
Report to: Clackmannanshire Council

Date of Meeting: 16 February 2023

Subject: Housing Revenue Account Budget 2023/24 and Capital Programme 2023/24

Report by: Strategic Director (Place)

1.0 Purpose

- 1.1. This report presents the Housing Revenue Account budget and Housing Capital Programme for the financial year 2023/24 and highlights the key factors influencing the budget.
- 1.2. The Housing Revenue Account (HRA) budget setting process is subject to statutory, regulatory and governance requirements including consultation with tenants and the additional requirements set out in the Cost of Living (Tenant Protection) (Scotland) Act 2022. This report requests approval for the 2023/24 HRA Income and Expenditure revenue budget and rent levels, as defined within the Housing (Scotland) Act 1987.
- 1.3. The report also references housing programme alignment with the Council's transformational programme, Be The Future.

2.0 Recommendations

- 2.1 It is recommended that Council:
 - 2.1.1 Notes the results of the tenant consultation process and the specific views expressed by the Clackmannanshire Tenants and residents Federation as set out at paragraph 3.17.
 - 2.1.2 Approves the summary revenue budget 2023/24, as set out in Appendix 1;
 - 2.1.3 Approves the Housing (HRA) capital programme 2023/24 and illustrative programme to 2027/28, as set out in Appendix 2;
 - 2.1.4 Approves HRA Borrowing Requirement 2023/24 to 2027/28 as set out in Appendix 3;
 - 2.1.5 Approves an increased level for Council house rents of 3% for the financial year 2023/24, as set out in Appendix 6;

- 2.1.6 Approves the same level of increase (3%) be applied equally to lock-up garages, garage pitch-site rentals and associated tenancy charges, as set out in Appendix 6;
- 2.1.7 Approves that the post of Tenant Participation Officer is reappointed as soon as practicable, following further engagement with Clackmannanshire Tenants and Residents Federation.
- 2.1.8 Notes that the Westthugh Gypsy/Travellers site is now closed and under redevelopment. The site is programmed to reopen during 2024/25. As a result there is no need to approve a rent figure for these homes. In advance of the completion of the works officers are instructed to consult with the residents on future rent charges in line with house rents.
- 2.1.9 Notes the housing programme alignment with the council transformational programme,
- 2.1.10 Otherwise notes the remainder of the report.

3.0 Considerations

- 3.1. The Housing Revenue Account (HRA) budget setting process is subject to statutory, regulatory and governance requirements. In addition the Council is required to consult with, and take account of the views of, tenants and comply with the provisions of the Cost of Living (Tenant Protection) (Scotland) Act 2022. This act provides Scottish Ministers with the power to cap rents for social housing.
- 3.2. As part of the statutory review of the operation of the legislation Cost of Living legislation the Scottish Government published the first report to parliament on 14 January 2023¹. The report confirms that the “cap” on social sector rents will be lifted as of 1 March 2023. As a result there is no constraint on the Council’s ability to set rents in consultation with tenants.
- 3.3. This report requests approval for the 2023/24 HRA Income and Expenditure revenue budget and rent levels, as defined within the Housing (Scotland) Act 1987.

Outline HRA Budget 2023/24

<i>Description</i>	<i>Annual Budget for 2022/23 £'000</i>	<i>Forecast to March 2023 £'000</i>	<i>Annual Budget for 2023/24 £'000</i>
Employee Related Expenditure	8,485	7,988	9,459
Premises Related Expenditure	1,416	1,526	1,654

¹ <https://www.gov.scot/publications/cost-living-tenant-protection-scotland-act-2022-first-report-scottish-parliament/>

Transport Related Expenditure	359	371	420
Supplies and Services	2,666	2,435	3,043
Third Party Payments	1,392	1,657	1,891
Support Services	1,204	1,204	1,204
Capital Financing Costs	1,707	1,448	1,681
Total Gross Expenditure	17,229	16,629	19,353
<i>Description</i>	<i>Annual Budget for 2022/23 £'000</i>	<i>Forecast to March 2023 £'000</i>	<i>Annual Budget for 2023/24 £'000</i>
Income			
House Rents	-20,525	-20,525	21,235
Lockups/Garage Sites/Shops	-102	-94	-102
Other Income	-2,227	-2,285	-2,793
Income Total	-22,854	-22,904	-24,130
Net Expenditure	-5,625	-6,275	-4,777

3.4. The above table highlights the main expenditure items in the Housing Revenue Account, compared with the annual budget for 2022/23 and the current forecast outturn projection. Further details including a breakdown of the support services charge can be found in Appendix one to this report.

3.5. The table below details the adjustments applied to take account of known cost pressures and to manage expenditure in order to ensure that the Council sets a balanced budget and that rents remain affordable.

Proposed HRA Budget Savings/Pressures 2023/24

Savings	2023/24 £'000	Description
Property Contract Income	(408)	Increased amount of work done on repairs and maintenance of General Fund properties and Homelessness houses for which income will be received to pay for staff costs.
House Rents	(616)	Proposed 3.0% increase on rents.
Borrowing Costs and Interest	(184)	Net reduction in borrowing costs and increase in interest income
House Rents	(93)	Impact of the increase in house stock through the house purchase programme.
Savings Sub Total	(1,301)	
Pressures	2023/24 £'000	Description
Re-grading, Increments and Pay Award	501	Impact of 2022/23 pay award and regrading

