
Report to: Clackmannanshire Council

Date of Meeting: 1 February 2024

Subject: Housing Revenue Account Budget 2024/25 and Capital Programme 2024/25

Report by: Administration

1.0 Purpose

- 1.1. This report presents the proposed Housing Revenue Account budget and Housing Capital Programme for the financial year 2024/25 for approval as defined within the Housing (Scotland) Act 1987.
- 1.2. The Housing Revenue Account (HRA) budget setting process is subject to statutory, regulatory and governance requirements including consultation with tenants.

2.0 Recommendations

- 2.1 It is recommended that Council:
- 2.2 Approve an increased level for Council house rents of 6.7% for the financial year 2024/25, as set out in Appendix 6.
- 2.3 Approve the same level of increase (6.7%) to be applied equally to lock-up garages, garage pitch-site rentals and associated tenancy charges, as set out in Appendix 6.
- 2.4 Approve the summary Housing Revenue Account budget 2024/25, as set out in Appendix 1.
- 2.5 Approve the Housing Capital Programme 2024/25 and illustrative programme to 2028/29, as set out in Appendix 2.
- 2.6 Approve HRA Borrowing Requirement 2024/25 to 2028/29 based on the assumption as laid out in this report, as set out in Appendix 3.
- 2.7 Note the results of the tenant rent consultation process and the specific views expressed by the Clackmannanshire Tenants and Residents Federation as set out at paragraph 5.3.

- 2.8 Note that the Westhaugh Gypsy/Travellers site remains closed and under redevelopment. The site is programmed to reopen during 2024/25, and Council will be asked prior to re-opening to approve a rent figure for these homes.
- 2.9 Note the progress on the HRA Financial Business Plan, including the risks going forward and work required to fully update the 30 year financial planning model.
- 2.10 Otherwise note the remainder of the report.

3.0 Considerations

Rent Affordability

- 3.1. A rent affordability exercise was carried out this financial year on Council rents. Affordability is determined by looking at several factors from a few different sources such as the National Planning Policy Framework, Shelter and Chartered Institute of Housing. For these purposes affordability was based on a household not having to spend more than 30% of their disposable income on housing. Findings were as follows:
- The average Clackmannanshire Council rent is in line with the average of peer local authorities.
 - On average Clackmannanshire Council's rents are 15% lower than locally operating RSL rents.
 - Clackmannanshire Councils rent structure is very flat, meaning that there is very little price difference between the smallest and largest properties.
 - When considering household profiles (by looking at occupants and income), the majority of households would be devoting less than 20% of their income to paying rent charges in Clackmannanshire, with the exception of single adult households (subject to the benefit cap) who would be at 28%. No household breaches the 30% rent to income ratio.
- 3.2. In February 2018 Clackmannanshire Council approved the objectives for the 2018/23 HRA Financial Business Plan, which established a rental strategy of pegging future rent increases to CPI. Since then, advice from the Scottish Housing Regulator (SHR) suggests that councils should have a stronger focus on affordability and costs. The September CPI figure (the point in time measurement traditionally used to uprate benefits and pensions) was 6.7%. The proposed rent figure follows the approved strategy and is in line with the CPI figure of 6.7%, and also takes into account costs and affordability with no household being above the 30% rent to income ratio.
- 3.3. Over the past six years, average Council rents in Clackmannanshire have risen from £71.41 in 2017/18 to £80.23 in 2023/24, which equates to an average increase of £8.49 per week or 12.35%. Over the same period, inflation was 27.99%.

3.4. The recommended increase of 6.7% would increase the average rent to £85.62 per week.

Rent Consultation

3.5. Three rent increase options were identified and proposed to tenants for consideration. The options consulted on were increases of 5.7%, 6.7% and 7.7%. The consultation document also included details of how each proposed increase could affect the Business Plan in future years, as set out in the table below.

