first elements of meeting the SHQS i.e. the installation of new kitchens and bathrooms.

2.2 The additional cost pressures which the HRA must contain within the next 5 financial years relate to the main areas detailed below:

- The budget assumes a 1% pay increase for 2014-15 for Single Status and Trades staff with a 2% increase in subsequent years; the budget also reflects 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 for any increased risk and exposure to the Council as a result of the introduction of the UK Government's Welfare Reforms.
- General inflation costs for supplies, transport, and property costs.
- A contribution to funding capital investment from the revenue account.
- A reduction in Housing Support contribution as a result of the redesign of Sheltered Housing services.
- A provision for the cost of the next Local Housing Needs and Stock Condition Survey.
- An allocation of budget set aside similar to the Investment in Improvement Fund in the general fund, this pressure proposes to set aside monies to allow for time limited projects relating to the HRA to be delivered on a project basis.
- Costs in relation to the Carbon Reduction Commitment.

- 2.3 It is estimated that a range of efficiency savings in the HRA can be achieved to minimise the impact on future rents and future borrowing requirements. These savings can be summarised as:

- Reshaping service delivery models within Housing Services as new ways of working are implemented.
- A reshaping of the management arrangements for the service.
- Opportunities for shared services through collaborative working with Registered Social Landlords within Perth and Kinross.

3. CAPITAL INVESTMENT PROGRAMME

- 3.1 Steady progress has been made with the SDP during 2013 and the number of houses achieving the SHQS has continued to rise. The results of the last independently conducted stock condition survey have been updated to reflect the improvement works completed since then. At 31 March 2013, 76% of the Council's stock achieved full compliance with the standard. This figure is approximately 6% better than forecast in last year's projections.

- 3.2 Based on the figures as at 31 March 2013, the levels of compliance for each of the five main SHQS housing quality criteria are as follows:-

- Total meeting 'Tolerable Standard' – 100%
- Total meeting 'Free from Serious Disrepair' – 99%
- Total meeting 'Energy Efficient' – 87%
- Total meeting 'Modern Facilities and Services' – 99%
- Total meeting 'Healthy, Safe and Secure' – 88%
- Total dwellings meeting 'SHQS overall' – 76%

- 3.3 The planned investment programme for the 5 year period from April 2014 to March 2019 which would incorporate achieving the SHQS by March 2015 is summarised in Appendix 2. The proposed Housing Investment Programme required to deliver full compliance with SHQS over the next 5 years is summarised as follows:

- Central heating renewal - £11.7 million
- Double glazing - £4.9 million
- Installation of controlled door entry systems - £1.6 million
- Kitchens and bathrooms - £0.9 million
- External fabric works - £7.4 million
- Energy efficiency works - £5.1 million
- Multi-storey flats - £1.1 million
- Environmental Improvements - £0.4 million
- Fire Precaution Measures - £0.4 million
- Total Investment – £33.5 million

3.4 In addition to meeting the SHQS requirements the capital plan also meets the cost of purchasing additional assets or improving existing ones. The capital programme in Appendix 2 details proposals for the following non SHQS elements:

- Major adaptations to properties for disabled persons.
- 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.
- Boilers – a number of replacement boilers for communal premises are scheduled to be installed over the next year.
- Replacement of lifts to ensure fire safety regulations in multi-storey accommodation is met.
- Lock-ups and Garage Sites – an allowance has been made for improvements to the lock-ups and garage sites.
- Information and Systems Technology will be required to support new ways of working e.g. PCs, mobile technology, servers etc.

4. COUNCIL NEW BUILD

4.1 During 2008 the Scottish Government announced plans to provide grants to local authorities to assist with new build Council housing. Five separate tranches of funding have since been released and Perth and Kinross Council has successfully obtained grant awards from all five phases of the funding programme.

4.2 The aim of the Council's new build housing programme is to provide housing of the most appropriate size within areas of high demand. The programme currently comprises 144 properties, phases 1, 2, 3 and part of phase 4 comprising 110 houses are now completed; with phase 5 and the remaining element of phase 4 underway.