		on base budget.
2023/24 Pay Award, Increments and On Costs	245	Budgeted assumption of a 2.0% increase on staffing. Pay awards for HRA staff are met in full from rents. Each additional 1% will add an additional £91,000 to total costs.
Pressures	2023/24 £'000	Description
Vacancy Management	197	Reduced savings from vacant posts as recruitment to Repairs posts
Trades Overtime	30	Increased to reflect current levels of payments made.
Professional Fees	50	Stock Condition Survey Option Appraisal.
Private Contractors	60	Increased use of and increase in costs for Repairs
Utilities	90	Increase in gas and electric costs and the share of Kelliebank.
Void Rent Loss	50	Increased to reflect rent increase and level of Voids.
Place Environment Charges	282	Increased to reflect charges made for site visits and waste disposal. These charges will be subject to a full review as part of the new HRA business plan.
Environment 2023/24 Increase	42	Impact of proposed 2023/24 charges increase in budget
Materials	108	Increase to reflect anticipated 10 % increase from suppliers.
Direct Materials	97	Increase to reflect anticipated 10 % increase from suppliers.
Payments to Sub Contractors	175	28% Increase to reflect anticipated increases from suppliers and involvement in kitchen programme.
Trades Supplies & Services	59	Increase on new equipment and consumables required to ensure health & safety.
Transport	61	Continued hire rather than replacement.
External Legal Expenses	35	Contract for support from external company for specialist legal and court work. Subject to agreeing contract specification with Legal Services

Insurance	38	Increased cost of premiums
Computer Software Maintenance	27	Inflationary increase
Pressures Sub Total	2,147	
Total Net Pressure	846	

Rent Strategy & Proposed Increase

- 3.6. 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. However linking rents to inflation has become increasingly problematic, partly because advice from the Scottish Housing Regulator suggests that councils should have a stronger focus on affordability and costs and partly because of the emerging cost of living crisis. The September CPI figure (the measure used to uprate benefits and pensions) was 10.1%, a 40 year high. The rate of price increases is expected to reduce during 2023.
- 3.7. A revised business plan will be developed in consultation with tenants and other stakeholders during 2023. The review process will include a focus on costs and compliance with the statutory guidance on managing the HRA. In advance of agreeing a new rental strategy a pragmatic approach is required, one that acknowledges the pressures on tenants as a result of the current cost of living crisis but that also ensure that immediate cost pressures can be met and current service levels maintained.
- 3.8. Over the past five year average rents have risen from £71.41 in 2017/18 to £77.90 for 2022/23². An increase of 9.09%. Over the same period CPI inflation has been 19.7%³. Council rents have risen at less than half the rate of inflation in recent years. The recommended increase of 3% continues this trend of rent rises well below the rate of inflation. Guidance from the Scottish Housing Regulator indicates that rent rises should be closely linked to cost increases. It is likely that in future years this approach may result in rent rises at or close to inflation.
- 3.9. As in previous years, and as required by the Housing (Scotland) Act 2001, all tenants have been asked for their views on the proposed rent increase. The results of the consultation are summarised in Appendix 5.
- 3.10. In 2019 the service online rent survey received 54 responses. From 2020 the service has adopted a hybrid approach to consultation to ensure that we met the requirements of the housing charter.

² Based on the annual return to ALACHO. <http://alacho.org/council-rents/>

³ Based on the Bank of England's on line inflation calculator: <https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>

- 3.11. The hybrid approach involves writing to all tenants, with an information pack and a paper survey to be completed and returned in a freepost envelope, as well as allowing tenants to complete an online survey if they wished.
- 3.12. The consultation ran from 02/12/22 – 9/01/23, with the questionnaire sent to all tenanted properties. 432 responses were completed and returned of which 44 were on line – compared to a total of 633 last year, a disappointing 46% drop in our return. Overall this gave a tenant survey response rate of 9%.
- 3.13. Of those completing the survey, 56% indicated that they received some form of rent cost assistance whether that is Housing Benefit (HB) or Universal Credit (UC). This is broadly in line with our tenant profile.
- 3.14. 69.35% of respondents agreed that our rent represents good value for money, and 65.72% felt our current rent charge was affordable. This compares with 69% and 78% respectively last year. The fact that the proportion of tenants who feel they get good value for money has remained stable is positive.
- 3.15. However, the drop in the proportion of tenants that feel the rent charge is affordable is likely to reflect increasing pressures on tenants' budgets and national coverage of rent affordability issues. These views and the need to minimise financial pressure on tenants has been a key factor in coming to the recommendation on this years rent rise.

- 3.16. We asked specifically:

“To enable us to continue our capital investment at current levels the business plan requires a minimum of 3% (on average £2.34 per week) for 2023/24. Do you feel this increase would be appropriate?”

69.35% of respondents indicated that they were in agreement that it would be appropriate.

- 3.17. Officers have also met with members of the Clackmannanshire Tenants and Residents Federation (CTRF) to discuss the proposed rent increase and the service configuration. The CTRF are concerned about the impact of any rent rise during a cost of living crisis. They also raised the issue of a delay in appointing a Tenant Participation Officer and provided the following statement setting out their view:

“Clackmannanshire Tenants and Residents Federation [CTRF] does not support an increase to the rents of Clackmannanshire Council tenants. CTRF believes a rent increase at the same time as a significant ‘Cost of Living’ crisis could push more tenants into hardship, resulting in increased rent arrears. CTRF further believes that the delay in replacing the council's tenant participation officer has weakened tenant engagement and consultation and contributed to a view amongst many tenants that they are not getting value for money for their rent. We have raised this directly with senior officers and elected

members and welcome the proposed decision to recruit to this post as soon as possible.”

