
Report to: Clackmannanshire Council

Date of Meeting: 21 February 2019

Subject: Housing Revenue Budget 2019/20, Housing Revenue Account Capital Programme 2019/20 and Mid Market Rent Considerations

Report by: Strategic Director (Place)

1.0 Purpose

- 1.1. This report presents the Housing Revenue budget and Housing Capital Programme for the financial year 2019/20 and highlights the key factors influencing the budget.

2.0 Recommendations

- 2.1 It is recommended that Council:

- 2.1.1. Approve the summary budget on income and expenditure based upon the approved HRA financial Business Plan, as set out in Appendix 1,
- 2.1.2. Approve an increased level for Council house rents of 2.2% for the financial year 2019/20, as set out in Appendix 6;
- 2.1.3. Approve the same level of increase be applied equally to lock-up garages, garage pitch-site rentals and associated tenancy charges, as set out in Appendix 6;
- 2.1.4. Approve the Housing (HRA) capital programme 2019/20 and indicative programmes for the next four years, as set out in Appendix 2;
- 2.1.5. Note that the HRA Capital Plan (Appendix 2) includes provision for the purchase of 8 properties from general fund to be brought into the HRA Account. This will be subject to decisions made by the Council on the General Fund Budget (paragraph 3.41);
- 2.1.6. Note that the service will carry out a review of the HRA financial plan to take into account recent feedback from tenants and ensure that a compliance statement with the 2014 HRA Guidance can be produced (paragraph 3.6);

- 2.1.7. Approve, subject to consultation and ministerial consent, that the management and responsibility relating to the Council's Gypsy Traveller Site (Westhaugh) is transferred to the HRA (paragraph 3.28);
- 2.1.8. Approve that Clackmannanshire Council will take over management and maintenance of the 42 National Housing Trust properties (paragraph 3.47);
- 2.1.9. Note the service is preparing a business case for purchase of the first phase of 28 NHT MMR properties in Coalsnaughton and will seek to continue to operate the properties for MMR until at least 2024 (paragraph 3.51);
- 2.1.10. Approve, subject to a Council General Service budget decision to implement charging for Garden Waste collection, that the HRA will fund this service for tenants who require a waste permit (subject to formal consultation, paragraph 3.27);
- 2.1.11. Note the progress the council is making in relation to the implementation of the Property Factors (Scotland) Act 2011 (paragraph 3.45);
- 2.1.12. Approve the reinstatement of the budget for the cost of the Subscription for Scotland's Housing Network (SHN), details set out in (paragraph 3.55).

3.0 Considerations

- 3.1. The Housing Revenue Account (HRA) budget setting process is subject to statutory, regulatory and governance requirements. This report requests approval for the 2019/20 HRA Income and Expenditure revenue budget and rent levels, as defined within the Housing (Scotland) Act 1987.
- 3.2. The Scottish Housing Regulator is launching a formal consultation on their regulatory code during the first half of 2019. This will likely enhance the engagement and transparency with tenants and residents on costs and provision of services.

3.3. Rent Strategy & Proposed Increase

- 3.4. Clackmannanshire Council approved the objectives for the 2018/23 HRA Financial Business Plan in February 2018, which established a rental strategy of pegging the rent increase to CPI. At the point of the rent consultation, CPI was 2.3% (November 2018) and had dropped back from 2.4% (October 2018). As falls had been experienced in CPI during the year (e.g. August 2018 2.7%), and the agreement with tenants was for no above inflationary rent increases, a figure of 2.2% was chosen to be consulted upon with tenants to take into account any expected falls in inflation.
- 3.5. The results of the consultation are summarised in Appendix 3. The response rate was very low, however some common themes emerged from the actual

responses received and Social Media comments. We have identified improvements that should be made in terms of information to tenants on the management of the HRA funds (breakdown of spend), and communicating to them the difference between the General Services budget and HRA. Moreover, we have considered that it would be preferential to have clear separate consultation timing between when the HRA consults on the rents and when the Council consults on the General services budget as the public find it difficult to distinguish between the two areas.

- 3.6. The other key factor highlighted from the consultation is that some tenants have expressed affordability concerns. However, applying a 2.2% rent increase takes the average 52 week rent to £74.44 per week in 2019/2020. The National Living wage and National Minimum wage rates are due to increase from April 2019. A person working 37.5 hours on the National Living Wage will see a weekly increase in income of £14.25 from 01/04/2019. The weekly rent increase would equate to £1.60 or 11% of their increased weekly income and would therefore be considered to be within the limits of affordability.
- 3.7. It is understood that the Scottish Government will be seeking views on affordability of rent setting and the impact on child poverty. The Association of Local Authority Chief Housing Officers is due to receive a presentation on an affordability model which will look at rents in the context of the micro-economic climate. The anticipated results of this analysis for Clackmannanshire could mean, for example, that the Council will have to give active consideration to a more robust rent differential model to that which is currently in place – i.e. charging more for larger properties than the current negligible difference. Clackmannanshire tenants and residents have indicated that they would welcome further work on rent modelling, taking due consideration of the local inequalities and the socio-economic statistics for the area.
- 3.8. The current business plan is largely predicated on paying down the HRA debt as quickly as possible to avoid burdening future tenants. A different approach of balancing and managing debt levels and capital spend throughout the programme could mean less pressure on the short term rent increase requirement. Whilst it's recommended that the inflationary rent increases are applied this year, given concerns over affordability, slippage on the capital programme, the proposed re-structure, and the fact that inflation is higher than the model allowed for, an earlier review of the financial business plan will be beneficial. This review will allow current and future tenants concerns to be addressed.

3.9. Current Rental and Arrears Performance

- 3.10. The following table presents a snapshot of current arrears performance at the end of Quarter 3, and highlights to members the impact of Universal Credit. Staff continue to work with tenants and DWP to minimise the adverse impact that Universal Credit can have, and ensure that rent collection is maximised and appropriate benefits are in place to maximise tenants' incomes.

3.11. Of note is that the significant staffing resource and focus on income maximisation has, at the end of quarter 3, started to lead to a slight reduction in the average arrears of tenants in receipt of UC. This will continue to be monitored and the Place Committee updated on the year end position, but results could be reflective of the introduction of the Scottish UC flexibilities starting to positively benefit rent collection and arrears performance.