- Phase 1 - 6 houses at Letham in Perth and 20 houses at Methven
- Phase 2 - 10 houses at Friarton in Perth
- Phase 3 - a further 10 houses at Methven, 19 houses at Alyth, 10 houses at Scone and 6 houses at Pitlochry
- Phase 4 - a further 10 houses at Scone, 12 houses at Pitlochry and 17 houses at Blairgowrie
- Phase 5 – 16 houses at Jeanfield Road in Perth and 8 houses at Inchtute

4.3 The Capital Investment Plan also proposes further investment in new house building with the addition of 25 houses per annum across Perth and Kinross from 2014/15 onwards. The size, type, location and funding of the new build programme is determined through the Strategic Housing Investment Plan which is regularly reported to Committee.

- 4.4 The Capital Investment Plan assumes the Council house building programme will continue to receive the same level of financial funding per house from the Scottish Government and the Council's Earmarked Reserve for Affordable Housing.
- 4.5 The HRA Capital Investment Programme, detailed in Appendix 2, incorporates the existing committed new build programme and an indicative future new build programme with the funding assumptions as presented in section 4.4.
- 4.6 The HRA Capital Investment Programme also includes funding for increasing the Council house stock. It is anticipated that by 31 March 2014, 24 houses will have been purchased at a cost of approximately £2.5 million (including any costs associated with the purchasing and upgrading to SHQS), with a further £4.5 million of funding allocated over the next 5 years. The purchase of the 24 houses has facilitated a further 30 moves through the resulting vacancy chains.
- 4.7 The Council has been successful in obtaining financial funding from the Scottish Government for 2013/14 and 2014/15 of £425,000 which equates to a contribution of £25,000 per property for 17 properties. This additional funding will allow the Council to purchase some additional properties over and above the existing budget.

5. RENT STRATEGY

- 5.1 When setting the 2013/14 budget, the Housing and Health Committee approved a five year rent strategy of inflation using the Consumer Price Index (CPI) plus 2% (report 13/56 refers). It is recommended that the rent strategy for 2014/15 continues to reflect that approach.
- 5.2 The proposed rent strategy for the next four years proposes to continue to set rent increases which are linked to the prevailing CPI at that time.
- 5.3 UK Consumer Prices Index (CPI) inflation was 2.7% in September 2013, according to the Office for National Statistics (ONS), which is the baseline used for the inflation calculation and this would result in a rent increase of 4.7% for 2013/14.
- 5.4 The rent strategy as detailed above would allow the HRA to:-
- Set rents at reasonable levels over the period, leaving Perth and Kinross Council rents lower than the Scottish average.
 - Finance the cost of the future investment programmes to meet the SHQS by 2015.
 - Provide the headroom to allow for a continuing commitment of 25 new houses each year.
 - Increase the Council house stock by buying back houses from the open market.

- Finance the revenue borrowing cost of previous capital programme investment to meet the SHQS and provide a new build programme (144 houses to date).
- Resource Neighbourhood Management Services in managing tenancies, fostering 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 £800k.

5.5 The Committee is requested to note that the above recommendations on rent strategy are set in the context of an increasingly uncertain economic climate and may require to be reviewed in the medium term should there be any significant changes in the assumptions underlying the HRA budget.

6. USE OF BALANCES/RESERVES STRATEGY

6.1 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:

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

6.2 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 above.

6.3 The financial risks to which the HRA may potentially be exposed include such areas as:

- Additional repairs due to severe weather events other emergencies.
- The current economic climate and the change in Housing Benefits legislation may impact upon income recovery with the potential for an increase in non-collection levels.
- The economic downturn may also impact on commercial lets which may result in lower rent levels or properties remaining void for longer periods.

6.4 At this time it is not possible to estimate the potential financial impact of the UK Government's Welfare Reforms on the HRA and budgets with any accuracy. It is likely that there will be a number of budget pressures such as increased bad debt, increase in arrears levels, but they are not quantifiable at this time. However, a provision for increased bad debt has been factored into the revenue budget in Appendix 1.

6.5 In view of the potential risks facing the HRA and in accordance with guidance set out in the CIPFA Local Authority Panel (LAAP) Bulletin 77, the Head of Finance, therefore, recommends retaining an uncommitted reserve on the Housing Revenue Account of between 2% and 4% of gross expenditure – approximately £450,000 to £900,000. This will be reviewed in future years and amended as required.