- 3.18. In the light of these results and taking into account known pressure on the budget and the inflation forward projections it is recommended that the council approves a 3% increase in the rent. A further recommendation has been included instructing officers to work with the CTRF to appoint a new Tenant Participation Officer as soon as practicable.
- 3.19. The 30 year business plan approved in 2018 is now due for review, work to procure specialist support for the review is underway with the expectation that a refreshed business plan, capital programme and rent strategy will be presented to Council for approval early in 2024.
- 3.20. The table below, showing data from the Scottish Housing Regulator (SHR), shows that the Council is maintaining a lower than average rent charge for our tenants. Over the past three years our rents have moved from 8th to 13th highest across Scotland’s Council landlords:

Sample Council rent and rent-range- Annual Return on the Charter (ARC) 2021/22

Apt size	Edinburgh	Fife	South Ayrshire	Moray	Clacks	SHR average
1	£79.08	£71.57	£70.42	£40.17	£71.57	£75.95
2	£90.39	£75.39	£76.06	£54.32	£73.22	£81.32
3	£104.07	£79.13	£77.51	£63.87	£75.08	£84.18
4	£119.02	£81.09	£81.84	£74.07	£77.01	£91.48
5	£126.54	£85.63	£86.30	£95.63	£79.16	£100.74
range	60.01%	19.64%	22.5%	138%	10.60%	32.63%

HRA Expenditure 2023/2024

- 3.21. The Total Gross Revenue Expenditure is estimated at £19.4m. This represents a 12% increase on 2022/23.

Repairs and Maintenance

- 3.22. The budget for reactive repairs and maintenance to tenants has been set in the first instance at the level required to meet historical service demand. The service has seen an increase in reports of problems with dampness and mould growth. This has been driven by the increased awareness of the risk following the recent publication of the coroners report⁴ into the death of Awaab Ishak in 2020.
- 3.23. Awaab was two years old at the time of his death, the coroner concluded that long term exposure to very high levels of mould growth was a material factor in causing his death.

⁴ https://www.judiciary.uk/prevention-of-future-death-reports/awaab-ishak-prevention-of-future-deaths-report/#related_content

- 3.24. The importance of this conclusion is that it establishes for the first time a clear link between mould growth and the health of occupants and strengthens the duty of care that landlords have to tenants in combatting all forms of dampness that may lead to mould growth including condensation.
- 3.25. Since the publication of the report complaints relating to mould and damp have risen sharply. Whilst none of the issues reported to date are comparable to the very poor conditions faced by Awaab and his family, tenants are rightly concerned to ensure that their homes are safe. As a result it is likely that additional specialist resources will be required to ensure that we respond quickly and appropriately in every case. A proposal to meet this need is currently being progressed.
- 3.26. Almost all repairs, maintenance and void property works are undertaken by the Council's own direct labour force currently working within the property service and based at Kelliebank. Whilst the service will continue to review the balance of trade mix and work done in-house, not all work can be provided in-house due to a variety of factors such as skill set, storage capacity and price/value for money considerations.
- 3.27. The service is currently supporting five apprentices with plans in place to recruit a further 8 during 2023. This will bring the total to 13, the maximum the service can accommodate with the supervisory capacity required.
- 3.28. Allocated appointments for repairs have provided tenants with improved levels of service delivery, with the percentage of tenants satisfied with the repairs and maintenance service increasing from 97.31% in 2019/20 to 98.6% in 2020/21. The figure for 2021/22 was 98.47%. Sustaining this level of satisfaction through the pandemic period represents a significant achievement by the Council's repairs workforce.
- 3.29. Satisfaction with the repairs service has been historically high. The independent tenant consultation survey carried out during summer 2019 showed that 92% of tenants were either very or fairly satisfied with the repairs service. A repeat of this survey is currently being commissioned and will be reported to members and tenants as soon as it is available⁵.

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. Charges applied to the account continues to be an area of concern for tenants.
- 3.31. A crucial element for tenants in regard costs to the service is the charge for non direct staffing and support costs, i.e. costs such as legal, finance, waste and HR. As already noted, the current business plan has reached the end of

⁵ Note that the figures in para. 3.27 are based on satisfaction returns from tenants after a repair has been completed. Those in 3.28 are from our three yearly survey of all tenants.

its five year cycle; work is underway to produce a new plan. Included within that review will be a review of all General Fund and HRA charges to ensure we continue to demonstrate compliance with the statutory guidance issued by Scottish Ministers⁶, the Scottish Housing Regulator and Audit Scotland.

- 3.32. During 2022/23 some HRA staff have continued to provided covid response and recovery activities and have been involved in the delivery of General Fund activities. These costs will be properly assessed for the financial year end and the HRA will receive appropriate compensation from the General Fund to the full value of the services provided.
- 3.33. However, the continued absence of these key officers from their substantive roles within the housing service is having an impact on important areas of work including the procurement of the new ICT system, the business plan review and over sight of the capital programme. This is likely to result in continued delays in completing some of this work.
- 3.34. In addition to the above, the business plan will need to closely examine future inflationary pressures, core costs, the investment levels required to meet the updated Energy Efficiency Standard for Social Housing (EESH2) and deliver the Council's stock improvement and new supply ambitions.
- 3.35. The Housing service has continued to examine the staffing structure in line with tenant priorities. The focus from Housing is to re-establish our close work with tenants, dedicating increased resources to tenant participation.
- 3.36. The budget includes the cost of the proposed re-design of the Service, along with provision for additional property positions to be funded by the HRA to support our improved work on dampness and mould and the delivery of the capital programme.
- 3.37. Members will be updated as the Service moves through the organisation re-design protocol. The process has been slower than was hoped largely due to the diversion of some key resources to other functions. As a result not all the new posts will be in place by 1st April 2023 and the resultant vacancy savings have been reflected in the budget.