	2016/17	2017/18	2018/19 (to January 7 th)	change
total arrears	£655,464	£ 789,143	£896,318.92	£107,176
average per case	£520	£571	£623.74	£53
total number of UC cases in arrears at year end	108	611	852	241
total arrears at year end	£83,031	£455,914	£568,712	£112,798
average arrears per case	£710	£747	£ 668	-£79
non UC claimants in arrears	1153	772	710	-62
total non-UC arrears	£572,433	£333,229	£343,770	£10,541
average arrears per case	£496	£432	£484.18	£52
No of UC claimants at year end	117	697	936	239
% in arrears	92%	88%	91%	

3.12. HRA Expenditure 2019/2020

3.13. The Revenue Expenditure is estimated at £14.7M

3.14. The budget for re-active repairs and maintenance to tenants has been set at the level required to meet historical service demand. There has been significant capital investment in improving stock condition in recent years, however a number of factors can lead to a need for repair works.

3.15. Under the budget headings of reactive repairs and maintenance, void property refurbishment, gas servicing and private contractors, a total budget of £5m will be required for 2019/20 (Appendix 1). The vast majority of this cost (£3.5m) is attributed directly to reactive repairs and void property refurbishment, the remaining total (£1.5m) is allocated to external contractor sub-contracting, gas servicing and social work adaptations.

3.16. The vast majority of repairs, maintenance and void property works are undertaken by the Council's own direct labour organisation currently working within the housing service and based at Kelliebank.

3.17. Allocated appointments for repairs have provided tenants with improved levels of service delivery and a planned improvement to a new housing business management system (incorporating repairs) will provide for a streamlined, robust and modern repairs system moving forward. Budget for replacement cloud based system has been provided for in the proposed revenue budget.

- 3.18. There has been a conscious effort to implement the policy change made to carry out emergency repairs within eight hours, rather than four. By reallocating resources the target can be comfortably met, still providing a high standard of emergency service whilst contributing to and allowing performance improvement in other areas. The average time taken to complete non-emergency repairs is now just over four days, and almost 98% of jobs are carried out “right first time”.
- 3.19. Satisfaction with the repairs service is high. Of the tenants who were asked about their views on repairs carried out in the year, 100% were satisfied.
- 3.20. Our gas servicing regime continues to maintain 100% compliance, achieving required servicing in each and every council house each year.
- 3.21. Void property refurbishment costs on average around £3,800 per property, largely due to a higher standard of re-decoration and refurbishment undertaken in void properties. These works are tenant led, and have resulted in an increase in tenant satisfaction and a reduction in refusals.
- 3.22. At the end of December the percentage of tenancies being refused continues to be low at 33%. This is the result of ensuring that we are getting better information from applicants before we make them an offer, and also due to the high standard of accommodation they are being offered. The percentage of tenants who are satisfied with the standard of their new home also continues to be high at 97%, based on 100% completion rate of new tenants surveyed.

3.23. Void and Allocation Performance

	15/16	16/17	17/18	18/19 as at 31.12.18
Average length of time to re-let properties in the last year (excludes new build and OTS purchases)	40 days	36 days	55 days	35 days
% of rent due lost through properties being empty during the last year	1.10%	0.61%	1.45%	
Number of empty properties at year end	66	68	31	47
Percentage of tenancy offers refused during the year	46%	46%	35%	33%
% of tenants who moved in within the last 12 months satisfied with their home.	83%	94%	97%	97%

3.24. As can be seen from the above table, we have improved performance in terms of re-let time compared with 2017/18. This has started to provide benefits for the Council's General Fund, by minimising time in temporary accommodation and the use of Bed & Breakfast. At the time of writing, the Council was only making use of two B&B places, compared with the budget and trend for ten placements per night. This is the lowest usage of B&B that the Council has recorded. The use of B&B is expensive for the Council as the weekly housing benefit payment only effectively covers one night out of seven. The difference in cost is covered by the Revenue Services Rent Rebates budget, which makes forecasting for that budget a difficult challenge. It is therefore positive that the joint work between the Housing, Repairs and Revenues Teams to minimise time in temporary accommodation, match applicants to suitable homes, and set up tenancies to succeed (with appropriate Scottish Welfare Fund assistance), is delivering significant corporate benefits for the Council.

3.25. Unfortunately the Council was recently made aware that our preferred voids energy supplier has gone into administration. This could impact on our void turnaround time, and cost the Service in delays and energy provision during the void period.

3.26. HRA Other Expenses

3.27. The Council consulted upon the introduction of charges for the collection of garden waste (brown bin). If the Council decides to implement this proposal during 2019/20, it is proposed to hold formal consultation with tenants in accordance with the 2001 Act, and seek their views as to whether the HRA budget would pay for garden waste permits for those tenants who require to make use of the service. An illustrative budget amount has been provided in the HRA Budget for an expected portion of tenants who may require a permit. The final details of such a scheme are still being developed, however the Housing Service will ensure that if tenants approve the charge it will be covered by their account, Tenants who want to make use of the garden waste scheme will not be disadvantaged.

3.28. In 2016 the Scottish Government introduced minimum standards for Gypsy Traveller Sites across Scotland. Clackmannanshire Council was one of a few to achieve these standards as approved by the Housing Regulator. However the site does require capital investment and ongoing management and maintenance to ensure that it continues to meet the regulatory standards. A number of councils have approached the Scottish Government with a proposal to transfer these sites to their HRA, and the minister has given consent where appropriate consultation with the community and tenants can be evidenced. It is therefore recommended that this work is progressed to seek ministerial consent during 2019/20. At present the site runs at a loss to the General Fund. As the HRA would be acquiring the land asset, it is understood that some Local Authorities have agreed the HRA and GF would share the operating loss for a period of time. It is anticipated that the Place

Committee will be updated on the consultation and works to determine the value and cost of the transfer.

