
**PROCEDURE TO BE FOLLOWED AT THE
MEETING OF RENFREWSHIRE COUNCIL
TO BE HELD ON 12th FEBRUARY, 2015
DURING CONSIDERATION OF ITEM 3 CONCERNING
THE HOUSING REVENUE ACCOUNT BUDGET, RENT LEVELS 2015/2016
AND HOUSING CAPITAL INVESTMENT PLAN 2015/2016-2017/2018**

The purpose of this note is to give Members advance notice of the procedure which Provost Hall has agreed should be followed at the Meeting of the Council on 12th February, 2015 viz:

1. The Convener of the Housing & Community Safety Policy Board will make his budget statement for financial year 2015/2016 and move as appropriate. He will then speak to the principal points of his proposals. The motion will require to be seconded.
2. For the purposes of the subsequent discussion and voting, the Convener's proposals will be taken as one motion.
3. An opportunity will then be given to the Leaders of the opposition groups and any other Members to move, and to have duly seconded, comprehensive amendments to the motion (i.e. taking together budget proposals, the rent levels and the capital investment plans).
4. The motion and any amendments will require to be produced in writing and a copy given to each of the Members present prior to being spoken to at the meeting.
5. There shall be no formal restriction upon the length of time given to the Convener and the Leaders of the opposition groups to move their respective budget statements and speak in support of the principal points of their proposals. However, Provost Hall shall have the power to require any person speaking to limit their speech in order to facilitate the conduct of the meeting.
6. Provost Hall will then invite other Members to take part in the debate.
7. The debate will conclude with Provost Hall giving the Convener an opportunity to reply.
8. A vote or votes will then be taken in accordance with the provisions of standing orders.

To: Council

On: 12 February 2015

Report by: Director of Development & Housing Services and Director of Finance & Resources

Heading: Housing Revenue Account Budget & Rent Levels 2015/16 and Housing Capital Investment Plan 2015/16 to 2017/18

1. Summary

- 1.1 The Council has an obligation to bring all of its housing stock up to Scottish Housing Quality Standard (SHQS) by 2015. In 2009 the Council approved a delivery plan to achieve the SHQS by 2015, established on the basis of a strategy of rent increases of 4.5% up to 2015 to provide certainty of funding for the extensive investment programme required and to reflect the risks and uncertainties over cost pressures going forward over the period of the plan. Subsequently and as part of the regular annual review of the long term business plan, the Council agreed to a reduced rent increase of 3.5% for 2014/15, 1% lower than originally planned in 2009.
- 1.2 The Council is now in the final year of the SHQS investment programme and is on track to meet the standard, with allowable exemptions and abeyances. Following completion of the SHQS programme, the Capital Plan will enter a period of Lifecycle Maintenance and reinvestment to maintain the Standard on an ongoing basis.
- 1.3 The UK Government's Welfare Reform policy changes have created additional financial stress on families, pressure on Council services and have introduced a significant financial risk to the HRA. This includes increasing risks associated with bad debt levels, significant costs associated with rent collection and the costs associated with advice and support for tenants.
- 1.4 The Council has made a clear commitment to support its tenants by setting aside HRA balances of £5m for measures to mitigate the impact of welfare reform over the medium term. This included additional staffing to deal with the increased contact needed with tenants, support for the development of initiatives for unemployed Council tenants and the establishment of a Council Tenant Assistance Fund (CTAF). Changes to the funding arrangements associated with Discretionary

Housing Payment (DHP) arrangements in 2014/15 have removed the need for the CTAF in financial year 2014/15.

- 1.5 The HRA Business Plan is regularly reviewed to take account of changes in key assumptions, which informs the annual budget setting process and allows consideration of the planned rent increase for 2015/16.
- 1.6 This report details the proposed Housing Revenue Account budget for financial year 2015/16 and the Housing Capital Investment Plan for the three year period 2015/16 to 2017/18.

2. Recommendations

2.1 It is recommended that the Council:

- a) Considers the contents of this report and approves an average weekly rent increase of 3.5% for 2015/16,
- b) Notes the findings of the recent Tenant Consultation exercise,
- c) Approves the Housing Revenue Account Budget for financial year 2015/16 as detailed in Appendix 2,
- d) Notes the Council's continued commitment to mitigate the impacts of welfare reform on Council tenants through the earmarked HRA resources over the period to 2017/18 to deliver a programme of measures intended to support tenants to manage the negative impacts of welfare reform,
- e) Approves the Housing Capital Investment Plan 2015/16 to 2017/18 as detailed in Appendix 3 of the report, and
- f) Notes the continuing risks to the Housing Revenue Account including the uncertainty associated with the impact of the rollout of welfare reform changes, particularly in relation to Universal Credit and direct payments.

3. Background

- 3.1. On the 21 May 2009, Council approved the Standard Delivery Plan to upgrade all housing stock to the SHQS by 2015. The funding package to deliver the plan required rent increases of 4.5% in each of the 5 years to 2015. Rent increases of 4.5% were implemented during financial years 2010/11 to 2013/14. Subsequently and as part of the regular annual review of the long term business plan, the Council agreed to a reduced rent increase of 3.5% for 2014/15, 1% lower than originally planned. 2014/15 is the final year of investment and the Council is on track to comply with the Standard, taking account of allowable abeyances and exemptions. Progress towards the delivery of the standard continues to be reviewed by the Scottish Housing Regulator.
- 3.2. The HRA operates on the basis of a 30 year Business Plan model which is the standard operating practice amongst local authorities and Registered Social Landlords. The 30 year basis of the model reflects the need for a long term planned approach to the replacement of major items such as rewiring, central heating etc aligned to the lifecycle of the element, which will be required following the completion of the 5 year investment programme. The model ensures that rental

income is sufficient over the term of the plan to cover the costs of servicing capital expenditure, the costs of maintaining the housing stock and staffing costs.