HRA Income 2023/24

- 3.38. The projected base rental charges with the rent rise and other income is estimated to generate income of £24.1m.
- 3.39. With Gross Expenditure of £19.4m, this means that £4.8m is budgeted and available to transfer to the capital investment fund for tenant priorities. This combined with accumulated reserves estimated at £4.4m at the start of 2023/24, means there will be a need for borrowing in 2023/24 of £6.2m. This is the first time the service has had to borrow since 2015/16. Further details

⁶ <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2014/03/guidance-operation-local-authority-housing-revenue-accounts-hras-scotland/documents/00445684-pdf/00445684-pdf/govscot%3Adocument/00445684.pdf>

of this and projected capital investment and borrowing requirements over the period to 2027/28 are set out in Appendix 3.

- 3.40. The pandemic and current cost of living crisis has created challenges for tenants across Scotland in paying their rent. The service made good progress during the pandemic and the roll out of a new IT based tool helped to deliver improved performance during 2020/21.

Housing alignment with key identified Council projects/priorities and Target Operating Model

- 3.41. The Council's transformation programme, Be the Future sets out corporate priorities and outcomes which are aligned to the Local Outcome Improvement Plan (LOIP), and the vision and values as expressed in the Corporate Plan. This alignment maintains a consistent focus on our key themes - Sustainable Inclusive Growth; Empowering Families and Communities; and Health and Well-being - and provides a clear focus for Council investment and delivery. The Housing Service and the HRA budget as a key enabler have a direct influence on meeting these aspirations.
- 3.42. In 2022 the Council also approved a Target Operating Model that will provide the framework for service modernisation over the coming years. This approach has been reflected in the revised service structure currently in the process of being approved. Further work to develop this approach will be undertaken in consultation with tenants as part of the review of the 30 year business plan to be carried out during 2023. What is clear though to keep rents affordable the service will need to explore its cost base and seek opportunities in accordance with the TOM mixed economy to get best value for each £1 of tenant rent.
- 3.43. The Council is currently taking forward a new build development in Clackmannan for bungalow accommodation and the purchase of 40 second hand properties this financial year. In addition, the HRA owned Glentana Mill site is seen as the next site for the Council's aspirations around sustainable ageing developments, following on from Primrose Street. Further details of planned investment in new supply are set out later in this report.
- 3.44. The other key service improvement over the next 12 months will be the implementation of a review of our adaptations service. This review set out recommendations to build on our current good practice approach of accepting self referrals for most adaptations and ensure closer working with both health and social care.

4.0 Capital Programme Plan 2023/24 to 2027/28

- 4.1. An update on the HRA capital to the end of December of 2022 is attached as Appendix 4. Progress in a number of areas has been impacted by the lack of key officers redeployed to General Fund projects. With the appointment of a number of vacant posts within the Place Directorate this situation is expected

to improve during 2023. Key elements of the programme are set out in the below:

- Windows – The windows programme is currently in year seven of an eleven year capital plan. As of December 2022, 2,951 properties have been fitted. This equates to 59.38% of the HRA stock having thermal efficient windows.
- Roof and Render Programme – As part of effort to ensure our stock meets EESSH2, thermal render and roof works remain priority for the service. The most recent developments in External Wall Fabric are being investigated to ensure stock remains as thermal efficient as possible. The rolling programme is moving into Sauchie this year, with £1.5m investment in the area.
- Kitchen Renewal Programme – The kitchen programme has recommenced with the council commitment to fitting 200 kitchens per year. The programme aims to give tenants a choice of three kitchen sets, in line with the Scottish Housing Quality Standard. The rolling 25 year programme covers all properties and progress remains strong. Tenant KPI's remaining high, with satisfaction of works at 94.3%.
- Safe Electrical Systems – The service are now fully compliant with the requirement for the installation of interlinked fire alarms, introduced on 1st February 2022. The safe electrical contract will now focus on the requirement of the 5 yearly check and remedial works, currently 500 properties have inspections outstanding. This backlog will be eliminated by August 2023. The £1.5m allocated to this project ensures the council remains complaint with the relevant legislation and with our National Inspection Council for Electrical Installation Contracting certified supplier status.
- Westhaugh Improvement works – Work to demolish and completely redevelop the site for Gypsy/Travellers at Westhaugh is now under way. The project, supported by £2.5m in grant aid from the Scottish Government will ensure that the redeveloped site meets modern standards, including fire safety standards and meets the cultural needs of the residents. Twelve resident households have moved to temporary accommodation. Demolition will start before the end of April 2023 following the completion of ground condition survey and amelioration work.
- Lochies Road Clackmannan Regeneration Project – Following the purchase of vacant buildings and demolition of the unused garage sites at Lochies Road in Clackmannan, the site has now been designed for 8 bungalows. The project is due to start early 2023, and forms part of the commitment to the new build forward plan.
- Renewable Heating (zero direct emissions at point of use) – The council seeks to maximise grant drawdown from both the UK and Scottish Governments to ensure that renewable heating targets are met

for 2032. Currently, we are seeking technical reports for Lower Mains in Dollar. This site is currently off the gas grid and we will be piloting Air Source Heat Pumps and additional thermal efficiency measures.