3.29. Supervision and Management

3.30. The supervision and management charge centres upon the direct cost of mainly front line Housing staff in the delivery of day-to-day services for tenants and collection of rent. It also includes indirect costs mostly charged as overheads to the HRA. Work to review charges to the HRA by other services such as IT, HR, Legal etc. has recently taken place. Updates where appropriate have been built in to both the HRA and the General Services Budgets, however some work on the charges may take longer to fully finalise an appropriate position. For example, this includes a review as to whether the Council reconsiders establishing the repairs service with its own budget and business plan to enable greater transparency and cost effectiveness. Moreover, the service is currently going through a re-structure, and costing budgets may need to be adjusted to take this into account. The budget for Supervision and Management has been set at £3.7M. Subject to Council approval the service will be reviewing its financial business plan. Charges applied to the HRA will continue to be reviewed alongside this process, in order for the Council to produce a compliance statement on meeting the requirements of the 2014 HRA Guidance issued by the Scottish Government.

3.31. HRA Income 2019/20

3.32. The projected base rental charges and other income are estimated at £21.3m.

3.33. This means that £4.9m is budgeted and available to transfer to the capital Investment fund for tenant priorities.

3.34. Capital programme Plan 2019 – 23

3.35. An update for members on the HRA capital spend and slippage to the end of Q3 is attached as Appendix 4.

3.36. Key investment priorities over the short to medium term continue to be external building fabric such as roof replacement & external wall upgrade, central heating upgrade and window replacement. This will enable us to achieve the Scottish Government's new Energy Efficiency Standard for Social Housing (EESH) by the 31st of May 2020. Furthermore existing priorities also focus on common area enhancement such as security to close areas including lighting, controlled accesses and fencing replacement. Investment within these areas will sustain the councils excellent SHQS record and our currently favourable EESH position.

3.37. The Central Heating Programme was cut to £100K pa in the approved business plan. However it is proposed that this is increased to £325K in 2019/20 to attempt to address previous tenant refusals and ensure that the council achieves the Energy Efficiency Standard for Social Housing in May 2020. This will build on the previous momentum with every tenant now being offered a heating enhancement within a 15 year cycle. Great progress has

been made in terms of Energy Efficiency and addressing Fuel Poverty since 2011 through the central heating upgrade programme, replacing heating with SEDBUK "A" RATED boilers, providing gas to previous non-gas areas, and also our non traditional house upgrade programme enhancing and improving our non-traditional stock across the Housing Portfolio. We have now programmed 160 homes for heating upgrade in 2019/20 and moving forward, a programme of 125 homes each year over the following 4 years. This will further consolidate our position.

- 3.38. The 20 year rolling kitchen replacement programme has gained momentum this year, with a dedicated team formed within the Kelliebank depot utilising our own trade staff. We are on track to replace 250 kitchens this year. Key performance indicators for this contract have been excellent, with customer satisfaction at 96.1% "very satisfied". The kitchen specification was developed in consultation with the Clackmannanshire Tenants Federation.
- 3.39. In January 2019 a four year contract for Safe Electrical Testing and Remedial Upgrades was awarded. This will entail carrying out periodical electrical safety checks to all out properties on a 5 year cyclical programme. Previously this was carried out at 10 year intervals or at every change of tenancy. Following a change in the Electrical regulations, there is now a requirement for this to be carried out more frequently and we have developed a 5 year cyclical testing programme. Furthermore, there is now a requirement for Heat Detection and hardwired smoke detection within our tenancies and this will be captured through both our kitchen replacement and electrical testing programmes. The council have been carrying out enhancements since 2012 installing hardwired alarms through our rewire and testing works.
- 3.40. Housing Services commenced a rolling stock condition programme in 2017 surveying the externals of 500 and the internals of 150 properties per year. Surveys are carried out assessing against SHQS criteria. To date these have been very beneficial in assisting our HRA Capital Planning and have already captured key essential works, such as fire separation within loft spaces and urgent upgrades to communal shared accesses to Victorian tenement blocks in Tullibody Road, Alloa. Moving forward it is recommended that the council set aside at least £250k pa for essential structural upgrade works. This is an uplift from the Business Plan assumption of £100K pa.
- 3.41. The proposed Capital programme also includes the purchase of 8 General Fund properties to transfer to the HRA, which will enable the council to maximise the use of the available affordable housing supply grant and ensure a capital receipt for the council.
- 3.42. The Housing Service has added an allowance for lock-up sites and areas, starting with £100K in 2019/20 rising to £150K in the following two financial years. This could allow the demolition, redevelopment and/or landscaping of these areas, where appropriate. In anticipation of ministerial consent being given to transfer the travelling person's site to the HRA, an allowance for upgrade works has also been provided, allowing the site to continue to meet regulatory standards. The budget to adapt properties, allowing tenants to

remain in their home, has been doubled from £50K to £100K pa in response to increased demand from Social Services.

3.43. A significant update on Capital Works progression is provided at Appendix 4.

3.44. Property Factoring and Owner Engagement

3.45. Given the works required to Common Areas and building fabric, the process for owner engagement requires streamlining. A working group has been established to review this, as common works presents a real risk in terms of roof and fabric upgrades on our stock in mixed tenure estates. Upgrades to common areas such as door entry works and common area enhancement are also affected. This has delayed crucial works and is a risk to the Council's SHQS position. The working group is aiming to report back to Committee or Council before the recess with recommendations to take this matter forward. One of the suggestions currently being considered is that the Council, in mixed tenure blocks where we have an interest, would act as the Factor for the building for all external and common repairs. This would involve significant engagement with the owners in these blocks, the potential establishment of a sinking fund/float, and charging owners a management fee in accordance with the 2011 Act. The benefit to owners would mean that blocks in common ownership with the Council would have all necessary upgrades and reactive maintenance carried out in line with Council policy. This should protect the owner's asset investment and could make their properties more marketable in the future.

3.46. Management and Maintenance of NHT MMR Properties

3.47. In December 2011, Elected Members agreed to participate in phase one of the National Housing Trust (NHT) initiative to provide 28 properties for Mid Market Rent (MMR) in Coalsnaughton. In June 2015, an extension of a further 14 MMR properties was approved by the Housing, Health and Care Committee.

3.48. On completion of phase 1 the developer, Hadden Construction, procured Ochil View Housing Association to carry out the management and maintenance responsibilities on the 28 properties. In June 2018, they took the additional 14 properties completed in phase 2 and currently manage and maintain all 42 properties in the development. Ochil View have tabled their intention to terminate their management agreement from 30 April 2019.