- 3.3. The Business Plan model is reviewed annually to take account of the adjusted base budget position over the previous year and to update any key assumptions (see paragraphs 4 and 5). This review process allows consideration to be given to the setting of rent levels for the next and future financial years.

4. Key Changes to HRA Business Plan Assumptions

4.1. Welfare Reform

- 4.1.1. The UK Government's welfare reform policy changes have created additional financial stress on families, pressure on Council services and have introduced a significant financial risk to the HRA, including increased bad debt levels, costs associated with rent collection and costs associated with advice and support for tenants.
- 4.1.2. The Council made a clear commitment to support its tenants through the transitional period by earmarking HRA balances of up to £5m to put in place a sustained programme of measures over 5 years to support tenants to manage the negative impacts of welfare reform and to protect as far as possible the sustainability of the HRA Business Plan.
- 4.1.3. The initial measures included additional staffing to cope with the vastly increased contacts needed with tenants, the development of an employment initiative for unemployed Council tenants and the establishment of a Council Tenant Assistance Fund (CTAF). The CTAF was to be targeted at providing a scheme of financial support for tenants experiencing hardship. Given the close links with the Discretionary Housing Payment (DHP) scheme approved in March 2013, the disbursement of the CTAF took account of the circumstances and outcomes of applications made by Council tenants for DHP.
- 4.1.4. At the Finance and Resources Policy Board meeting on 27 August 2014, the Board approved a revised policy for Discretionary Housing Payments and agreed to introduce a streamlined application process for applicants affected by the under occupancy reduction. The revised policy approved for Discretionary Housing Payments and the resources made available to implement the objective of fully mitigating the effects of the under occupancy deduction across Renfrewshire, will result in the CTAF not being needed for financial year 2014/15. The resources set aside for the CTAF will be carried forward at the year end and will continue to be set aside for Welfare Reform use in future years.
- 4.1.5. The Council has been advised that the phased rollout of Universal Credit will go live in Renfrewshire on the 1 June 2015 for single persons who have made a new application for and are entitled to Job Seeker's Allowance (Income Based).
- 4.1.6. Due to the slower than expected roll out of Universal Credit, it is appropriate that the planned increase in the HRA Business Plan bad debt provision can be reduced to 2.5% for 2015/16, in lieu of the previously planned increase to 5%.

4.2. Housing Regeneration and Renewal

- 4.2.1. The Capital Investment Plan includes provision for 224 new build properties – 24 at Seedhill Road in Paisley with plans being developed for a further 100 new houses in Bishopton and 100 in the Johnstone area as part of the regeneration initiative. These projects are included in the Strategic Housing Investment Plan (SHIP) 2015/16 to 2019/20. As with the Council's first new build development at Blackhall in Paisley, it is intended to secure funding support from the Scottish Government Affordable Housing Programme. It is anticipated that the Council could receive grant funding of £46,000 per unit with the remainder funded through the HRA and this has been reflected in the HRA Business Plan. The Council's planned new build along with the other RSL new affordable housing included in the SHIP, will see a substantial number of new high quality affordable homes being built in the next 5 years.

5. HRA Budget 2015/16 and HRA Business Plan Assumptions

- 5.1. The 30 year Business Plan has been reviewed to reflect the proposed HRA revenue budget for 2015/16 and the Housing Capital Investment Plan for 2015/16 to 2017/18. It also takes into account the key assumptions and risks to the HRA going forward.
- 5.2. There are a range of ongoing and future risks which could impact on the sustainability of the Council's housing provision in Renfrewshire. These include:
- The roll out of welfare reform changes, particularly in relation to Universal Credit (see paragraph 4.1.5),
 - The cap on overall welfare spending which would include Housing Benefit from 2015 which could restrict the ability to raise rents, however the detail remains to be confirmed, and
 - EESSH and the requirement to ensure that all stock achieves the relevant minimum energy rating by the first milestone of 31 December 2020 and that the availability of future funding through Government and other external sources such as ECO is accessed to ensure EESSH can be achieved through the Council's own capital funding plans for lifecycle replacement. At this stage the HRA Business Plan assumes that EESSH will be achieved through the Council's own capital funding plans for lifecycle replacement, along with Government sourced supplementary funding (e.g. HEEPS:ABS) and other external sources such as ECO.
- 5.3. The Scottish Housing Charter established the need to consult with tenants on key aspects of service, including rent charges. A consultation with tenants on proposed changes to rents for 2015/16 was conducted through the Peoples News. The consultation ran from week commencing 15 December 2014 to 16 January 2015 and sought tenants' views on a proposed weekly increase of 3.5%. The Council has around 12,000 tenants but only 67 responses (less than a 0.5% response rate) were received of which 45 tenants disagreed with the proposal and 19 agreed.
- 5.4. The proposed changes to the HRA budget for Financial Year 2015/16 are detailed in Appendix 1 and the proposed HRA budget for 2015/16 is detailed in Appendix 2.