- 6.6 At the Housing and Health Committee of 6 February 2013 members agreed that the HRA should maintain an uncommitted general reserve balance of £800,000 (report 13/56 refers). After reviewing the 30 year business plan, it is felt prudent the balance should continue to be maintained at the present level. The business plan assumes that a balance of £800,000 will be maintained for the next 5 years.
- 6.7 At this time it is not anticipated that there will be any requirement to utilise the reserve in 2013/14 and consequently the balance will remain at £800,000.

7. COMPARISON WITH OTHER LOCAL AUTHORITIES AND REGISTERED SOCIAL LANDLORDS

- 7.1 Appendix 3 shows the Council house rents in Perth and Kinross compared to other councils in Scotland. Assuming other councils increase their rent by the same level as they did in 2013/14, Perth and Kinross would have an average rental figure of £62.58 compared to the Scottish average of £63.96 for 2014/15. This would mean Perth and Kinross Council would have the 9th lowest rent in Scotland and £1.38 lower than the projected Scottish average.
- 7.2 Many local authorities increased rents at the point of the introduction of the SHQS in 2004/05. As council's voted to lease their stock there was an acknowledgement that income needed to increase to meet the new investment requirements. Councils which increased their rents steeply at that point included West Lothian, Aberdeen City, Fife and Aberdeenshire.
- 7.3 Table 1 below details 2013/14 average rent levels for Registered Social Landlords (RSLs). The table indicates that HRA rents are approximately £2 to £9 a week lower than the RSLs for a 3 apartment property.

Registered Landlord 2013/14	Social Apartment Size/Weekly Rent (£)				
	1	2	3	4	5+
PKC	55.51	56.99	59.77	64.26	73.92
Caledonia	42.19	57.64	62.04	71.13	82.71
Hillcrest HA	27.92	54.97	67.42	79.58	91.71
Kingdom HA	n/a	57.58	69.32	77.86	n/a
Fairfield Co-op	n/a	59.93	65.08	68.23	72.24

Table 1: Average Rents 2013/14 (based on 52 weeks)

Source: Registered Social Landlord and Local Authority Databases – October 2013

8. PROPOSALS

8.1 PROPOSED RENTS FOR OTHER SERVICES

- 8.1.1 It is recommended that a range of non-commercial rents - excluding the HRA rents for housing stock which is covered in section 5 - are amended as detailed below from 7 April 2014. 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 covered separately below:

8.1.2 Rental charges for Greyfriars Hostel, RIO House and Tayview House

It is proposed to increase rental charges at Greyfriars Hostel, RIO House and Tayview House, temporary accommodation for people who are homeless, by 4.7% to meet property costs and the financing of upgrades to the properties.

8.1.3 Rental charges for dispersed temporary accommodation

It is proposed to increase rental charges for properties owned by the HRA but allocated as temporary for homeless people by 4.7% to meet property costs and the financing of upgrades to the properties. These properties will also meet the SHQS.

8.1.4 Rental charges for chalets and stances for Gypsy Travellers

It is proposed to increase rental charges by 4.7% to meet property costs and the financing of upgrades to the sites and chalets.

8.1.5 Garages and lock-ups

It is proposed to increase rental charges for garages and garage sites by 4.7% in line with house rents.

8.1.6 Commercial rents

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.

9. PROPOSED HOUSING SERVICE CHARGES

9.1 It is recommended that a range of housing service charges as stated below in sections 9.4 to 9.5 are increased by 4.7% from 7 April 2014. Local Housing Authorities separate service charges from housing rents in order to ensure that charges for services such as caretaking are fair and transparent. This process is known as de-pooling. 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.

9.2 The introduction of the Right to Buy legislation has resulted in more than half of the local authority properties in Perth and Kinross having been bought by tenants. Those who own a flat in a traditional tenement, multi storey or four in a block are responsible for repairs and maintenance specific to their property in line with their title deeds. They also have a responsibility with fellow owners for common areas including stairs; close windows; chimney stacks; service cables; and pipes etc.

The Council in common with any other owner in the block can carry out emergency work to the common parts and recharge the other owners who have an interest in the common parts. In reality the condition of the common part does not fall within the definition of emergency works unless it poses a risk to the fabric of the building or to health and safety and the advice of colleagues in Legal Services is that an independent assessment should be carried out to determine whether work falls into the category of “emergency work” before proceeding with repairs.