	Increase proposal	Increase per week	Average rent would be	How this could affect our Business Plan
Option 1	7.7%	£6.18	£86.41	Might allow for slower future rent increases
Option 2	6.7%	£5.38	£85.62	Current 5 year plan will remain affordable
Option 3	5.7%	£4.57	£84.40	Could mean either slowing of investment and future higher rent rises

3.6. We asked specifically:

<i>To afford our current business plan for the next 4 years we require a minimum of 6.7% (on average £5.58 per week) increase for 2024/25. Do you feel this increase would be appropriate?</i>
55% of respondents indicated that they agreed that it would be appropriate.
<i>If you feel that a 6.7% increase is not appropriate, what if any would you feel, from the other options above would be appropriate?</i>
A quarter of respondents indicated that they would prefer a 5.7% increase and a tenth of respondents felt that a 7.7% increase would be appropriate.
65% of respondents either did not answer or had no preference.

3.7. As in previous years, and as required by the Housing (Scotland) Act 2001, all tenants were asked for their views on the proposed rent increase. The results of the consultation are summarised in Appendix 5.

3.8. The consultation ran from 18/11/23 - 15/12/23, with the questionnaire sent to all tenanted properties as well as being made available online. 436 responses were completed - compared to a total of 432 last year. Overall, this gave a tenant survey response rate of 9%.

- 3.9. An in-person rents event was arranged in two local venues, which yielded no further responses.
- 3.10. Of those completing the survey, 53% indicated they received some form of rent cost assistance, either Housing Benefit (HB) or Universal Credit (UC). 3,776¹ of our tenants receive some form of housing cost assistance. A total of 79% of our current tenants receive full or partial support with rent.
- 3.11. Two thirds (66.7%) of respondents agreed that our rent represents good value for money, and 57.8% felt our current rent charge is affordable. This compares with 69.4% and 65.7% of respondents last year. The proportion of tenants who feel they get good value for money has remained stable, which is positive.
- 3.12. As part of a Tenant Survey completed in May 2023, carried out by an independent consultant across 900 tenants, 96% agreed that their rent charge represents good value for money. This compares with 85% in a similar survey carried out in 2019.

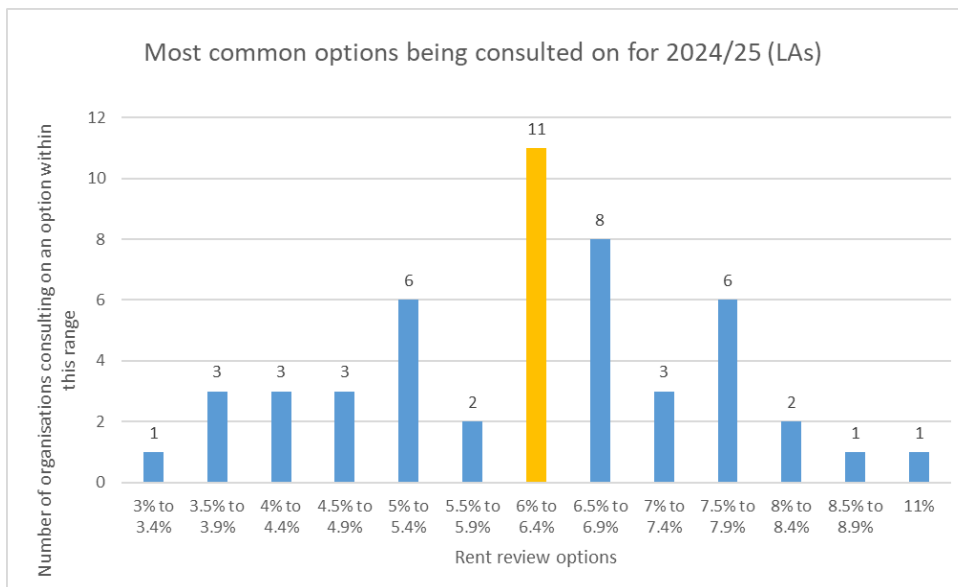
Rent Sector Comparisons

- 3.13. Recent analysis shows that our current rents are in line with comparative Local Authority average and below the Scottish average.