3.49. It is proposed that the Council take over the management and maintenance responsibilities from 1st May 2019. The fee for carrying out the management is set at £87.24 per unit per month which raises annual income of £43,968,96. This will require the Council to register as a private landlord as the tenants will be under private tenancy agreements. In the short term, this can be managed with existing resources. In the medium term it is proposed that staffing resource will be explored to manage this service and additional works required for factoring, and this will be considered as part of the restructuring of the service.

3.50. The 28 properties completed in phase 1 of the NHT initiative are nearing 5 years old and the developer has intimated that they wish to trigger an exit strategy from this phase of the initiative. The NHT model states that the developer can opt to sell the properties after a minimum of 5 years but before 10 years. The properties are owned by an Limited Liability Partnership (LLP), of which the council is a member along with Hadden Construction and Scottish Futures Trust (SFT), which operates an arms length body under the National Housing Trust initiative (NHT). The service is preparing a business case for the purchase of the first phase of 28 NHT MMR properties in Coalsnaughton and will seek to continue to operate the properties for MMR until at least 2024.

3.51. Scotland's Housing Network (SHN)

3.52. SHN was set up in 1995 as a consortium of Local Authority and Housing Association landlords, who work together to drive up performance and deliver services such as cost and performance benchmarking, self-assessment assistance and good practice exchange. Clackmannanshire Council was a founding member and up until recently, provided treasury management for the group. Clackmannanshire Council is the only local authority landlord who is not a member. This has been to our recent detriment and, given the upcoming changes to the regulatory framework, membership will allow us to use tools created by the SHN to meet these requirements without placing a strain on the limited staffing resource available.

3.53. An example of the type of benchmarking comparison data supplied by the SHN to their membership has been shared in Members rooms. This details some strong performance by the Council, most notably in respect of low debt per house, lower than average cost of supervision and management and significantly lower cost of repairs and maintenance, highlighting the significant investment in our stock. However, the Council's pool interest rate is one of the highest at 5% with only Edinburgh tenants paying higher costs for borrowing at 5.1% than Clacks residents.

3.54. Re-joining the group is seen as essential, especially with reduced resource capacity to ensure that good practice can be shared and learned from and enable committee to have access to robust and sound benchmarking data.

3.55. Therefore it is recommended that Council approve to reverse the decision made at the Special Council meeting in February 2015 and enable the Council to re-join the organisation. The current cost of the core local authority membership is £9k plus VAT.

4.0 Capital Investment and prudential borrowing

4.1. The HRA financial plan approved Feb 2018 had a reduced reliance upon borrowing. Investment in our stock is therefore focused on capital financed from current revenue (CFCR) and on limited borrowing. The HRA will have an in year projected surplus of around £5.5m in 2018/19, added to an existing reserve of £2.5m recorded at the end of 2017/18. The expected capital

programme in 2018/19 is projected at £5.2m, which means that the HRA will have £2.8m in reserves (£1.6m uncommitted), with no borrowing this financial year.

- 4.2. Subject to the financial plan review the reserves will be taken back to back to 4% of rental income in 2019/20 (£787k), thus meaning the council will use £7m of CFCR and £1.7m borrowing to fund next years capital investment in the housing stock.
- 4.3. The HRA Debt from stock acquisition, new build, initial loan notes and stock investment is currently £23.7m. Clackmannanshire Housing finances have been well managed resulting in the debt per house being the 2nd lowest of all local authority landlords. The balance of debt, rent levels and investment will be examined as part of the review of the HRA financial business plan.

5.0 Sustainability Implications

- 5.1. The sustainability implications of this report are comprehensively positive in terms of community participation, the local economy, energy efficiency, the environment, asset management and human resource.

6.0 Resource Implications

6.1. *Financial Details*

- 6.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

- 6.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

6.4. *Staffing*

- 6.5. Staffing requirements will require to be updated in line with progression of the Councils directorate restructure. Additional staffing is expected to replace the tenant liaison lead in line with regulator and Scottish government reporting requirements. Staffing resource will be required to manage the property factoring service and mid market rental management, these opportunities on the HRA may allow displaced GF staff an opportunity to be successfully redeployed within the council.

7.0 Exempt Reports

- 7.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please click on the check box)
- Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all
- Our families, children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

- (2) **Council Policies** (Please detail)

The Housing Revenue Account Financial Business Plan 2018 – 2023

9.0 Equalities Impact

- 9.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes No

10.0 Legality

- 10.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

11.0 Appendices

Appendix 1 – HRA Revenue Budget Summary 2019/20
Appendix 2 – HRA Capital Programme 2019-2024
Appendix 3 – Rent Consultation responses
Appendix 4 – Housing Investment Team Performance Update 2018/19
Quarter 3 - HRA Capital Programme & SHQS
Appendix 5 – Local Authority Weekly Rent Levels in Scotland
Appendix 6 – Proposed Rent Increase Illustration 2019/20

Additional Information - HRA Analysis (Copies provided to Members)

12.0 Background Papers

12.1. Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered).

Yes

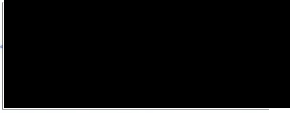
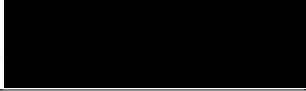
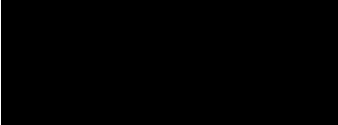
No

(please list the documents below)

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Murray Sharp	Service Manager Housing & Revenues	5113
Owen Munro	Team Leader - Planned Works & Compliance	5172

Approved by

NAME	DESIGNATION	SIGNATURE
Garry Dallas	Strategic Director (Place)	
Lindsay Sim	Chief Finance Officer	
Lindsay Thomson	Senior Service Manager Partnership and Performance	