In all other circumstances, the procedure set out in the Tenement Management Scheme contained within the Tenements (Scotland) Act 2004 should be adhered to where common repairs are contemplated. This procedure involves consultation with owners and the need to obtain the consent of a majority to the repairs proposed.

- 9.3 The range of service charges currently levied by the HRA to tenants and owner occupiers is shown 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 which are already included in tenants’ rents.

As a result of the review of Sheltered Housing and the change in tenure types, a new retirement complex charge of £4 per week will be introduced to the tenants in retirement complexes with effect from 7 April 2014. This was previously approved by Housing and Health Committee on 13 March 2013 (report 13/120).

- 9.4 The ranges of different services which have charges are detailed in tables 2 and 3 below:

Service Charges to Tenants	2013/14 Current Annual Charge	2014/15 Proposed Annual Charge
Garden Maintenance Scheme	£55.20	£57.60
Retirement Complexes	N/A	£192.00
Communal Heating – (Market, Milne and Lickley)	£292.80	£306.72
Heating and Lighting at Sheltered Housing complexes	£397.44 - £537.12	£416.16 - £562.56

Table 2: Service Charges to Tenants

Service Charges to Owner Occupiers	2013/14 Current Annual Charge	2014/15 Proposed Annual Charge
Stair Lighting	£33.12	£34.68
Communal Heating and Lighting (Charterhouse Court)	£690.00	£722.43
Communal Heating, Lighting and Caretaking – (Market, Milne and Lickley)	£504.47	£528.18
Caretaking - (Potterhill and Pomarium)	£186.52	£195.29

Table 3: Service Charges to Owner Occupiers

9.5 Garden Maintenance Scheme

Perth and Kinross Council operates a Garden Maintenance Scheme for Council tenants who are unable to maintain their gardens; the service is currently managed by The Environment Service on behalf of Housing and Community Care. The Environment Service has responsibility for contract management and performance measurement. It is recommended to increase the charges by 4.7%.

9.6 Enhanced property management service charges for temporary accommodation

Local authorities are entitled to levy a service charge for temporary accommodation. The service charge is for enhanced property management services and costs incurred in providing accommodation to homeless people. A range of different properties are available to discharge the Council's statutory duties. Each type of temporary accommodation will have different costs which are the basis of the service charges. The service charges have been reviewed to take account of the level of service being provided across the various temporary accommodation units. The proposed service charges for each type of temporary accommodation are detailed below:

Service Charges to Tenants	2013/14 Current Weekly Charge	2014/15 Proposed Weekly Charge
Dispersed tenancies	£126.82	£123.92
Greyfriars Hostel	£124.28	£113.05
RIO House	£74.99	£58.65
Private Sector Leasing	£124.87	£124.87
St Catherine's Square	£126.82	£123.92
Tayview House	£150.91	£140.89

Table 4: Temporary accommodation service charges

9.7 Rechargeable Repairs

Housing and Community Care 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.
- To consistently enforce the conditions of the Scottish Secure Tenancy.
- To deter misuse of Council property by future tenants.

The accounts raised are based on the cost of the repair. The Tenement Management Scheme referred to at paragraph 9.2 also makes provision for recovering costs from owners.

10 PROPOSALS FOR ENHANCED CUSTOMER / TENANT ENGAGEMENT

- 10.1 In recognition of the need to improve tenants involvement in the rent setting process the 'Strategic Tenant Engagement in Annual Rent Setting' (STEARS) group through benchmarking activities have identified a number of areas of good practice that will enhance engagement in the forthcoming year. Such activities will include commencing engagement earlier in the year, ensuring a greater level of engagement and involvement in tenant's priorities for service delivery and the impacts that this may have on rent levels. A range of communication and engagement mechanisms will be deployed to ensure that a wider audience is reached. Feedback from tenants will be used to inform the rent setting proposals and incorporated in greater detail in future committee reports.