Apt size	Moray Council	Stirling Council	Falkirk Council	Clacks Council	Fife Council	East Renfrewshire Council	East Dunbartonshire Council	Scottish Average
1	£42.20	£62.45	£57.00	£75.79	£77.03	£74.48	£73.88	£82.28
2	£57.06	£70.60	£64.03	£77.73	£81.13	£78.89	£83.45	£87.75
3	£67.10	£73.07	£74.48	£79.71	£85.17	£90.18	£89.97	£90.70
4	£77.81	£76.03	£83.32	£81.76	£88.12	£101.88	£92.62	£98.78
5	£100.46	£78.00	£95.44	£84.02	£92.16	£103.55	£96.75	£109.05
Average	£68.93	£72.03	£74.85	£80.23	£84.72	£87.23	£89.90	£92.09

- 3.14. In November 2023, Scottish Housing Network (SHN) carried out a consultation across 26 local authorities, to gauge proposed rent increase percentages for 2024/25. Of the 19 local authorities who responded, the most common option for consideration was 6% - 6.4% followed by 6.5% - 6.9%. The highest rent increase being considered by any local authority was 11%. The bar chart below shows the rent increases being considered.

¹ Housing Benefit Claimants 1,410, Universal Credit Claimants 2,366



HRA Business Plan Review 2024 – Status Update

- 3.15. The HRA budget paper for 2024/25 has been developed with recognition of the ongoing work being undertaken to fully review the HRA Business Plan.
- 3.16. The HRA Financial Business Plan underpins the financial management of the Housing Service. The plan provides an estimate of the income and expenditure of the service and the capital investment required over a 30 year period.
- 3.17. The last HRA business plan review was undertaken in 2017/18, assumptions made then could not account for the significance of unforeseen events such as the Covid-19 pandemic, Brexit and the economic impact these would have.
- 3.18. The Housing Service is required to develop a detailed plan outlining how the HRA resources will deliver the projects agreed in the Capital Plan now and over the lifetime of the Capital Plan.
- 3.19. Consultants Arneil Johnston were engaged to review the affordability and sustainability of the Capital Plan. Their findings support the proposed 6.7% rent increase to protect housing investment going forward. Elected Members and Clackmannanshire Tenants and Residents Association were fully briefed by the consultants during the review process. With information shared on Clacksweb and additional financial information shared in members rooms.
- 3.20. The review highlighted a few key considerations which have informed the 2024/25 budget setting process and the rent consultation engagement with tenants.
- 3.21. Key considerations include(d):
- Uncertain economic market conditions caused by Brexit, Covid-19 pandemic and war in Ukraine leading to rising inflation and increased costs to the service in a number of areas.

- Construction industry supply chain disruption and external contractor pricing which although stabilising has remained high and has settled at post covid inflation levels.
- An acute and sustained increase in homeless presentation issue adding further strain to existing resources.
- Social Housing Net Zero Standard (SHNZS) will likely replace the current Energy Efficiency Standard for Social Housing in Scotland (EESH), placing further emphasis on increasing decarbonisation, reducing fuel poverty, and exploring fuel efficient heating systems, aimed at reaching a net zero position. This will add a further financial burden on the HRA.
- Continued investment in existing housing stock to ensure they continue to meet current and future regulatory and legislative requirements and meet expectations of tenants.
- Recent Public Sector pay awards are higher than in previous years and are projected to rise again in the 2024/25 financial year. The HRA is required to meet the full cost of staff salaries, including all salary increases. The HRA receives no government funding for salaries.