- 4.2. The capital programme also includes a target of 40 acquisitions of new or second hand homes. At an average of £85,000, second hand purchases are significantly less expensive than new build properties. They will also require some additional investment to bring them to the Scottish Housing Quality Standard. This additional expenditure, continued over the next five years is included in the sum provided for in the capital programme along with a further sum of £2m to support investment in new homes.
- 4.3. Acquisitions will be targeted to achieve a range of outcomes including:
 - Meeting particular needs where existing homes are very scarce or non-existent;
 - Consolidating the Councils ownership in flatted blocks to ensure that repairs and improvements can be carried out without the risk of reluctant owners preventing them;
 - Preventing homelessness by acquiring properties with tenanted possession where the landlord is proposing to evict and sell; and
 - Extending the availability of council housing into areas where it is scarce or non-existent at present.
- 4.4. The Glentana Mill development will feature as part of a future transformational zone as part of the intergenerational living innovation programme, working alongside the University of Stirling. This will be a test of practice in terms of design for the wider roll out in our communities, with the emphasis on enabling people to stay in their homes safer and for longer.
- 4.5. The Service has a specific capital budget for community improvements. This can range from smaller improvements such as enhancing the laundry facilities in Marchside Court, to larger scale improvements such as those undertaken in Whins Road to reshape the communal areas and garden ground.
- 4.6. This work is undertaken following feedback from residents and tenants, and will enhance the quality of life of occupants and reduce the low demand and high turnover of the properties.
- 4.7. It should be noted that an assessment of the capacity of the council to sustain this investment within affordable rents will be one of the key outputs from the business plan review.

5.0 Capital Investment and Prudential Borrowing (Appendix 3 & 4)

- 5.1. The HRA financial plan approved in February 2018 had a reduced reliance upon borrowing. Investment in our stock is therefore focused on capital financed from current revenue (CFCR) to keep new borrowing to a minimum.

- 5.2. As shown in Appendix 3, the HRA is forecasting a projected surplus of around £6.3m in 2022/23, added to an existing surplus at the end of 2021/22 of £9.6m. The expected capital programme in 2022/23 is projected at £10.3m, including an estimated grant income of £2.5m from the Scottish Government in respect of Westhaugh and £2.3m in relation to new supply. Reserves at 31 March 2023 are expected to be £5.5m with £4.6m of this available to offset capital expenditure in future years after allowing for minimum reserves of 4% which equates to £0.821m and funds earmarked for the IT system £0.142m.
- 5.3. In 2023/24, reserves above the minimum 4% are expected to be applied to fund capital expenditure, returning reserves to their minimum level of 4%, £0.8m, of rental income by 31 March 2023. After use of these reserves, the HRA will require borrowing of £6.2m to fund the remaining budgeted capital expenditure.

Appendix 3 also shows a transfer of £1.168m of the HRA surplus in 2022/23 to the General Fund and a corresponding transfer of an equal amount from the General Fund to offset HRA capital expenditure. This is in line with the flexibility granted by the Scottish Government to allow the use of Capital funding received by the General Fund to be used to fund costs in relation to the increased 2022/23 Pay award. There is no detriment to the HRA from this arrangement as it is an accounting entry. The same transfer is also budgeted for in 2023/24.

6.0 Sustainability Implications

- 6.1. The sustainability implications of this report are comprehensively positive in terms of financial resilience, community participation, the local economy, energy efficiency, climate change, asset management and human resource.

7.0 Resource Implications

7.1. *Financial Details*

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

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

7.4. *Staffing*

- 7.5. As detailed in the report the Housing and Property functions have started a process of engagement with Trade Unions and SLG on a redesign in line with the councils organisational redesign principles. The cost of the proposed structure has been accounted for in the budget along with an adjustment to reflect the vacancy savings that will accrue ahead of full implementation.

8.0 Exempt Reports

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

9.0 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

10.0 Equalities Impact

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

Yes

No

11.0 Legality

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

12.0 Appendices

Appendix 1 – HRA Revenue Budget Summary 2023/24

Appendix 2 – HRA Capital Programme 2023-2024 to 2027/28

Appendix 3 – HRA Borrowing Requirement 2023/24

Appendix 4 – HRA Capital Programme progress summary

Appendix 5 – Rent Consultation responses

Appendix 6 – Proposed Rent Increase Illustration 2023/24

13.0 Background Papers

13.1. 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
Tony Cain	Acting Senior Manager (Housing)	5113
Craig Dickson	Accountant (Place)	2037
Katie Roddie	Senior Housing Officer	2688

Approved by

NAME	DESIGNATION	SIGNATURE
Pete Leonard	Strategic Director (Place)	

Directorate Summary - Housing Revenue Account

Appendix 1

Description	Annual Budget for 2022-23	Forecast to March 2023	Annual Budget for 2023-24
Chief Officers Gross Salaries	9,905	10,400	10,149
Chief Officers Employers Superann	2,229	2,340	2,334
Chief Officers Employers NIC	263	1,040	15
Single Status Gross Salaries	6,232,512	5,528,753	6,778,083
Single Status Employers Superann	1,372,783	1,183,511	1,532,288
Single Status Employers NIC	664,490	642,785	660,920
Single Status Overtime	420,000	431,406	450,000
Single Status Absence Pay	0	31,892	0
Trainee Allowances Gross Salaries	17,812	0	40,406
Trainee Allowances Eers NIC	19	0	3,065
Long Service Awards	2,350	450	2,350
Salary Related Admin Costs	2,160	316	1,910
Employee Management Costs	3,000	1,161	3,000
Staff Training	88,000	54,316	88,000
VS Saving or Unallocated	233,842	100,000	253,076
Vacancy Management	(564,233)	0	(367,046)
	8,485,132	7,988,370	9,458,550
Annual Maintenance External Providers	300,000	300,000	360,000
Cleaning & Hygiene Materials	10,000	7,000	10,000
Gas	8,000	18,000	20,000
Electricity	24,000	44,000	50,000
Void Rent Loss	450,000	518,000	500,000
Rates	13,000	12,368	13,000
Council Tax	31,000	31,500	31,000
Property Insurance	216,300	229,447	254,300
Bad Debt Provision	205,000	205,000	205,000
Building Costs - Recharges Internal	103,000	123,000	155,000
Land Services - Internal Recharges	55,500	37,250	55,500
	1,415,800	1,525,565	1,653,800
Insurance Repairs	0	2,100	0
Short Term Vehicle Hire	4,000	8,500	20,000
Staff Travel Mileage Expenses	10,000	6,637	10,000
Vehicles - Maintenance Recharges	345,000	354,000	390,000
	359,000	371,237	420,000
Purchase Of Equipment	60,000	59,500	96,000
Purchase Of Furniture	500	500	500
Storage & Removal Charges	2,000	2,000	2,000
Materials (issued from Stock)	1,079,000	1,078,000	1,187,000
Materials - Direct purchases from suppliers	975,000	765,000	1,072,000
General Consumables (small items)	46,150	46,150	51,000
Equipment Maintenance	30,000	33,500	38,000
Equipment Rental/Leasing	30,000	30,000	33,000
Scaffold Hire	75,000	75,000	82,500
Medical Supplies	1,100	100	1,100
Hospitality	100	0	100
Uniforms & Clothing	3,000	2,500	3,000
Office Equipment - Purchases	3,650	750	3,650
Printing & Photocopying	7,800	2,650	7,800
Stationery	6,260	6,276	6,260
Publications	800	0	800
Insurance	45,500	43,103	45,500
Professional Fees	52,150	36,150	102,150
Performing Rights	300	0	300
Postages	8,000	10,700	8,000
Legal Expenses	32,000	32,000	67,000