- 5.5. The key assumptions for the 2015/16 HRA budget and the HRA Business Plan are outlined below:
- The average rent increases by 3.5% in line with the Business Plan assumptions and by 3.5% thereafter,
 - The estimated housing stock for 2015 is 12,110,
 - The provision for bad debt will be 2.5% in 2015/16 due to the slowdown of the roll out of Universal Credit,
 - The level of void properties is maintained at 3%,
 - Savings of £305,000 will be achieved across several workstreams by realigning budgets to meet current service requirements,
 - Investment of £500,000 to improve decoration for some lower demand empty homes,
 - The strategy of using HRA surpluses and Capital Financed from Current Revenue (CFCR) to reduce new debt and smooth debt repayments will continue to be used to support the sustainable delivery of the business plan,
 - £5 million of HRA resources earmarked over 5 years to mitigate the impact of welfare reform on tenants (see paragraph 4.1.2) of which £4.4m remained at 31 March 2014,
 - The number of Right to Buy sales is forecast at 100 per annum for 2015/16 to reflect an expected increase in numbers due to the end of the Right to Buy Scheme on 1 August 2016,
 - Provision for 224 new build homes (see paragraph 4.2),
 - The first milestone of EESSH will be achieved through the Council's own capital plans for lifecycle replacement along with Government sourced supplementary funding and other external sources, and
 - The profiling of debt repayments in line with the Council treasury management forecasts.
- 5.6. Implementation of the 2015/16 rent increase will be aligned to the rent charging structure previously agreed by the Council and introduced from April 2011. The revised rent charging redistributes the overall rent income required (including the rent increase agreed for 2015/16) across the stock in a fairer and more consistent way. The revised system is being implemented in phases with a transitional premium cap of £1.50 per week for any rent which requires to be increased. Consequently, the increase will exceed the rent increase agreed for 2015/16 for some tenants and for others will be less as rents move towards the target level. By the end of financial year 2015/16 it is anticipated that approximately 90% of tenants will have reached the target rent for their property.
- 5.7. The approved rent restructure revised the methodology for charging District Heating and Launderette Services. The actual costs of the service are charged to users and the charge is reviewed annually considering both prior years actual costs and future year cost projections.
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6. Housing Revenue Account Financial Position

- 6.1. Reserves are essential to cover any future risks to the delivery of the HRA Business Plan. These risks include the uncertainty over the impact of welfare reform on arrears and rental collection.
 - 6.2. £4.4m of resources represents the remaining balance of the £5m which was earmarked for welfare reform support and to protect as far as possible the financial sustainability of the HRA Business Plan.
 - 6.3. £6.8m of resources represent unallocated balances and this will be kept under review to ensure that there is adequate protection for the HRA should any of the business case assumptions change significantly.
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7. Housing Capital Investment Plan

7.1. Housing Capital Investment Plan 2015/16 to 2017/18

- 7.1.1. The proposed Housing Capital investment Plan for the 3 year period from 2015/16 to 2017/18 is attached at Appendix 3. The total value of the plan is £45.0m. Whilst the bulk of expenditure on the Scottish Housing Quality Standard (SHQS) programme will be complete by 31 March 2015, the plan reflects some carry forward expenditure in the early months of 2015/16 to allow for the completion of some of the external works programmes in blocks where the Council is not the majority owner, as well as allowances for the conclusion of final account payments. Members should also note that there is a requirement to maintain the stock at the SHQS beyond 2015 which will result in programmes continuing as properties which had been assessed as complying prior to 2015 subsequently drop below the standard.
- 7.1.2. A summary of the main areas within the proposed plan are detailed in the sections below. The main categories of programme expenditure are:
 - Kitchens, bathrooms and rewiring
 - Heating
 - External improvements
 - Energy Efficiency and Carbon Reduction Programmes
 - Regeneration including demolition and new build
 - Other priorities such as Disabled Adaptations
- 7.1.3. The value of this programme and consequential programmes will be significantly lower than the levels invested to achieve the SHQS by 2015. The Plan for the first year, 2015/16, will include the following improvements for tenants as well as a provision for new build :

2015/16 Planned Improvements	
Kitchen, Bathroom and Rewire Combinations	300
Heating Upgrades	250
District Heating Upgrades	135
External Fabric Upgrading to blocks in mixed council/private ownership	50 common blocks (benefitting 98 tenants)

7.1.4. The planned capital investment in 2015/16 will be £14.4m, followed by £12.9m in 2016/17 and £17.7m in 2017/18, including allowances for new build. The plan will be reviewed on an annual basis against the HRA Business Plan incorporating an ongoing assessment of risk.

7.1.5. The table below sets out the proposed composition of the plan for 2015/16 and how it will be funded.

2015/16 Programme		Funding	
Existing Stock	£12.4m	Prudential Borrowing	£9.4m
New Build	£2.0m	Receipts from House Sales	£3.1m
		Capital from Current Revenue	£1.9m
Total	£14.4m	Total	£14.4m

7.1.6. A full report will be presented to the HACS Policy Board on the conclusion of the 2010 – 2015 SHQS programme setting out the final financial position, compliance figures and local benefits. In summary it is expected that the Council will have invested a total of £142m in the stock (including new build) over this 5 year period, which has delivered significant improvements to tenants' homes.

7.1.7. There are 55 individual SHQS compliance criteria which are compressed into 5 key assessment areas. In terms of the headline compliance rate, the position to 31 March 2014 (the most recent annual reporting period) is set out below:

SHQS Compliance – Years 1 to 4 of the 5 year programme

Period (Year to):	31 March 2011	31 March 2012	31 March 2013	31 March 2014
Healthy, safe and secure	60.70%	89.03%	90.87%	95.72%
Modern facilities	18.65%	51.02%	67.95%	76.41%
Energy efficient	45.35%	60.70%	72.86%	91.09%
Secondary repair elements	33.91%	44.60%	65.12%	91.69%
Tolerable standard	100%	100%	100%	100%
Overall compliance:	2.9%	15.1%	32.30%	62.10%

By 31 March 2015 the Council expects to achieve 100% compliance on all properties on which we have secured access to carry out internal works or where we have managed to secure the cooperation of owners. The Scottish Government has recognised these issues and has introduced an 'abeyance' category which allows the Council to revisit the SHQS requirement post April 2015 when internal access has been agreed (or for example when the property is void) or where agreement is reached on common works with existing or new owners. Exemptions are also allowed where it has not been technically feasible to carry out the work. The net figure is therefore likely to be in excess of 80%.