Comparison of Recent Rent and Wage Increases

Year	Rent Increase	Wage Increase	Inflation (CPI)
2018/19	2.2%	3.5%	2.5%
2019/20	2.2%	3%	1.8%
2020/21	1.5%	3%	0.9%
2021/22	0%	2%	2.6%
2022/23	3.1%	5%	9.1%
2023/24	3%	6.05%	8.6%
Total rise in period	12.6%	24.7%	27.99%

3.22. The baseline Business Plan highlights that we enter the review in a strong position. Average rent costs are lower than the Scottish Average, with Capital Funded from Current Revenue (CFCR) above average and we had the second lowest debts out of the 26 Local Authority Landlords. Our appointed consultant has undertaken extensive work exploring the affordability of rents and declaring them to be some of the most affordable of any landlord that they have reviewed, thus providing headroom for adjustment. This affordability analysis supports the findings from the last three tenant surveys carried out by independent researchers, the most recent survey of around 900 tenants found that 96% of tenants consider the Council rent affordable, this is up from 85% in 2019.

- 3.23. Through engagement with our appointed consultant, it has become clear that our stock condition survey is not fully aligned with our financial modelling. The consultant advised that this is a specific risk, particularly as we strive to meet the Scottish Governments targets on energy efficiency. The need for robust stock condition information is crucial, and whilst this does not impact on budgeting setting for 2024/25, this stock information will assist in the identification of medium to longer term investment needs (largely post year 5 planning) and inform progression of key strategic priorities, plans and targets.
- 3.24. This proposed budget includes provision for a full stock condition survey of all domestic housing stock to be undertaken within financial year 2024/25.
- 3.25. The stock condition survey will also aid in the progression of forward actions associated with the discovery of RAAC within the domestic housing stock. For those blocks unfortunately decanted due to the condition of RAAC, it is likely that an options appraisal considering possible remedial repairs against other potential development solutions will need to take place, focussing on both the technical and financial viability of any proposal.
- 3.26. The costs associated with any future forward actions to be taken on RAAC affected buildings are not yet known, as reported to last full Council. When the service is in possession of the full and complete information, a report will be brought forward to a Council meeting.

Rent Options Modelling

- 3.27. Modelling by Council finance and housing teams in conjunction with the consultant has resulted in the recommendation of a 6.7% rent increase for 2024/25. This is in line with the approved business plan assumption of rent rises linked to CPI.
- 3.28. The impact of various options on the CFCR is outlined in Appendix 7, with a sample table below.

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7
Rent Option	7.7%	6.7%	5.7%	5%	4%	3%	0%
	£M	£M	£M	£M	£M	£M	£M
CFCR 30 Year Total	£80.2	£62.1	£44.1	£32.0	£16.5	£4.1	(£26.0)
Funding Gap from Proposed 6.7% (option 2)	£18.1	£0.0	(£18.0)	(£30.1)	(£45.6)	(£58.0)	(£88.1)

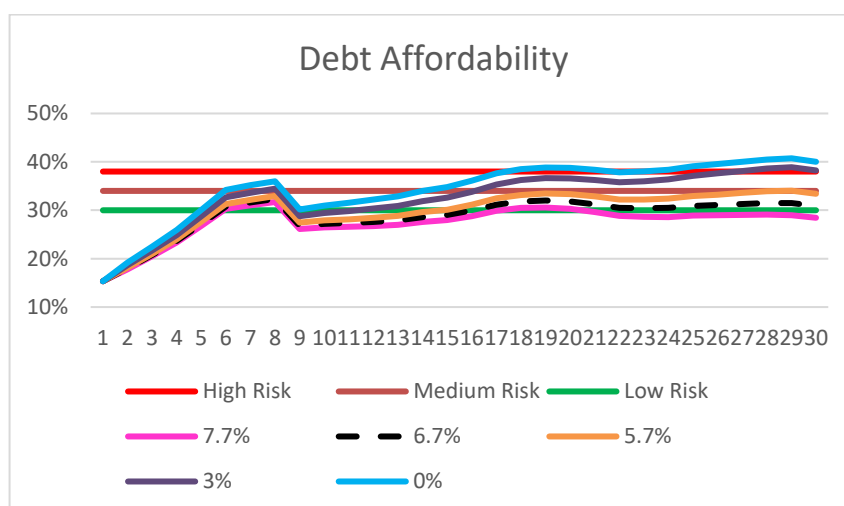
- 3.29. As can be seen from the above funding table a 7.7% rise would mean CFCR of £80.2m would be available for capital investment in the housing stock. Whereby a rent freeze would lead to a deficit position of £26.0m which would not be financially viable and a budget could not be set on this basis. A rent increase of 5.7% would result in a loss of available CFCR of £18m which equates to the equivalent of more than one year's capital expenditure.