HRA Revenue Budget Summary 2019/20

	2018/19 Annual Budget	December '18 Forecast	2019/ 20 Budget
REPAIRS & MAINTENANCE			
Private Contractors	£302,000	£179,782	£316,000
General Maintenance	£7,140,000	£7,185,3622	£7,729,916
	£7,442,000	£7,365,144	£8,045,916
SUPERVISION & MANAGEMENT			
Employee Related Expenditure	£2,395,000	£1,900,569	£2,210,478
Premises, Transport, Supplies & Services	£166,000	£139,029	£160,506
3rd Party Payments	£93,000	£103,590	£86,440
IT Replacement	-	-	£150,000
Central Support	£1,099,000	£1,099,000	£1,099,000
Democratic Core	£105,000	£105,000	£105,000
	£3,858,000	£3,347,188	£3,811,424
Capital Financing Costs			
Interest Payments	£1,164,000	£1,359,000	£0
Loans Fund Expenses	£30,000	£25,000	£0
Principal Repayments	£1,562,000	£1,487,000	£0
	£2,756,000	£2,871,000	£2,871,000
OTHER EXPENSES			
Provision for Bad Debt	£500,000	£500,000	£500,000
Void Rent Loss	£488,000	£448,800	£450,000
Property Insurance	£203,000	£171,335	£203,000
Community Engagement		£36,456	£127,420
Council Tax & Stair Lighting	£29,000	£19,970	£20,000
Garden Aid Scheme + Land Maintenance			
Special Uplifts	£379,000	£270,000	£393,480
Brown Bins			
Pest Control			
	£1,599,000	£1,446,561	£1,693,900
TOTAL EXPENDITURE	£15,655,000	£15,029,893	£16,422,240
INCOME			
Rents/Interest on Revenue Balances	-£19,216,000	-£19,124,717	-£19,666,488
Factoring Income			-£24,000
Income from Charges	-£1,607,000	-£1,452,672	-£1,625,518
TOTAL INCOME	-£20,823,000	-£20,577,389	-£21,316,066
NET EXPENDITURE/CFCR CONTRIBUTION	-£5,168,000	-£5,547,496	-£4,893,766

HRA Capital Programme 2019 - 2024					
Year	2019/20*	20120/21	2021/22	2022/23	2023/24
Project	£000	£000	£000	£000	£000
Structural Works	250	250	250	250	250
Damp Proof Course and Rot Works	100	100	100	100	100
Roof/Rainwater/External Walls	1,500	1,000	1,000	1,000	1,000
Windows	1,960	1,360	1,360	1,360	1,360
Full/ Efficient Central Heating	325	250	250	250	250
Alva Weir Multicon	750	0	0	0	0
Kitchen Renewal	750	750	750	750	750
Bathroom Renewal	50	50	50	50	50
Safe Electrical Systems	1,000	1,000	1,000	1,000	1,000
External Works: Fencing, Gates Paths	125	125	125	125	125
Secure Door Entry Systems (4 year replacement project)	196	145	145	145	145
Disabled Adaptation Conversions	100	100	100	100	100
Construction Design Management	20	20	20	20	20
Off the Shelf Purchase	700	700	700	-	-
Lock Up Strategy	100	100	100	100	100
Tenant Community Improvement Fund	366	200	200	200	200
Westhaugh Travelling Site Alva	75	75	75	75	75
Misc Conversions & Adaptations	150	150	150	150	150
IT Equipment	64	0	0	0	0
IT Infrastructure/Clacks IT	20	20	20	20	20
HRA Roads & Footpaths Improvements	100	100	100	100	100
Total Capital Programme	8,701	6,545	6,545	5,745	5,745

- 2019/20 includes carry forward of £2.132M from 2018/19. Main areas for carry forward include Roof Replacement, Window Programme, Alva Weir Multicon project, and Community Improvement Fund.

Rent Increase Consultation 2019/20

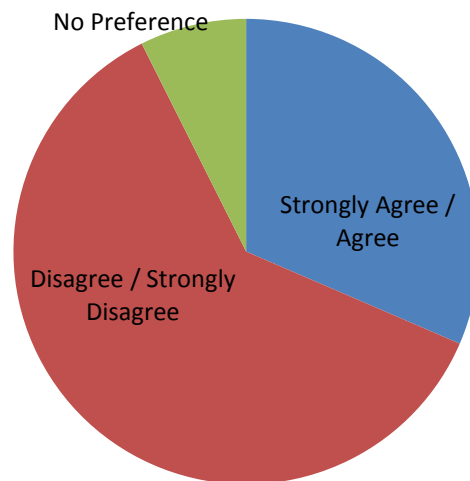
The following details the results of the consultation published on Citizen Space in relation to the Rent Increase Consultation 2019/20, which was open from 20th December 2018 to 20th January 2019.

54 responses were received, a summary of the responses is detailed below:

In order to continue investment in council housing, a rent increase of 2.2% is proposed for 2019/20.

This increase is below the current rate of inflation which is 2.3% (November CPI). We currently charge rent over 48 weeks. On average, this means an increase of £1.74 per week over 48 weeks. Do you think the rent you pay represents good value for money?

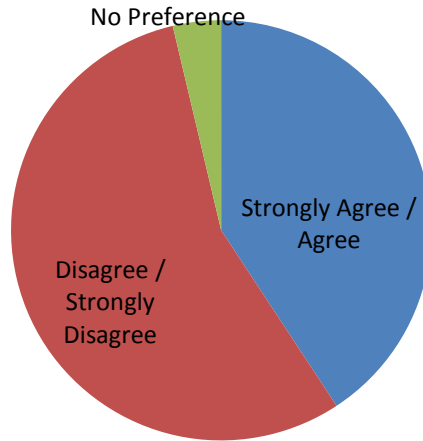
Value for Money



	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference
Value for Money	7	10	17	16	4
	12.96%	18.52%	31.48%	29.63%	7.41%

It is important that we take account of what current and prospective tenants and other customers are likely to be able to afford. Do you think the rent charged by Clackmannanshire Council is affordable?

Affordable Rent



	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference
Affordable Rent	8	14	22	8	2
	14.81%	25.93%	40.74%	14.81%	3.70%

Currently, we charge rent over 48 weeks with 4 charge free weeks during the year. If rent is charged over 52 weeks, this would result in a lower weekly rent charge. Would you like the council to explore the possibility of paying your rent over 52 weeks or monthly?