11. CONCLUSION AND RECOMMENDATION(S)

It is recommended that Committee:

- 11.1 Approves the Housing Revenue Account Budget for 2014/15 and provisional budgets for financial years 2015/16 to 2018/19 as set out in Appendix 1.
- 11.2 Approves the proposed Housing Revenue Account Capital Investment Programme for 2014/15 to 2018/19 as set out in Appendix 2.
- 11.3 Approves the Rent Strategy for 2014/15 and a provisional Rent Strategy for the following 4 years to 2018/19 as stated in section 5.
- 11.4 Approves the rent increase of 4.7% for the year commencing 7 April 2014 as follows:
- All Council houses. This would mean an average weekly rent increase of £2.81 per week, giving an average weekly rent of £62.58 per week based on 52 weeks.
- 11.5 Approves the rent increase of 4.7% for the year commencing 7 April 2014 for:
- All lock-ups and garage sites.
 - Chalets and stances for travelling people at Double Dykes and Bobbin Mill.
 - Temporary accommodation units at Greyfriars Hostel, RIO House, Tayview House and dispersed tenancies owned by the HRA.
- 11.6 Approves the Housing Revenue Account Reserves Strategy proposed in section 6 to maintain the current level of reserves at £800,000.
- 11.7 Approves the proposal to set Housing service charges from 7 April 2014 as stated in section 9.
- 11.8 Notes the progress made to date in delivering the SHQS for improving and managing the housing stock as set out in section 3.

- 11.9 Notes the proposals to enhance the customer and tenant engagement in the rent setting process to meet the requirements of the Scottish Social Housing Charter as detailed in section 10.

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If you or someone you know would like a copy of this document in another language or format, (on occasion only, a summary of the document will be provided in translation), this can be arranged by contacting Steven Coyle



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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Corporate Plan

1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (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; and
- (v) Creating a safe and sustainable place for future generations.

1.2 This report relates to all of these objectives.

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 information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

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.

Sustainability

- 3.3 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. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

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.

4. Consultation

Internal

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

External

- 4.2 All Perth and Kinross Council tenants were invited to attend a series of Tenant Network events which were held throughout Perth and Kinross in November 2013, to give tenants the chance to talk about their priorities for the HRA.

This report has been discussed with the Tenant Committee Report Panel and their comments are as follows:-

The Tenant Committee Report Panel consider the Housing Revenue Account Strategic Financial Plan incorporating the 5 Year Capital Investment Programme and Rent Strategy to 2018/19, Reserves Strategy and other Housing Charges for 2014/15 to be well laid out and easy to read.

2. BACKGROUND PAPERS

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

3. APPENDICES

Appendix 1 - HRA Provisional Revenue Budget 2014-2019
Appendix 2 - HRA Capital Investment Programme 2014-2019
Appendix 3 - Estimated Projected Average Rents
Appendix 4 - RSL Benchmarking Data

APPENDIX 1 – HOUSING REVENUE ACCOUNT

	2013/14 Approved Budget £'000	2014/15 Proposed Budget £'000	2015/16 Provisional Budget £'000	2016/17 Provisional Budget £'000	2017/18 Provisional Budget £'000	2018/19 Provisional Budget £'000
STAFF COSTS						
Single Status - Gross Pay	3,282	3,281	3,347	3,417	3,487	3,557
Supn	591	591	600	612	624	636
NI	203	199	205	211	217	223
Craft Workers - Gross Pay	1,499	1,514	1,544	1,576	1,608	1,640
Supn	270	273	278	284	290	296
NI	100	100	102	106	110	114
Pensions	95	95	95	95	95	95
Overtime	116	116	116	116	116	116
Slippage	(200)	(200)	(200)	(200)	(200)	(200)
General Fund Recharges	1,038	1,139	1,180	1,212	1,238	1,268
Other Staff Costs	48	148	148	148	148	148
TOTAL STAFF COSTS	7,042	7,256	7,415	7,577	7,733	7,893
PROPERTY COSTS						
Non Domestic Rates	98	96	98	101	104	107
Rents	91	93	95	97	99	101
Water & Sewage	3	3	3	3	3	3
Energy Costs	312	320	328	336	344	352
Property Insurance	614	424	435	442	449	456
Cleaning	73	68	70	72	74	76
Property Maintenance	3,302	3,314	3,394	3,504	3,610	3,722
Other Property Costs	848	902	893	1,755	1,823	1,893
TOTAL PROPERTY COSTS	5,341	5,220	5,316	6,310	6,506	6,710
TOTAL SUPPLIES & SERVICES	1,547	1,744	1,603	1,644	1,683	1,726
TRANSPORT COSTS						
Travel & Subsistence	1	1	1	1	1	1
Car Allowances	83	85	87	89	91	93
Other Transport Costs	547	561	575	580	595	610
TOTAL TRANSPORT COSTS	631	647	663	670	687	704
TRANSFER PAYMENTS	75	75	75	75	75	75
THIRD PARTY PAYMENTS	120	117	117	117	117	117
SUPPORT SERVICES	1,948	1,948	1,948	1,948	1,948	1,948
FINANCING/CAPITAL CHARGES	4,281	4,909	5,212	5,540	5,891	6,053
CFCR	4,234	4,276	5,129	4,901	5,510	6,345
GROSS EXPENDITURE	25,219	26,192	27,478	28,782	30,150	31,571
INCOME						
Internal Recharges	1,223	1,007	1,007	1,007	1,007	1,007
Council House Rents	23,040	24,362	25,633	26,922	28,274	29,675
Other Rental Income	905	772	787	802	818	838
IORB	51	51	51	51	51	51
TOTAL INCOME	25,219	26,192	27,478	28,782	30,150	31,571
NET EXPENDITURE	0	0	0	0	0	0