- 7.1.8. Provision has been made within this programme, and within the Business Plan, to allow abeyances and exemptions to be introduced into work phases when resources permit. Depending on the volume of post 2015 responses there may be some delay to allow programming of previous refusals into manageable works contracts.
- 7.1.9. In approving programme elements and expenditure targets for the delivery of the HRA capital programme over the five financial years to 31 March 2015 the Housing and Community Safety Policy Board, at its meeting on 2 March 2010, recognised that the scale of expenditure envisaged would require careful monitoring, and that adjustments would be required from time to time within and between financial years to reflect the practicalities of delivering the planned programme. Reference is made in the paragraphs which follow to the continuing need to maintain the stock at the SHQS levels beyond the initial SHQS compliance date, as well as the implications of the introduction of a number of new energy related requirements from the Scottish Government which will have investment implications for both Council stock and blocks in shared ownership in the years ahead.
- 7.1.10 At the Council meeting on 13 February 2014 authority was granted to continue this flexibility to allow the re phasing of the 3 year programme from 2014/15 to 2016/17 as necessary to ensure optimum use of resources within the corporate limits of prudential borrowing. It is proposed that this facility remains in place over the life of the new three year plan detailed in appendix 3.

7.2. Capital Programme Elements

The following paragraphs describe the main categories of work which are included in the proposed programme set out within appendix 3:

7.2.1. Kitchens, Bathrooms, Rewiring

The Council must maintain the housing stock at the level required by SHQS, and accordingly there will be a need to carry out combinations of kitchen, bathroom and rewiring on properties which will fall below the standard over the course of the plan. Numbers of planned replacements will reduce significantly from pre 2015 levels given the volumes that were completed over the last 5 years. However there will also be a need to tackle properties where the pre 2015 work has been refused and the tenant is now allowing access or where the property is void, and the SHQS upgrading can be accommodated with any general repairs prior to relet.

7.2.2. Heating

Heating will be treated in the same manner as described in paragraph 7.2.1 above. Allowances have been included for planned replacements for full systems or boiler only upgrades, as well as similar specifications for void houses. Again the budget for these targets will be kept under review to account for actual levels of access achieved, and the phasing of work adjusted accordingly.

George Street District Heating Replacement

Plans are being developed in consultation with the Scottish Government, for the replacement of the district heating system in the George Street area which serves 137 Council houses and 181 private houses. The existing single pipe system operates from 7 individual gas boilers and no longer meets current requirements in terms of energy efficiency, cost to run and user control. It is proposed to replace the

system with individual fuel efficient gas boilers in each flat, linked to new radiators in each room. Because of the number of owners involved and the need to provide a funding solution which allows the existing system to be switched off and decommissioned across the entire site, it has not been possible to identify a suitable replacement district heating solution within the cost parameters imposed for such systems. Instead support is being sought for owners through the Scottish Government Home Energy Efficiency area based grants programme and the outcome of this should be known shortly. Supplementary provisions against owners' costs will also be included, if required, within the Private Sector Housing Grants programme which will be submitted to the HACS Board in March. On this basis an allowance of £411,000 has been included within the HRA capital programme to cover the installation costs for the Council owned properties based on the work commencing over the summer of 2015 and taking approximately 12 -15 months to complete, following which the existing system will be switched off and decommissioned. Further reports will be presented to the HACS Board as the project develops.

7.2.3. External improvements

The programme includes allowances for residual SHQS works in later phases of the common blocks programme where the Council is the minority owner and the delivery programme has been adapted to ensure as many blocks as possible will be upgraded. The SHQS works are all committed for compliance purposes and the programme should conclude within the 1st quarter of financial year 2015/16. Thereafter allowances are included for programmes to address post 2015 SHQS requirements and for blocks where work proposed pre 2015 may now be feasible as a consequence of increased owner consents. Dependant on demand within this latter category it may still be necessary to defer works until such time as sufficient resources can be found within this and future capital plans.

7.2.4. Energy Programme

A small allowance is included to cover ad hoc costs associated with the delivery of energy efficiency programmes addressing fuel poverty and carbon reduction. Core expenditure on energy efficiency projects is either incorporated within lines elsewhere within the programme (e.g. the likes of external wall insulation is included within common block and external envelope upgrading) or will be provided through external funding sources such as the Energy Company Obligation (ECO) which is also supporting external wall insulation as well as loft insulation and cavity fill, in many cases at no cost to the Council or to participating owners.

7.2.5. Multi Storey Flats

Expenditure on over cladding 9 blocks was carried out within SHQS phases either with HRA support or through externally funded ECO programmes. The programme contains allowances for general mechanical and electrical replacements as well as health and safety issues over all 14 blocks.

7.2.6. Common and Environmental Works

All blocks which did not have existing door entry systems were offered installations as part of the SHQS programme. A small allowance for new door entry systems is included towards the end of the programme to allow for new consents on previously refused work.

7.2.7. Other Council Priorities

As in previous years the programme includes provisional recurring allowances for disabled adaptations, the treatment of asbestos and wood rot, and for unforeseen essential property improvements.