	Yes	No	Not Answered	%Yes	%No
52 Weeks	26	27	1	49.06%	50.94%

Housing Investment Team Performance Update 2018/19
Quarter 3 - HRA Capital Programme & SHQS

Completed Works to 31st December 2018

Project	Number of Houses Completed
Window Replacement Programme	237
Bathroom Replacements - PCU	5
Kitchen Replacement – PCU	181
Disabled Bathroom Adaptations	57
Front Door Replacements	86
Central Heating Upgrades	61
Safe Electrical Tests & Upgrades	39 Full tests 5 rewires
Roof Replacements	133
Roughcast /Cladding Replacement	27
Roof and Render	4
Secure Door Entry Upgrades	4 replacements 12 alterations 16 in progress as at January 2019.
Fencing Replacements	156
Asbestos Testing	63
Asbestos Removal Works	108
Stock Condition Surveys	484 External 124 Internal
Completed Damp/ Rot Works	56
"Off the Shelf" Refurbishments to SHQS	9
Structural Works	4 Properties
External Thermal Wall Upgrade / Energy Efficiency Programme	57 Council Properties 48 Private Properties
Demolition – Print Works @ Clackmannan	Complete

Programme Update to Quarter 3

Window Replacement Programme

Sidey and PCU completed a total of 237 window replacements in the following areas;

- Alloa
- Clackmannan
- Dollar
- Fishcross
- Forestmill
- Sauchie
- Tillicoultry
- Tullibody

Progress from 2015 to December 2018 was excellent with very good consistent customer satisfaction returns, with a satisfaction rate of 90.55%. Installs are currently suspended until April due to contractor staffing issues. The contractor has committed via the Scottish Procurement Alliance (SPA) that the installs not completed this financial year will be progressed during 2019/20.

The window replacement programme is a key factor in our energy efficiency plan to achieve the EESSH standard by 2020, due to the high energy efficient specification of the glass.

The window programme was short listed at the Scottish Procurement Alliance Awards 2018 for the most sustainable project in social housing, finishing runner up.

The proposed budget includes £600k carry forward from 2018/19 into 2019/20.

Fencing Programme

Our fencing contractor A&B Reid has completed 156 properties in Coalsnaughton, Clackmannan, Alloa and Tillicoultry.

Across the Housing Service, we are working closely to ensure that all properties have appropriate fencing and that areas of sub-standard fencing are identified for the coming financial year. We have begun consulting colleagues in Housing to ensure that the budget is utilised within priority areas for 2019/20. The program will focus on defective fencing in Stoneyacre and Hareburn Road in Tillicoultry next year.

Our fencing programme has been a great success tackling long standing problems within gardens and common areas for our customers. Better value is being achieved carrying this out on a programmed basis through a fixed long term contract arrangement.

Damp/Rot Management

Our Contractor M.A.B has completed 56 jobs at the end of Q3, all of which were related to rising dampness and condensation related issues. The majority of works consisted of thermal boarding, ventilation upgrade and DPC injections.

Having a specialist contractor and placing expertise at the front end of our processes delivers the best value and service for both our customers and the council. There has been an annual saving ranging between £100-£150k through having a dedicated term contract arrangement addressing any acute damp or rot issues that become apparent through our maintenance inspections.

The contract is fixed over a 4 year period and this allows the council to accurately budget and programme key works.

Kitchen Replacement Programme

New kitchens were installed in 181 properties up to Q3 end.

The Clackmannanshire Tenants and Residents Federation were contacted and carried out a joint inspection to view the completed pilot kitchens. Feedback was extremely positive in terms of the overall specification and kitchen layout plans. The kitchens have also been a great success with tenants in terms of the high standard of specification fitted.

This year is the first year of our rolling kitchen replacement programme, which will schedule kitchen replacements on a rolling 20 year cycle. This is key work for our joinery trades at Kelliebank, and KPI's show 96.1% customer satisfaction.

Through close partnership working with the Void Team we anticipate that we will exceed the initial expected figure of 200 kitchens completed in this financial year, whilst maintaining budget spend.

External Wall Insulation Programme & Energy Efficiency Upgrade

Work carried out under this programme consists of the installation of EWI and associated loft insulation measures to help improve energy efficiency. The programme for 2018/19 has been completed, with all properties being fully signed off in early November 2018.

These properties are of non-traditional construction and are located in Clackmannan, Hawkhill in Alloa, Fairfield in Sauchie, Church Grove in Tillicoultry and Ochilview in Alva.

This phase of work completes our upgrade programme to all our non-traditional build housing stock which makes these homes more energy efficient, delivers savings for our customers, increases the longevity of the housing asset and improves the overall aesthetics of our estates.

The remaining non-traditional build housing stock properties still to be enhanced are in Alva - Westercroft, and the Weir Multicon homes. Following Council approval, structural assessments are currently being undertaken to assess whether the solution proposed and approved by the Council is feasible. If the solution approved by Council is not feasible the service will report back to committee at that stage for further consideration.

Disabled Adaptations

The overall average time has lowered to 28 days (from what) for both minor and major adaptations undertaken by the Council. Both design and installation are carried out “in house” with Patricia Fraser completing the design layout drawings and working closely with Senior Housing Officer Jim Laird in the delivery of this service.

Tenants continue to be very satisfied with the works carried out, returning their customer questionnaires with 9 & 10 scores and positive comments.

57 adaptations have been completed to date this year.

Stock Conditions Survey Programme

The stock condition surveys have been reviewed to ensure we are gaining key information for repairs/maintenance to domestic properties. This information is invaluable as it allows for further planning and remediation issues to be caught in a timely manner, while demonstrating good practice and satisfying our commitment to the Scottish Housing Regulator.

Carrying out an internal rolling stock conditions programme avoids the cost of employing external consultants. It allows the Council to review its domestic stock, and has highlighted two unforeseen structural problems that would have been severe risk to members of the public if not dealt with.

This added value allows us to foresee problems, react before risk occurs, and is key in moving forward for our HRA Capital Planning and for our returns to the Scottish Housing Regulator.