- 3.30. As indicated in the table above, a rent increase below the recommended 6.7% would result in a marked risk to the future of the Capital Programme and would either increase the likelihood of higher rent rises in the future, increase borrowing requirements, or restrict the Capital Programme putting future investment and improvement projects at risk.
- 3.31. The indicative budget for the next 4 years (2025/26 to 2028/29) as set out in appendix 1 includes the following assumed rent increases at CPI +1%:

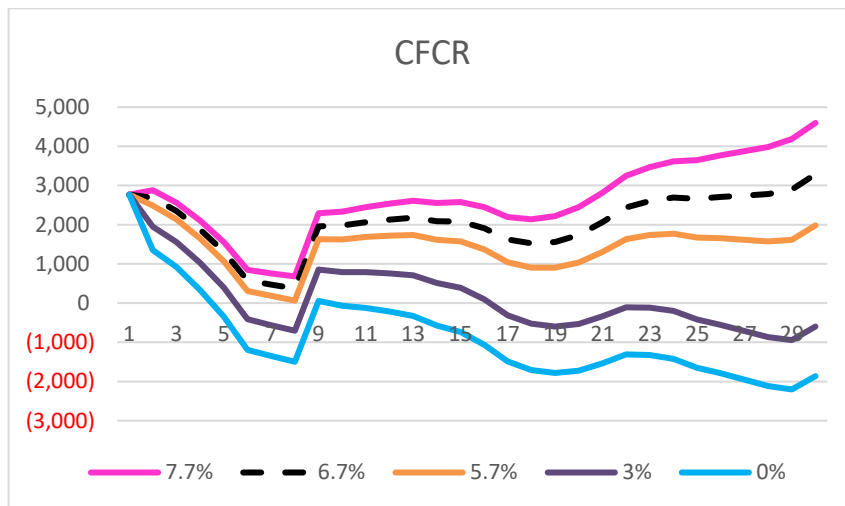
Assumed Rent Rises

Financial Year	2025/26	2026/27	2027/28	2028/29
Assumed CPI ²	3.4%	2.4%	2%	2%
Rent Increase CPI +1%	4.4%	3.4%	3%	3%

- 3.32. The actual rent increase for these years will be subject to annual consultation and Council approval.
- 3.33. The charts below are indicative to help demonstrate the risk associated with the options presented, with lower rent rises posing a significant risk to the Capital Plan in future years, impacting on debt affordability, and presenting the possibility of higher rent rises in the future. Appendix 7 sets this out in further detail. On approval of the budget these charts will be updated as part of the Business Plan review.



² Inflation as per CPI forecasts in Bank of England, November 2023 'fanchart' Data