APPENDIX 2 – HRA CAPITAL INVESTMENT PROGRAMME 2014-19

SERVICE	Approved Budget Housing and Health 06/02/2013 2013/14 £'000	PROJECTED OUTTURN Subject To SP&R Approval					
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Central Heating and Rewiring	3,817	4,054	4,521	1,900	1,800	1,500	1,750
Double Glazing	500	879	661	2,385	1,314	750	0
Controlled Door Entry	1,295	1,171	1,512	0	86	10	25
Kitchen Programme	135	140	138	125	100	36	45
Bathroom Programme	135	152	138	125	100	36	30
External Fabric Repairs	2,679	1,637	1,854	2,000	800	1,100	1,680
Energy Efficiency	1,546	1,050	1,391	1,700	1,500	625	0
Multi Storey Flats	1,057	214	1,615	0	0	0	0
Environmental Improvements	0	0	0	0	0	0	380
Fire Precaution Measures	0	0	0	0	0	0	350
STANDARD DELIVERY PLAN SUBTOTAL:	11,164	9,297	11,830	8,235	5,700	4,057	4,260
Council House New Build Phases 3, 4 & 5	4,272	3,313	3,856	0	0	0	0
Council House New Build - Future Programme	0	0	0	2,786	2,841	2,918	2,996
Increase in Council House Stock	2,000	1,458	500	1,000	1,000	1,000	1,000
Lock-ups and Garage Sites	0	10	990	1,000	500	0	0
Major Adaptations to Council House Stock	250	180	321	250	250	250	250
Old Mill Road	0	1,040	260	0	0	0	0
Nimmo Place	0	65	395	0	0	0	0
Shops & Offices	0	105	37	0	0	0	0
Replacement Lifts	200	95	200	200	0	0	0
Other Capital Costs	210	359	425	210	210	210	210
Mortgage to Rent	250	238	250	250	250	250	250
SUBTOTAL = TOTAL GROSS EXPENDITURE	18,346	16,160	19,064	13,931	10,751	8,685	8,966
Less: Amount to be funded from Current Revenue							
(C.F.C.R.)	(4,222)	(3,691)	(4,276)	(5,129)	(4,901)	(5,510)	(6,345)
Less: Amount to be funded from Capital Receipts							
	0	(586)	0	(300)	0	0	0
Less: Other Income							
	0	0	0	0	0	0	0
PRUDENTIAL BORROWING REQUIREMENT	14,124	11,882	14,788	8,502	5,850	3,175	2,621

APPENDIX 3 - ESTIMATED PROJECTED AVERAGE RENTS RECEIVED PER DWELLING (£ PER HOUSE PER WEEK)