Roof & Render Upgrade

Roof and external wall render upgrade works are ongoing within the following areas–

- Bowmar Alloa
- Fir Park & Jamieson Gardens in Tillicoultry

External roof upgrade uses high quality roof cladding materials, and the scope of works for roofing upgrade allows for the renewal of rainwater goods with rainwater gutter protection brushes installed in areas of heavy tree coverage, reducing future maintenance dependency. On-going maintenance is reduced further with installation of uPVC eaves, soffit and fascia boards to replace the previous timber finish.

External wall render upgrades utilises the latest in polymer wall render technology, ensuring improved breathability of the underlying structures. Aluminium oversill installations, bargeboard/fascia renewal and lintel and sill remedial/replacement works are all encompassed within the scope of works as and when required.

Upgrade works have provided not only an aesthetically pleasing finish to some of our most tired and aged stock, but also protects the integrity of the underlying building structure, prolonging the lifespan of the domestic housing stock.

A new contract has been agreed with Ailsa Builders (Coatbridge) for the next 3 years. Unfortunately, due to additional procurement requirements, this contract was delayed and started in January 2019. This contract will allow the council to programme works over the next 3 financial years in an area which is a key priority in terms of the Capital Investment Programme moving forward.

The proposed budget includes £500k carry forward from 2018/19 into 2019/20.

Secure Door Entry Programme / CCTV

SPIE Scotshield are now in term 3 of the current framework agreement and have completed 4 replacement secure door entry upgrades to date, with a further 16 in progress. It has also been necessary to alter some existing entry systems to increase the security, i.e. installing additional magnets to the doors in Maple Court, Alloa and The Orchard and Newmills, Tullibody.

We are in the process of programming replacement systems in Westercroft, Alva.

Secure doors have been designed to ensure a high level of security and durability. The doors have achieved PAS 23/24 at a UKAS accredited test centre and achieve the Secure By Design criteria which is the preferred police security standard.

Safe Electrical Testing and Upgrade

There has been no electrical contractor since February 2017 when the previous contract finished. Procurement of a replacement contract commenced immediately and a replacement four year contract with AC Gold (Stirling) has been agreed and was signed off in December 2018.

The electrical rewire programme is dictated by the results from electrical testing. Due to the existing condition of the electrics many of our properties are able to meet the modern standards with a partial upgrade as opposed to a full electrical rewire. This provides significant savings within our Safe Electrical programme and allows the council to upgrade properties with hardwired smoke detection when testing is being carried out.

Off The Shelf Purchases

To date, nine off the shelf properties have been progressed at a total cost of £915K (£629K Council investment and £403K Scottish Government grant funding.) The Strategic Housing Investment Plan (SHIP) supports the purchase of up to twenty properties a year, subject to budget. The focus continues to be on purchasing properties to meet demand pressure being felt in the allocations process.

The remaining budget for 2018/19 of £120K is forecast to be fully spent on the purchase of properties from the general fund, so also maximises the grant allocation from the Scottish Government, meaning the Council is drawing down around £0.5M of Government grant subsidy in 2018/19. The refurbishment budget of £98K is expected to spend around £18K with a carry forward of £80K into next year.

Structural Works

Tullibody Road –

Seven properties in Tullibody Road were inspected as part of the Stock Condition Surveys and were found to have a severely defective staircase at the rear. The properties were built over 100 years ago and as a result many modern techniques of building construction had not been applied.

The stairs posed a severe health and safety risk and were in a state of partial collapse.

The project to renew the stairs saw the Council team renewing foundations, demolishing old staircases, and reinstating stairs and concrete plates. There was also extensive metal work done to ensure future viability of the properties. This is being successfully carried out while sustaining our tenants in their homes, avoiding decant during the winter months.

Asbestos Removals & Tests

Asbestos testing and removal is on-going throughout the county as and when required and in line with both re-active and planned maintenance works programmes.

The council have term contracts with fully licensed asbestos contractors who undertake these works on our behalf.

Multi Trade Contract 2018/19

A Multi Trade Contract has been agreed with MAB (Grangemouth) to undertake works to both the domestic and non domestic stock portfolio, infilling the current gaps in service delivery in the maintenance and refurbishment of the housing stock and other Council assets. Work being carried out includes:

- Provision to undertake the building of extensions;
- Maintenance of housing stock;
- Voids maintenance;
- Refurbishment of newly purchased stock to meet Scottish Housing Quality Standards;
- Fill gaps in current service delivery such as brick laying , builder work , stone masonry trades, blacksmith;
- Full scale refurbishments;
- Conversion of Housing assets and other Council assets to meet DDA;
- Scope and capacity to undertake maintenance of council stock and other council assets in periods of peak demand to sustain suitable levels of service;
- Maintenance of Public Buildings.

Central Heating Upgrade

Good progress has been made within our central heating programme with the new Central Heating Contract 2017-19 with PH Jones (part of the British Gas group) . To date a total of 61 homes have been upgraded and our central heating replacement programme is on schedule.

This phase is predominantly boiler upgrade only due to longer life expectancy of existing heating pipes and radiators. Tenant access for the programme continues to be very good.

The central heating programme is also key to our overall strategy in meeting the EEESH standard set out by the Scottish Government by May 2020.

Overall Scottish Housing Quality Standard Position

Using the charter methodology for assessment of SHQS, the council is currently **97.65%** compliant. Reported failures and abeyances are as follows:

Failures

- **Free From Disrepair** - A total of 8 properties fail the SHQS Section B "Free from Disrepair" criteria as at the 31st of December 2018

These are 6 flats in Alloa Town centre, which are failing as more than 20% of the wall fabric is defective. Council properties are in a minority

ownership within these blocks and agreement needs to be sought with owners in order to agree a programme of works. The other two properties failed due to structural failures to an access walkway within Tullibody Road. Works are currently underway to upgrade this and will be completed by the 31st of January 2019.

- **Health Safe and Secure** – A total of 48 properties are currently failing due to defective secure door entry systems to common flat entrances within Tillicoultry High Street and Westercroft in Alva.

Abeyances Reported to the Scottish Government

These are reported to the Scottish Housing Regulator where it has not been possible to carry out planned upgrades due to tenant refusals and failure to gain agreement from sharing private owners.