Subscriptions	20,600	14,147	20,600
Telephones	150	150	150
Mobile Telephones	33,810	36,850	33,810
Computer Hardware Purchase	20,000	20,250	20,000
Computer Software Maint.	133,300	140,167	161,000
Computer Peripherals	0	50	0
	2,666,170	2,435,493	3,043,220
Other Council Accounts	552,620	754,800	876,930
Other Local Authorities	23,500	10,000	23,500
Voluntary Organisations Payment	67,730	34,700	67,730
Payments To Contractors	98,200	66,140	98,200
Payment To Subcontractor	650,000	750,000	825,000
Other Agencies Payment	0	39,757	0
	1,392,050	1,655,397	1,891,360
Payments To Individuals	0	1,640	0
Support Services	1,204,000	1,204,000	1,204,000
Loans Fund Interest	1,298,700	1,042,794	1,177,650
Debt Management Expenses	24,600	21,097	23,209
Principal Repayments	384,100	384,110	480,586
	1,707,400	1,448,001	1,681,445
Total Expenditure	17,229,552	16,629,703	19,352,375
Charges for Services Standard VAT	(61,400)	(20,000)	(61,400)
Other Income	(5,740)	(5,750)	(5,740)
Housing Rents	(20,525,150)	(20,525,150)	(21,234,480)
General Rents	(102,350)	(93,774)	(102,350)
Interest(Revenue Balance)	(10,000)	(167,883)	(168,000)
Internal Trading Contract	(2,150,000)	(2,092,000)	(2,558,200)
Total Income	(22,854,640)	(22,904,557)	(24,130,170)
Net Surplus	(5,625,088)	(6,274,854)	(4,777,795)

HRA Capital Budget 2023/24 to 2027/28

Appendix 2

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
SHQS ELEMENTS					
Primary Building Elements					
Structural Works	250	250	250	250	250
Secondary Building Elements					
Damp Proof Course and Rot Works	120	120	120	120	120
Roof/Rainwater/External Walls	1,500	1,500	1,500	1,500	1,500
Windows	2,000	2,000	2,000	2,000	1,000
Doors	50	400	400	400	400
Energy Efficiency					
Full/ Efficient Central Heating	750	500	1,750	1,750	2,500
Renewables	60	500	500	500	500
Modern Facilities & Services					
Kitchen Renewal	1,250	1,250	1,250	1,250	1,250
Bathroom Renewal	50	50	50	1,000	1,000
Health Safe & Secure					
Safe Electrical Systems	1,500	1,500	1,500	1,500	1,500
Environmental Works	325	325	325	325	325
Secure Door Entry Systems & CCTV	300	300	300	300	300
New Build					
Westthugh	1,669				
Off the Shelf Purchases & Refurbishment	2,604	2,604	2,604	2,604	2,604
Lochies Road Clackmannan	1,300				
New Build		2,000	2,000	2,000	2,000
NON SHQS ELEMENTS					
Misc Conversions & Adaptations	70	70	70	70	70
Disabled Adaption Conversions	500	500	250	250	250
HRA Roads & Footpaths Improvements	100	100	100	100	100
Tenant Community Improvement Fund	200	200	200	200	200
Demolitions	150	300	300	300	300
Lock Ups	100	100	100	100	100
Housing Business Management System	372	40	40	40	40
IT Infrastructure	21	21	21	21	21
Construction Design & management	20	20	20	20	20
Total	15,261	14,650	15,650	16,600	16,350
Estimated House Sales	0	0	0	0	0
Total Capital Programme	15,261	14,650	15,650	16,600	16,350