	2013-14	Estimated 2014-15	rank 2013-14	Estimated rank 2014-15	Estimated Movement
City of Edinburgh	85.55	90.60	1	1	→
Renfrewshire	68.77	71.86	2	2	→
Shetland Islands	67.49	70.86	4	3	↑1
Orkney Islands	67.52	69.61	3	4	↓1
Dundee City	66.24	69.55	5	5	→
Aberdeen City	65.91	69.01	6	6	→
West Dunbartonshire	61.27	65.93	13	7	↑6
Clackmannanshire	62.58	65.46	9	8	↑1
East Dunbartonshire	62.91	65.17	8	9	↓1
Highland	63.65	64.92	7	10	↓3
North Ayrshire	62.02	64.19	10	11	↓1
Scotland	61.50	63.96			
Stirling	61.51	63.48	12	12	→
East Renfrewshire	60.27	63.22	15	13	↑2
Aberdeenshire	60.37	63.09	14	14	→
Fife	59.71	63.05	18	15	↑3
South Ayrshire	59.77	62.88	17	16	↑1
East Ayrshire	59.88	62.75	16	17	↓1
Perth & Kinross	59.77	62.58	17	18	↓1
West Lothian	61.80	61.80	11	19	↓8
Midlothian	58.22	61.71	19	20	↓1
South Lanarkshire	57.80	59.07	20	21	↓1
Falkirk	55.41	57.40	21	22	↓1
Angus	55.20	56.97	22	23	↓1
North Lanarkshire	54.80	55.62	23	24	↓1
East Lothian	50.17	52.33	24	25	↓1
Moray	46.93	48.57	25	26	↓1
Level below Scottish Average	1.73	1.38			

Actual figures for 2013-14 and estimates for 2014-15 based on PKC proposed rent increase of 4.7% and all other councils at their 2013-14 increase.

Please note that Rank 1 is the highest rent in Scotland and an upward movement means that the Council is projected to become more expensive.

APPENDIX 4 – RSL BENCHMARKING DATA

The Scottish Housing Regulator - Scottish Registered Social Landlord Statistics
Table R1b (summary) Average weekly secure rents for lettable self-contained units by Council area & RSL

Reg No.	RSL Name	Average weekly secure rents for all units												2012/13	
		2012-13		2011-12		2010-11		2009-10		2008-09					
		Rent (£)	Units	Rent (£)	Units	Rent (£)	Units	Rent (£)	Units	Rent (£)	Units			% Increase	
297	Abertay Housing Association Ltd	70.22	5	67.56	6	64.34	6	63.52	6	61.08	6			3.94%	
66	Ark Housing Association Ltd	74.40	18	66.73	18	64.90	13	63.73	14	60.18	15			11.49%	
71	Bield Housing Association Ltd	60.84	115	57.79	115	54.73	115	53.84	115	49.67	106			5.28%	
74	Bowerswell Memorial Homes (Perth) Ltd ⁵	-	-	-	-	-	-	38.41	41	36.93	41				
218	Cairn Housing Association Ltd	54.96	123	54.96	123	52.49	122	49.26	121	42.69	95			0.00%	
224	Caledonia Housing Association Ltd ⁶	62.47	2,122	60.08	2,113	56.75	1,513	55.34	1,423	52.98	1,363			3.98%	
129	Fairfield Housing Co-operative Ltd	60.27	413	61.14	409	57.72	380	54.94	364	51.36	351			-1.42%	
124	Hanover (Scotland) Housing Association Ltd	63.96	96	61.44	96	58.17	96	55.57	95	49.21	93			4.10%	
125	Hillcrest Housing Association Ltd	65.33	698	62.34	688	59.14	639	58.23	631	55.69	568			4.80%	
142	Kingdom Housing Association Ltd	65.34	39	62.83	39	61.01	39	59.80	39	56.91	42			3.99%	
148	Link Group Ltd	58.79	17	55.89	17	52.68	17	51.09	17	50.66	15			5.19%	
158	Margaret Blackwood Housing Association Ltd	71.81	34	68.58	34	66.46	34	66.45	34	63.78	34			4.71%	
182	Servite Housing Association Ltd ¹⁰	-	-	-	-	59.04	566	58.95	524	54.83	491				
Perth & Kinross		62.67	3,680	60.55	3,658	57.64	3,540	56.11	3,424	53.04	3,220			3.50%	
Note 5	Bowerswell Memorial Homes (Perth) Ltd	Transferred to 182 Servite Housing Association Ltd on 24 May 2010													
Note 6	Caledonia Housing Association Ltd	Changed name from Perthshire Housing Association Ltd on 1 Oct 2011													
Note 10	Servite Housing Association Ltd	Transferred to 224 Caledonia Housing Association Ltd on 4 May 2012													