- **Kitchen Replacements** – 4 kitchens due to physical size and layout
- **Secure Door Entry Replacements** – There are 55 Council properties within 31 shared common blocks that require a secure door entry upgrade. This work has not been completed due to the failure to secure agreements with owners, with often the council in minority ownership. A new secure door entry and common area upgrade contract has been agreed and once again the council will attempt to secure agreement and programme failures. We have engaged with owners previously, and given the cost of works there will continue to be challenges to secure agreements to allow work to proceed.

Energy Efficiency Standard for Social Housing (ESSH) - Progress

The Energy Efficiency Standard for Social Housing (ESSH) was launched by the Scottish Government in March 2014. This is a new energy efficiency rating for all Social Housing to be achieved by May 2020, and aims to encourage landlords to improve the energy efficiency of their housing stock. This is an enhancement of the previous Scottish Housing Quality Standard element 35.

As at May 2018 Clackmannanshire Council was 71.69 % compliant with the ESSH standard. This was reported to the Scottish Housing Regulator. Good progress has been made during the year with a further External Wall Insulation programme tackling non-traditionally built homes (Cruden) within Clackmannan, Sauchie, Alva, Tillicoultry and Alloa, along with our window and heating replacement programme. Current failures are mainly due to our remaining non-traditionally built housing stock awaiting upgrade within Alva, previous central heating refusals within our programme, coal and electrically central heated properties, and housing with older heating systems replaced prior to 2006.

To December 2018 we have surveyed 72% of the domestic stock, which has achieved a pass rate of 74%. When compared to other councils we are

ahead of the curve in terms of inspections and pass rate. This will improve significantly with work being carried out before the 2020 Scottish Government EESH deadline such as heating replacement.

Energy Performance Surveys like Stock Condition assessments are now being carried out “in House” by Project Support Officer Gill Millar. This avoids the need for external contractors to carry out this work, and allows the service greater capacity to programme Energy Assessments and target gaps in current stock knowledge moving forward. This has been a success and will allow the council to programme future heating upgrades targeting poorer performing stock.

Roads & Footpaths

2018/19

Street lighting is currently being enhanced and upgraded at Schawpark Avenue in Sauchie. The associated footpaths which are maintained by the HRA will be included in this project, which will allow works to be carried out in one continuous operation. This will serve to avoid patching in and around the lighting improvements, and deliver best value in terms of cost and benefit to the residents. These areas will then be at an adoptable standard in line with Council policy.

Moving forward next year we have identified areas in Tillicoultry such as Hareburn Road and Jamieson Gardens, again enhancing the footways on the HRA along with lighting improvement work.

Pictures of Completed Works – Gallery

Kitchen Replacement



Fencing at Clackmannan



Roof and Render Upgrades – Tillicoultry



Secure Door Entry – Sauchie



Before:



Local Authority Weekly Rent Levels in Scotland*

Landlord Name	2016/2017	2017/18	Increase	Change
Scottish Avg	74.43	76.23	1.80	2.4%
Aberdeen City Council	73.65	73.67	0.02	0.0%
Renfrewshire Council	75.49	75.58	0.09	0.1%
West Lothian Council	69.76	69.86	0.10	0.1%
Stirling Council	63.92	64.08	0.16	0.3%
Perth & Kinross Council	65.97	66.31	0.34	0.5%
Dundee City Council	72.38	73.16	0.78	1.1%
Highland Council	74.33	75.20	0.87	1.2%
Angus Council	63.70	64.64	0.94	1.5%
Orkney Islands Council	74.38	75.55	1.17	1.6%
City of Edinburgh Council	97.51	99.10	1.59	1.6%
Clackmannanshire Council	69.62	71.02	1.40	2.0%
Shetland Islands Council	74.84	76.43	1.59	2.1%
South Ayrshire Council	71.10	72.62	1.52	2.1%
East Dunbartonshire Council	70.58	72.37	1.79	2.5%
South Lanarkshire Council	63.17	64.78	1.61	2.5%
West Dunbartonshire Council	74.87	76.82	1.95	2.6%
Fife Council	67.75	69.62	1.87	2.8%
North Ayrshire Council	66.56	68.49	1.93	2.9%
North Lanarkshire Council	59.37	61.16	1.79	3.0%
East Ayrshire Council	68.67	70.89	2.22	3.2%
Falkirk Council	61.87	64.11	2.24	3.6%
Aberdeenshire Council	73.02	75.91	2.89	4.0%
Moray Council	55.06	57.38	2.32	4.2%
Midlothian Council	66.87	69.83	2.96	4.4%
East Renfrewshire Council	69.47	73.01	3.54	5.1%
East Lothian Council	59.37	62.47	3.10	5.2%

Out of the 26 local authorities listed, Clackmannanshire Council is placed at position 14 in relation to average weekly rent charged.

*These figures have been taken from the ARC data published by the Scottish Housing Regulator, who use a formula for calculation which may lead to variances from published rental figures, but provide a like-for-like figure for comparison with other Local Authorities.

Rent Cost for Houses with effect from 1 April 2019

	£	£	£
	Rental Charge 2018/19	Increase	Revised Charge 2019/20
1 Apartment	75.40	1.66	77.06
2 Apartment	77.23	1.70	78.93
3 Apartment	79.10	1.74	80.84
4 Apartment	80.69	1.78	82.47
5 Apartment	82.70	1.82	84.52
6 Apartment	84.72	1.86	86.58

Rent Cost for Flats with effect from 1 April 2019

1 Apartment	74.02	1.63	75.65
2 Apartment	75.78	1.67	77.45
3 Apartment	77.67	1.71	79.38
4 Apartment	79.35	1.75	81.10
5 Apartment	81.33	1.79	83.12

Average Rent (48 Weeks) £80.65

Average Rent (52 Weeks) £74.44

Rent Cost for Lock-ups with effect from 9 April 2018

Lock-ups		Increase £	Weekly £
Lock-up Rent	7.49	0.16	7.65
Lock-up with VAT	8.99	0.19	9.18

Garage Pitch Site Annual Cost £86.86 (£104.23 VAT)

The rent charge-free weeks for 2019-20 will be the weeks commencing:

29th July 2019

5th August 2019

23rd December 2019

30th December 2019