HRA Borrowing Requirement 2023/24 to 2027/28

Appendix 3

1st April 2022	£9,552,000	
2022-23 Surplus Forecast	£6,275,000	
Less Transfer of Surplus to GF Earmarked for IT System	-£1,168,000	
Minimum Reserve Balance	-£821,000	
	<u>£13,696,000</u>	
2022-23 HRA Capital Forecast	-£10,282,000	
Less Transfer of Capital Funding from GF	£1,168,000	
2022-23 Reserve Contribution	<u>£4,582,000</u>	
2023-24 Surplus	£4,777,000	
Increase in Minimum Reserve	-£28,000	
Less Transfer of Surplus to GF	-£1,168,000	
Use of Earmarked Reserve	-£273,000	
2023-24 Capital programme	-£15,261,000	
Less Transfer of Capital Funding from GF	£1,168,000	
	<u>-£6,203,000</u>	New Borrowing
2024-25 Surplus	£4,287,000	
Increase in Minimum Reserve	-£28,000	
2024-25 Capital programme	-£14,650,000	
	<u>-£10,391,000</u>	New Borrowing
2025-26 Surplus	£3,797,000	
Increase in Minimum Reserve	-£28,000	
2025-26 Capital programme	-£15,650,000	
	<u>-£11,853,000</u>	New Borrowing
2026-27 Surplus	£3,307,000	
Increase in Minimum Reserve	-£28,000	
2026-27 Capital programme	-£16,600,000	
	<u>-£13,293,000</u>	New Borrowing
2027-28 Surplus	£2,817,000	
Increase in Minimum Reserve	-£28,000	
2027-28 Capital programme	-£16,350,000	
	<u>-£13,561,000</u>	New Borrowing

Housing Investment Team Performance Update 2022-23
Quarter 3 - HRA Capital Programme & SHQS

Completed Works to 31st December 2022

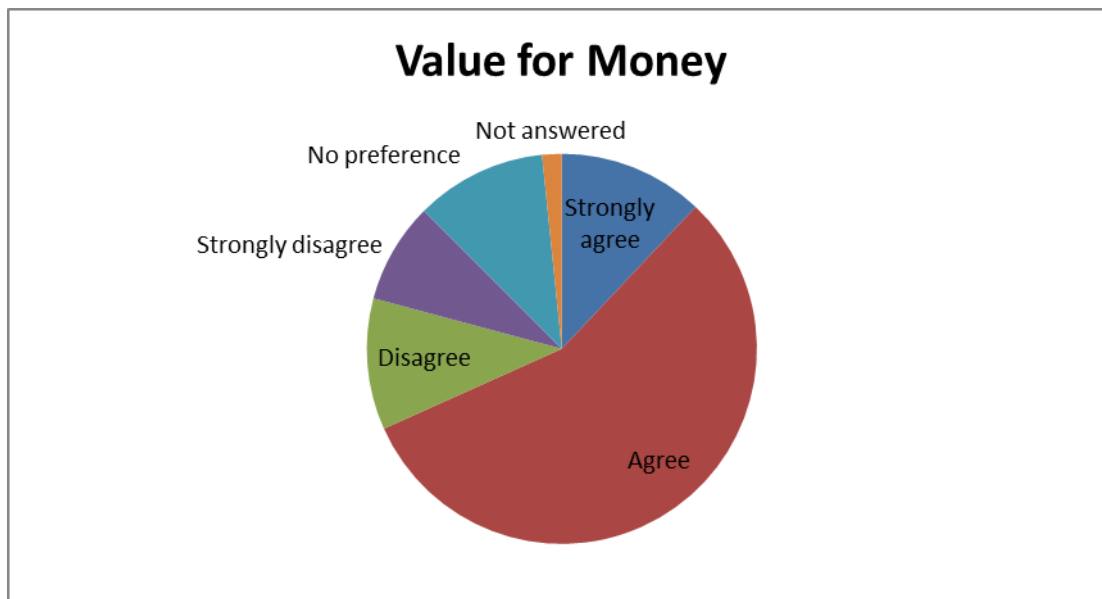
Project	Number of Houses Completed to end Quarter 3
Window Replacement Programme	251
Bathroom Replacements - PCU	43
Kitchen Replacement – PCU	42 (programme starting Feb23)
Disabled Bathroom Adaptations	27
Hard Wired Smoke Detection	Full Stock Complete 4969
Central Heating Upgrades	151 complete installs (programme and voids)
Safe Electrical Tests & Upgrades	469 Tests & 301 Remedials
Roof Replacements	13 (procurement issue – contract due Feb23)
Roughcast /Cladding Replacement	0 (procurement issue – contract due Feb23)
Roof and Render	3
Secure Door Entry Upgrades CCTV	15 Closes 73 Properties
Fencing Replacements	87 properties
Asbestos Testing	121
Asbestos Removal Works	61
Stock Condition Surveys	0
Completed Damp/ Rot Works	54 complete
"Off the Shelf" refurbishments to SHQS	9 (total completed)
Structural Works	4 Total (Branshill Park, Quarry Place Remedials and Ochilview, Devonside)
Westhaugh Travellers Site	Project Initiation Complete – RIBA stage 4
Energy Performance Surveys	582

Rent Increase Consultation 2023/24

The following details the results of the consultation published on Citizen Space in relation to the Rent Increase Consultation 2022/23, which was open from 2nd December 2022 to 9th January 2023.