- 3.34. Further challenges include the impact of RAAC, updated energy efficiency standards and higher costs associated with additional new build projects. These challenges will require a significant focus to ensure rent affordability in future years.
- 3.35. The HRA is under considerable financial pressure and faces a high level of financial risk based on the assumptions outlined in this paper. The Council is not alone in facing this challenge with some HRA's which don't have the benefits as outlined at 3.22, facing a real in year task of balancing the Income and Expenditure of their accounts. As members will note the HRA is not legally allowed to either propose a deficit budget and or be in deficit, with any in-year deficit/loss required to be met in year by the councils General Fund account, with the burden falling on tenants to repay any loss the following year. Given the pressure facing the account the Section 95 officer needs to be satisfied (via the business plan review), that the Council can manage and finance its obligations to tenants prudently.
- 3.36. The next stage of the Business Plan review is critical to ensure that the Council can continue (in line with tenant feedback) act as the main delivery agent for Social Housing in the area. As this report demonstrates, prudent financial management of the HRA will be required to ensure the medium to long term viability of the service under local government stewardship.
- 3.37. The proposed 6.7% rent increase this year, and those proposed for future years (3.31), supports financial stability, and allows the service to deliver the Capital Plan as agreed. It is important to note that the proposed budget and capital plan does not include:
- Anticipated further investment in the existing stock based on the completion of the stock condition survey;
 - Unknown associated RAAC costs;
 - Enhanced energy efficiency/net zero obligations;
 - Further new build aspirations.
- 3.38. The 30 year business plan will look to address the inclusion of the above.

- 3.39. Sections 3.28 and 3.29 of this report highlights the impact of various rent increase options. These are outlined more widely in Appendix 7. The appendix also contains information to show the adverse effect on available surplus (CFCR) over a year period if a rent increase of anything less than 6.7% were implemented. Modelling a 5.7% rent increase indicates that by year 7 there is a minimal forecasted surplus (£91k) and as such, minimal CFCR (£46k) available to fund the capital programme. This poses significant risk for the HRA to be able to absorb any additional pressures that may arise.
- 3.40. A rent increase of 5.7% would mean a loss of £18m over 30 years, thus effectively wiping out CFCR in next 5 years which would increase borrowing over the longer term or removing fully any capital spend for more than one year from the 5 year Capital Plan (£16.547m).
- 3.41. Any proposed amendment to the rent option below the recommended 6.7% increase would require to be supported by a specific reduction in capital programme expenditure that matches the loss. Without doing so it would not be considered competent by the section 95 officer.

Budget Strategy

Housing alignment with key identified Council projects/priorities

- 3.42. The Council's transformation programme, Be the Future (BTF) 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 act as a key enabler have a direct influence on meeting these aspirations.
- 3.43. The Council's affordable housing supply programme directly influences economic growth with the regeneration of our communities. The Council is currently taking forward a new build development in Clackmannan, with planning applied for eight fully adapted bungalows for those with medical needs.
- 3.44. The service has also re-scoped the Service Coordinator post to be the Housing Service champion on the Promise. As reported to Council this will ensure that the service policies and procedures are reviewed and considered to be reflective of this national commitment to care experienced young people.
- 3.45. The aspiration of the Family Wellbeing Partnership (FWP) is to re-align the values, cultures and behaviours of the people who design and deliver services so that poverty and inequality are tackled head on, making an immediate and lifelong impact, the roots of social housing transcends providing mere shelter

and has always been a conduit to adopting holistic approaches to helping tenants and their families in the struggle against poverty. The service has been actively involved in activities of the FWP, whether that as being a mainstay and financial supporter of Strive as homelessness prevention and tenancy sustainment tool. As well as being actively involved in the Community around the school activities working to help maximise families benefit entitlement. In line with the stated goal of the FWP to have a radical shift toward preventative and relational model of public services, the housing services is embracing these goals to ensure that costs of tenancy failure are minimised and that we can help ensure tenants can have a joined-up approach to public service delivery to ensure that they and their families have an opportunity to flourish.