7.2.8. Other Assets

Provisional Allowances are included for necessary improvements to garages and shops, as well as the replacement of equipment in common launderettes.

7.2.9. Initiatives

An annual allowance is included for properties acquired under the 'Mortgage to Rent' initiative. This allowance is kept under review and may require revision based on the actual qualifying demand which is primarily owner driven.

A balancing allowance is included for survey, advertising and sales fees under the strategy approved by the HACS Board on 13 May 2014 to dispose of single remaining Council houses in larger common blocks. Following the abolition of the 'right to buy', receipts generated will be used to acquire properties which will bring majority ownership to the Council.

An allowance is included for capital improvements to sheltered housing blocks. In the first year of the programme it is expected to include the replacement of common heating boilers in up to 3 locations, although it is hoped that a proportion of the costs will be met through external grant support.

7.2.10. Non Property Expenditure

The provision for fees associated with the sale of Council houses is included for the first two years of the programme only, based on the abolition of the 'right to buy' on 1 August 2016.

7.2.11. Non Physical Investment

A small annual allowance is included for ad hoc scoping surveys associated with management and investment of housing assets.

7.2.12. Regeneration

The programme includes allowances for the acquisition of privately owned houses, and the demolition of vacant blocks associated with the regeneration of the Johnstone Castle area following the report approved by the HACS Board on 26 August 2014. Provision is also made within 2015/2016 for the demolition of the shops and maisonettes at Hallhill Road in Johnstone.

An allowance is also made within years 2 and 3 of the programme for similar categories of work within any further regeneration programmes identified by the Council.

7.2.13. New Build

The Capital Investment Plan includes provision for 24 new build properties at Seedhill in Paisley as well around 200 additional new build Council houses at Johnstone and Bishopton. These projects are included in the Strategic Housing Investment Plan (SHIP) 2015/16 to 2019/20 and it is intended to secure Scottish Government grant funding to help deliver these new homes. The current grant benchmark for Council new build is £46,000 per unit; the remainder of the

development cost would be funded through the HRA. The Council will continue to work in partnership with RSLs to take forward other projects to deliver affordable housing in Renfrewshire as set out in the SHIP.

Implications of the Report

1. **Financial** – The report and appendices detail the proposed HRA budget and average weekly rent increase for 2015/16 and the Housing Capital Investment Plan for 2015/16 to 2017/18.
2. **HR & Organisational Development** – The proposed review of staffing structures and responsibilities to reflect current service requirements (including SHQS) as detailed in major changes to Employee Costs in Appendix 1 can be delivered by through appropriate application of the Councils existing VR/VER process and the status of temporary contracts.
3. **Community Planning**
Community Care, Health & Well-being - Improving and maintaining housing conditions for the benefit of tenants.
Empowering our Communities – Tenants were consulted on the proposed changes to rents for 2015/16 and tenant representatives are involved in the specification and monitoring of the investment programme.
Greener – Protecting, caring for and enhancing the natural and built environment.
Jobs and the Economy – Construction firms employ local staff.
Safer and Stronger – Ensuring the long term stability of the housing stock.
4. **Legal** – The council is required to set an HRA budget for 2015/16 and agree rent changes for notification to tenants.
5. **Property/Assets** – The report proposes the Housing Capital Investment Plan for 2015/16 to 2017/18.
6. **Information Technology** – None.
7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None.
9. **Procurement** – The proposed Capital Investment Plan for 2015/16 to 2017/18 will include procurement of contracts.
10. **Risk** – The HRA Business Plan remains subject to a number of risks including the impact of welfare reform and cost pressures such as wage and general inflation.
11. **Privacy Impact** – None.

List of Background Papers

None.

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Housing Revenue Account – Budget Changes for 2015/16

Expenditure					
Subjective Heading	2014/15 Budget	Change	2015/16 Budget	Major Changes	Change
	£000	£000	£000		£000
Employee Costs	8,400	-849	7,551	Transfer of Short Stay (homelessness) staff to General Fund (Other Housing)	-551
				Impact of temporary staff contracts ending in the SHQS Delivery Team, offset by reduced fees	-450
				Customer Services Officers transferred from Contact Centre (see Admin Costs)	155
				1% pay award for APT&C and manual staff.	72
				Review of staffing structures and responsibilities to reflect current service requirements	-75
				Total Movement in Employee Costs	-849
Property Costs	16,937	-933	16,004	Transfer of Short Stay (homelessness) budgets to General Fund (Other Housing)	-1,066
				Reduction in repairs and maintenance costs as a result of Building Services Service review.	-100
				Increase in decoration allowance for lower demand properties	500
				Realignment of budgetary requirements to reflect prior years running costs of service provision	-80
				Increase in utility costs.	25
				Net movement in CFCR	-212
				Total Movement in Property Costs	-933
Supplies & Services	384	-40	344	Transfer of Short Stay (homelessness) budgets to General Fund (Other Housing)	-40
Contractors	23	0	23		
Transport	35	-18	17	Transfer of Short Stay (homelessness) budgets to General Fund (Other Housing)	-18
Administration Costs	3,239	-160	3,079	Customer Services Officers transferred from Contact Centre (see Employee Costs)	-155
				Transfer of Short Stay (homelessness) budgets to General Fund (Other Housing)	-5
				Total Movement in Admin Costs	-160
Payments to Other Bodies	5,562	-1,454	4,108	Removal of the Council Tenant Assistance Fund to reflect additional DHP funding being made available and the streamlined DHP application process	-600
				Reduction in irrecoverable rent to reflect the slower roll out of Universal Credit	-454
				Transfer of Short Stay (homelessness) budgets to General Fund (Other Housing)	-371
				Reduction in the allocation to Neighbourhood Forums	-50
				Reduction in voids to reflect use and number of properties	-29
				Reduction in commissioned costs for Customer Support	-30
				Increase in voids and irrecoverable debt relating to the rent increase.	80
				Total Movement in Payments to Other Bodies	-1,454
Loan Charges	19,720	1,237	20,957	Increased repayment of principal debt	1,684
				Reduction in interest and expenses payable on outstanding capital debt	-160
				Reduction in leasing costs.	-287
				Total Movement in Loan Charges	1,237
Total Expenditure	54,300	-2,217	52,083		