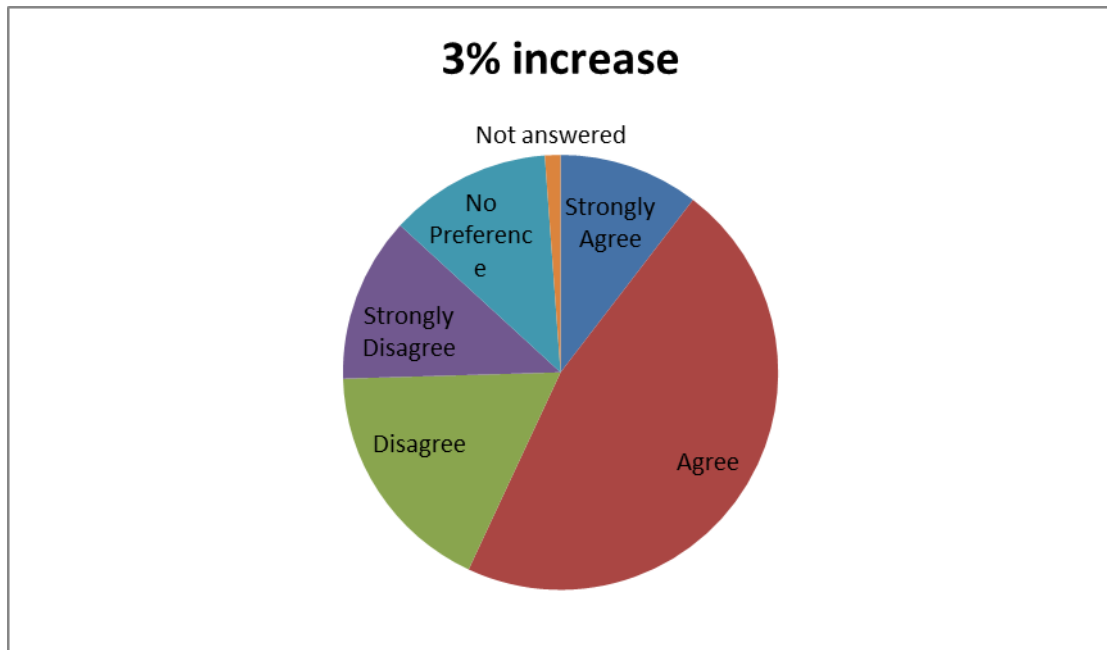
432 responses were received, a summary of the responses are detailed below:

Do you think the rent you pay represents good value for money?



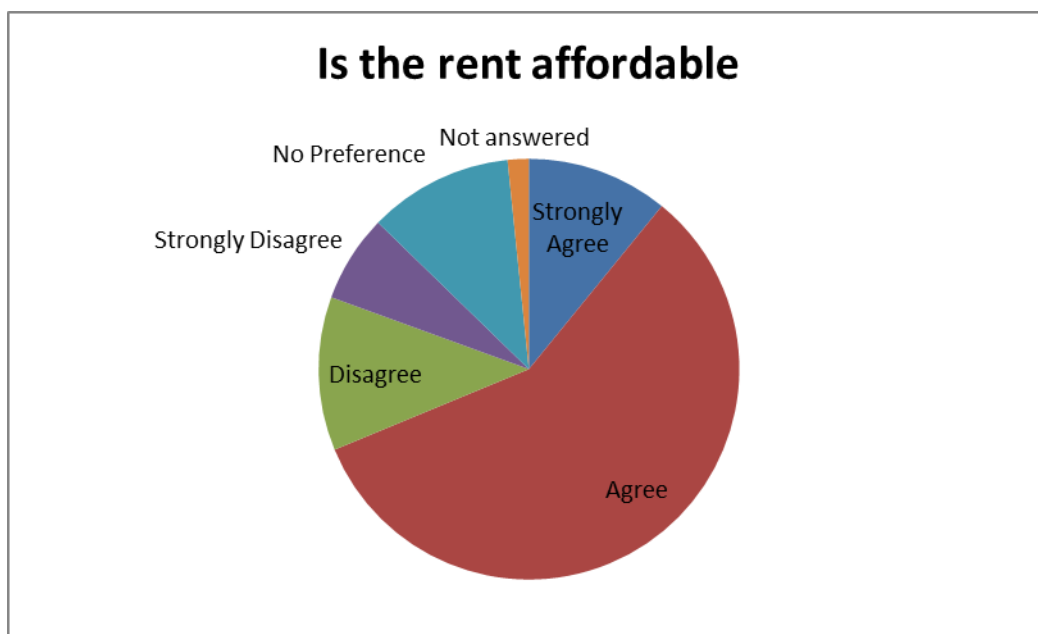
	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference	Not answered
Value for Money	52	243	47	36	47	7
	13.90%	55.45%	12.32%	6.32%	10.74%	1.26%

To enable us to continue our capital investment at current levels the business plan requires a minimum of 3% (on average £2.34 per week) for 2023/24. Do you feel this increase would be appropriate?



	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference	Not answered
3.1% increase	45	201	76	53	52	5
	6.79%	34.76%	15.17%	7.27%	19.91%	16.11%

It is important that we take account of what current and prospective tenants and other customers are likely to be able to afford. As the Council's current rent is below the average in Scotland, do you think the rent charged by Clackmannanshire Council is affordable?



Appendix 5

	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference	Not answered
Is the rent affordable	47	250	51	29	48	7
	9.64%	56.08%	13.90%	4.74%	12.48%	3.16%

3%

Rent Costs for Houses with effect from 3 April 2023

	£ Rental Charge 2022/23	£ Increase	£ Revised Charge 2023/24
1 Apartment	80.64	2.42	83.06
2 Apartment	82.58	2.48	85.06
3 Apartment	84.59	2.54	87.13
4 Apartment	86.31	2.59	88.90
5 Apartment	88.45	2.65	91.10
6 Apartment	90.60	2.72	93.32

Rent Costs for Flats with effect from 3 April 2023

1 Apartment	79.16	2.37	81.53
2 Apartment	81.06	2.43	83.49
3 Apartment	83.06	2.49	85.55
4 Apartment	84.88	2.55	87.43
5 Apartment	86.98	2.61	89.59

Average Rent (48 weeks)	£86.92
Average Rent (52 weeks)	£80.23

Rent Cost for Lock-ups with effect from 3 April 2023

Lock-ups		Increase £	Weekly £
Lock-up Rent	8.00	0.24	8.24
Lock-Up with VAT	9.60	0.29	9.89

Garage Pitch Site Annual Cost £93.62 (£112.34 VAT)

The rent charge-free weeks for 2023/24 will be the weeks commencing:

- 31 July 2023
- 7 August 2023
- 25 December 2023
- 1 January 2024
- 25 March 2024