Housing Revenue Account – Budget Changes for 2015/16 (cont'd)

Income					
Subjective Heading	2014/15 Budget	Change	2015/16 Budget	Major Changes	Change
	£000	£000	£000		£000
House Rents	45,596	795	46,391	Rent increase @ 3.5%	1,569
				Reduction in income to reflect RTBs and other stock movements.	-774
Short Stay Rents	1,300	-1,300	0	Transfer of Short Stay (homelessness) budgets to General Fund (Other Housing)	-1,300
Transfer from balances to fund Welfare Reform activity	1,181	-600	581	Removal of the Council Tenant Assistance Fund to reflect additional DHP funding being made available and the streamlined DHP application process	-600
Supporting People Income	1,177	-230	947	Transfer of Short Stay (homelessness) budgets to General Fund (Other Housing)	-200
				Reduction in commissioned costs for Customer Support	-30
Commercial Rents	1,131	0	1,131		
SHQS Professional Fees	1,440	-450	990	Reduction to reflect the temporary staff leaving now that the Programme is nearing completion	-450
Service Charges	892	35	927	To reflect the increase agreed from 1/4/15	35
Building Services Rebate	443	-46	397	To reflect the percentage of surplus returned to the HRA based on programme ratios	-46
Grants	377	-377	0	Transfer of Short Stay (homelessness) budgets to General Fund (Other Housing)	-377
Temporary Interest	131	0	131		
Lock Up Rents	285	9	294	Increased lockup income, after updating stock numbers.	9
Other Income	347	-53	294	Transfer of Short Stay (homelessness) budgets to General Fund (Other Housing)	-53
				Total Movement in Income	-2,217
Total Income	54,300	-2,217	52,083		
HRA surplus transferred to balances	0	0	0		

Appendix 2

1

Renfrewshire Council
Estimates of Expenditure and Income for the Year Ending 31st March 2016
Housing Revenue Account
Subjective Summary

Line No	Expenditure	2014/15 Estimates £	Tsfrs, Savings & Unavoidables £	2015/16 Estimates £	Rent Increase/ Inflation, etc £	2015/16 Estimate £
1	Employee Costs	8,399,370	(920,450)	7,478,920	72,300	7,551,220
2	Salaries - APT&C	5,670,050	(611,990)	5,058,060	50,600	5,108,660
3	Superannuation - APT&C	1,119,240	(115,090)	1,004,150	10,000	1,014,150
4	National Insurance - APT&C	497,020	(57,000)	440,020	4,400	444,420
5	Overtime - APT&C	53,000	(52,000)	1,000	0	1,000
6	Salaries - manual workers	486,650	(65,110)	421,540	4,200	425,740
7	Superannuation - manual workers	85,900	(13,220)	72,680	700	73,380
8	National Insurance - manual workers	55,800	(5,340)	50,460	500	50,960
9	Overtime - manual workers	193,810	0	193,810	1,900	195,710
10	Travel and Subsistence	87,400	(700)	86,700	0	86,700
11	Pension Increases	103,000	0	103,000	0	103,000
12	Training Costs	47,500	0	47,500	0	47,500
13	Property Costs	16,937,080	(635,590)	16,301,490	(297,960)	16,003,530
14	Community alarm maintenance	55,000	0	55,000	0	55,000
15	Contract trading service - cleaning	137,000	(3,600)	133,400	0	133,400
16	Valeting	62,000	(62,000)	0	0	0
17	Electricity	572,910	(59,790)	513,120	10,260	523,380
18	Factoring & common charges	39,000	0	39,000	0	39,000
19	Furniture & fittings	122,700	(122,700)	0	0	0
20	Garden assistance scheme	396,200	0	396,200	0	396,200
21	Gas	821,670	(77,000)	744,670	14,890	759,560
22	Improve garden / close cleaning	494,400	0	494,400	0	494,400
23	Maintenance of Gardens and Open Spaces	203,800	0	203,800	0	203,800
24	Maintenance of houses	10,367,600	400,000	10,767,600	0	10,767,600
25	CFCR Contribution to SHQS Investment Programme	2,084,290	110,480	2,194,770	(323,110)	1,871,660
26	Property insurance	363,200	(29,000)	334,200	0	334,200
27	Rates	105,700	(1,000)	104,700	0	104,700
28	Water metered charges	19,400	(3,400)	16,000	0	16,000
29	Rates re empty commercial properties	0	0	0	0	0
30	Rents - short stay accommodation	638,130	(638,130)	0	0	0
31	Council tax payments - short stay accommodation	84,800	(84,800)	0	0	0
32	Repairs direct	64,480	(16,650)	47,830	0	47,830
33	Special uplift service	248,900	(50,000)	198,900	0	198,900
34	Commercial Refuse	3,200	0	3,200	0	3,200
35	Supply of bins	11,700	0	11,700	0	11,700
36	Running costs of Home Exchange shop	0	35,000	35,000	0	35,000
37	Other Property Costs	41,000	(33,000)	8,000	0	8,000
38	Supplies and Services	383,700	(40,000)	343,700	0	343,700
39	Clothing/Uniforms	25,700	0	25,700	0	25,700
40	Computer software & licenses	146,600	0	146,600	0	146,600
41	Equipment maintenance & replacement	43,400	0	43,400	0	43,400
42	Publicity	26,000	0	26,000	0	26,000
43	Removal costs	69,300	(30,000)	39,300	0	39,300
44	Temporary Accommodation	11,500	0	11,500	0	11,500
45	Other supplies & services	61,200	(10,000)	51,200	0	51,200
46	Contractors	23,300	0	23,300	0	23,300
47	Customer research	23,300	0	23,300	0	23,300
48	Transport	35,400	(18,450)	16,950	0	16,950
49	Internal Transport - Hire	16,400	(6,550)	9,850	0	9,850
50	Internal Transport - Maintenance	5,000	(2,500)	2,500	0	2,500
51	Internal Transport - Garaging	5,400	(3,400)	2,000	0	2,000
52	Vehicle Licenses	100	0	100	0	100
53	Internal transport - Fuel	8,500	(6,000)	2,500	0	2,500
54	Carried Forward	25,778,850	(1,614,490)	24,164,360	(225,660)	23,938,700

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Renfrewshire Council
Estimates of Expenditure and Income for the Year Ending 31st March 2016
Housing Revenue Account
Subjective Summary

Line No	Income	2014/15 Estimates £	Tsfrs, Savings & Unavoidables £	2015/16 Estimates £	Rent Increase/ Inflation, etc £	2015/16 Estimate £
1	Grant Income	376,860	(376,860)	0	0	0
2	Specific grant - housing support	376,860	(376,860)	0	0	0
3	Other Income	53,923,170	(3,454,430)	50,468,740	1,613,700	52,082,440
4	Accommodation income from users - short stay	1,300,070	(1,300,070)	0	0	0
5	District heating income - Tenants	329,700	0	329,700	30,000	359,700
6	District heating income - Owner Occupiers	340,100	0	340,100	0	340,100
7	Launderette income - Tenants	60,000	0	60,000	5,000	65,000
8	Launderette income - Owner Occupiers	161,900	0	161,900	0	161,900
9	Other charges to Owners	20,000	0	20,000	0	20,000
10	Supporting People - Sheltered	150,000	0	150,000	0	150,000
11	Supporting People - Hostel	200,000	(200,000)	0	0	0
12	Supporting People - Customer Support Team	826,990	(30,000)	796,990	0	796,990
13	Rental income - commercial properties	1,131,000	0	1,131,000	0	1,131,000
14	Rental income - houses	45,596,070	(773,580)	44,822,490	1,568,800	46,391,290
15	Rental income - lock ups	285,100	(1,010)	284,090	9,900	293,990
16	Rechargeable Repairs Income (net of write offs)	50,000	0	50,000	0	50,000
17	Temporary interest	131,500	0	131,500	0	131,500
18	SHQS Professional Fees	1,440,000	(450,000)	990,000	0	990,000
19	Admin Recoveries	30,000	0	30,000	0	30,000
20	Building Services Rebate	443,000	(46,630)	396,370	0	396,370
21	Commission on Insurance	8,000	0	8,000	0	8,000
22	Recharge of Capital costs to Building Services	145,000	0	145,000	0	145,000
23	Other Accounts of the Authority	53,140	(53,140)	0	0	0
24	Other income	40,600	0	40,600	0	40,600
25	Transfer from balances to fund Welfare Reform Activity	1,181,000	(600,000)	581,000	0	581,000
26	Carried Forward	54,300,030	(3,831,290)	50,468,740	1,613,700	52,082,440

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Renfrewshire Council
Estimates of Expenditure and Income for the Year Ending 31st March 2016
Housing Revenue Account
Subjective Summary

Line No	Expenditure	2014/15 Estimates £	Tsfrs, Savings & Unavoidables £	2015/16 Estimates £	Rent Increase/ Inflation, etc £	2015/16 Estimate £
55	Expenditure Brought Forward	25,778,850	-1,614,490	24,164,360	-225,660	23,938,700
56	Administration Costs	3,239,210	(160,300)	3,078,910	0	3,078,910
57	Advertising	21,600	0	21,600	0	21,600
58	Apportionment of Central Administration	1,512,000	(155,300)	1,356,700	0	1,356,700
59	Apportionment of Central Administration Business Support	394,110	0	394,110	0	394,110
60	Apportionment of mgt support costs - property services	507,300	0	507,300	0	507,300
61	ASIST & Mediation recharge from Environmental Services	245,250	0	245,250	0	245,250
62	Bank Charges - Costs of Giro Collection	7,000	0	7,000	0	7,000
63	Conference/Course Expenses	5,500	0	5,500	0	5,500
64	Insurance	123,000	0	123,000	0	123,000
65	Legal expenses	83,600	0	83,600	0	83,600
66	Membership fees & subscriptions	33,750	0	33,750	0	33,750
67	Tenant Consultation	15,000	0	15,000	0	15,000
68	Postage	68,600	0	68,600	0	68,600
69	Printing and stationery	93,900	(38,850)	55,050	0	55,050
70	MSS Recharge - Centralised Printing	0	38,850	38,850	0	38,850
71	Telephones	88,200	(3,200)	85,000	0	85,000
72	Other Administration Costs	32,600	(1,800)	30,800	0	30,800
73	path/hnda	7,800	0	7,800	0	7,800
74	Payments to Other Bodies	5,561,800	(1,533,440)	4,028,360	79,600	4,107,960
75	Council tax re empty properties	238,500	0	238,500	0	238,500
76	Garden competition prizes	9,700	0	9,700	0	9,700
77	Grants to tenants / housing associations	12,000	0	12,000	0	12,000
78	Irrecoverable rent - commercial properties	23,100	0	23,100	0	23,100
79	Irrecoverable rent - housing	1,546,100	(454,100)	1,092,000	38,200	1,130,200
80	Irrecoverable rent - short stay accommodation	124,900	(124,900)	0	0	0
81	Council Tenant Assistance Fund	600,000	(600,000)	0	0	0
82	Employment Initiatives	250,000	0	250,000	0	250,000
83	Neighbourhood housing forums	369,500	(50,000)	319,500	0	319,500
84	Voids - commercial	225,000	0	225,000	0	225,000
85	Voids - operational	1,163,200	(20,230)	1,142,970	40,000	1,182,970
86	Voids - lock ups	43,590	(4,200)	39,390	1,400	40,790
87	Voids - short stay	250,010	(250,010)	0	0	0
88	Strategy & Quality Initiatives	67,690	0	67,690	0	67,690
89	Commissioned Costs - Customer Support	638,510	(30,000)	608,510	0	608,510
90	Loan Charges	19,720,170	1,236,700	20,956,870	0	20,956,870
91	Leasing charges - central heating	125,180	(110,310)	14,870	0	14,870
92	Leasing charges - double glazing	176,990	(176,990)	0	0	0
93	Loan charges - expenses	92,000	7,000	99,000	0	99,000
94	Loan charges - interest	7,618,000	(167,000)	7,451,000	0	7,451,000
95	Loan charges - principal	11,708,000	1,684,000	13,392,000	0	13,392,000
96	Total Expenditure	54,300,030	(2,071,530)	52,228,500	(146,060)	52,082,440

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Renfrewshire Council
Estimates of Expenditure and Income for the Year Ending 31st March 2016
Housing Revenue Account
Subjective Summary

Line No	Income	2014/15 Estimates £	Tsfrs, Savings & Unavoidables £	2015/16 Estimates £	Rent Increase/ Inflation, etc £	2015/16 Estimate £
97	Income Brought Forward	54,300,030	(3,831,290)	50,468,740	1,613,700	52,082,440
98	Total Income	54,300,030	(3,831,290)	50,468,740	1,613,700	52,082,440
99	Total Expenditure	54,300,030	(2,071,530)	52,228,500	(146,060)	52,082,440
100	Net Expenditure	0	1,759,760	1,759,760	(1,759,760)	0

Appendix 3

Proposed Housing Capital Investment Plan 2015/16 to 2016/17

		2015/16	2016/17	2017/18
		Proposed Programme	Proposed Programme	Proposed Programme
Programme Head	Sub Element	£000s	£000s	£000s
Kitchens, Bathrooms, Rewiring	Planned Phases	1,150	500	750
	Void/Catch up Programme	700	500	250
	Misc Wiring/Isolators/Earthing	50	50	50
		1,900	1,050	1,050
Heating	Gas/Electric Replacements	1,105	850	850
	Void/Catch up Programme	400	100	-
	Gas Infrastructure	50	50	50
	Calside District Heating Decommissioning	175	-	-
	George Street District Heating Replacement	300	111	-
		2,030	1,111	900
External Improvements	Common Blocks - Owner Majority Completions	2,598	-	-
	External Envelope Upgrading	-	2,215	2,515
	Windows and Doors	1,475	815	1,000
		4,073	3,030	3,515
Energy Programme	Miscellaneous grant support works	10	10	10
		10	10	10
Multi Storey Flats	M&E Requirements	75	75	75
	Health and Safety issues	350	350	350
	Cladding	-	-	-
		425	425	425
Common and Environmental Works	Door Entry Systems	-	-	50
	Common Lighting	25	25	25
	Environmental improvements General	-	-	25
		25	25	100
Other Council Priorities	Disabled Adaptations	300	300	300
	Asbestos	80	80	80
	Rotworks	250	250	250
	Essential Property Improvements	100	100	100
		730	730	730
Other Assets	Garages	50	50	50
	Shops	59	50	50
	Launderettes	150	100	100
		259	200	200
Initiatives	Mortgage To Rent	100	100	100
	House Purchase Minority Stock - Misc fees	-	50	-
	Bedsit to single bedroom conversions	200	-	-
	Sheltered Housing Common Boiler Replacement	75	100	80
	Sheltered Housing Lift Refurbishment	141	105	38
	Sheltered Housing Lifecycle Investment	-	-	32
		516	355	250
Non Property Expenditure	House Sales Fees	25	20	-
	IT Equipment	50	50	50
		75	70	50
Non Physical investment	Scoping Surveys	10	10	10
		10	10	10
Regeneration	Demolition and Landscaping - General	400	-	-
	Home Loss and Disturbance	50	50	50
	Johnstone Castle (see note 1)	330	1,020	706
	Paisley West End (see note 2)	-	750	500
		780	1,820	1,256
New Build	Seedhill Road	865	1,057	-
	Bishopton	1,200	1,200	5,000
	Johnstone Castle Initial Phases	-	260	2,700
		2,065	2,517	7,700
	Total Expenditure	12,898	11,353	16,196
	Professional Fees	1,525	1,525	1,545
	Total Capital Programme	14,423	12,878	17,741

Note 1: includes allowances for property acquisitions and demolitions. Subsequent years allowances will be included in future programme reviews

Note 2: Allowances for property acquisitions. Subsequent years allowances will be included in future programme reviews