- 3.46. Be the future aspires as part of the evolving landscape of public sector reform that more services are designed, developed and delivered in partnership, including with our communities. The service commitment as part of revitalised tenant engagement arrangements means that this area will be strengthened during the course of 2024/25, with a Tenant Participation Strategy that will have the voice and agency of Clackmannanshire people and communities at the heart of decision making. This will ensure that tenants and communities can influence and see a real difference on the ground.
- 3.47. The service has a specific capital budget for community improvements that local residents can influence. Some notable work that has been carried out this year, which has delivered real positive benefits for the community include;
- Hawthorne Avenue (Coalsnaughton), an area was tarred for usable parking to take some of the vehicle pressure off. A created a pathway behind the level access adapted housing sitting on Main Street that previously could only be accessed by about 13 outside steps. Pathway lead to the newly resurfaced area so resolved the access issue and made the adapted properties more suitable and desirable for people with mobility issues;
 - Johnstone Court (Alva) – External landscaping and walkway canopies were enhanced ensuring a much more aesthetically pleasing area, leading to higher tenant satisfaction;
 - Muircot Place (Coalsnaughton) - Additional parking and adopted surface by Roads, minimising HRA future revenue spend.
- 3.48. This work has been undertaken following feedback from residents and tenants and will enhance the quality of life of occupants and tackle in some cases reasons for lower demand. Where possible, this work is being channelled through internal Environmental Teams to ensure that the investment is kept locally.
- 3.49. As the FWP has recently launched “What Matters to You” initiative in Clackmannanshire, delivered in partnership with The Hunter Foundation and BBC Children in Need, Housing Officers and the Tenant Participation officer are ensuring that any suggested improvements or tests of change that

Housing can contribute or influence that the service is at the heart of that delivery.

- 3.50. In line with the Target Operating Model (TOM), the Council is aiming to design digital services with people/ customers at the centre. The proposed approach aims to ensure that a consistent service is delivered regardless of whether this is online, over the telephone or face to face. A new Customer Service Hub is being introduced which will transform the way customers and businesses engage with Council services, making information more accessible, reducing response times and providing an enhanced customer experience. The Housing service, realising that the pandemic changed the face of public service delivery is looking to fully embrace the new opportunities from the customers service hub and work towards with corporate colleagues to ensure enhanced customer and tenant satisfaction is realised through its adoption. Front line housing staff will continue to work in a hybrid approach as they have done successfully since the pandemic to deliver benefits to customers and ensure that staff have appropriate work/life balance
- 3.51. As part of the BTF corporate priorities for 2023/24, digital and data transformation, features significantly as a key corporate driver. As noted to council the replacement of the housing and repairs system is fundamental part of that strategy and drive. This year the service has carried out market testing and has an agreed procurement strategy and route. A project manager has been internally appointed and will conclude the tender documentation for the IT supply market consideration.
- 3.52. The focus of the new IT system will be to greatly reduce duplication of effort and ensure that staff can focus on customer service delivery to provide a much more rounded service. The system will look to provide a one-customer overview of council interactions, ensuring that we are managing the relationship around requests timeously and ensuring customers can fully access and manage their tenancy. In addition, the service is working with the transformation team to maximise the opportunities afforded by the Internet of Things (IOT) network. This network can be used to install specific technology in people's homes which can alert us to issues without the customer calling in or even knowing there is something wrong. This will allow us to be much more proactive in our approach and could have huge transformation benefits in our response to reactive repairs, whilst leading to reduced costs that could mitigate inflationary pressures or help keep rents affordable.

Budget Commitment

- 3.53. The Capital Plan supports the Council's continued undertaking to provide high quality homes by:
- delivery of a multi-million pound planned capital programme of home improvement works in 2024/25 with an indicative plan to 2028/29;
 - a continued commitment to providing a 24/7/365 on call reactive repairs and maintenance service;
 - a commitment to continue to grow our housing stock size, choice and availability through our property acquisitions programme;

- exploration of use of zero emission heating systems, at the point of use within the housing stock

Outline HRA Budget 2024/25

3.54. The table below shows the proposed HRA Annual Budget for 2024/25 grouped by main expenditure items, compared with the annual budget for 2023/24 and the current forecast outturn projection. Further details can be found in Appendix 1.

3.55. It should be noted that the income budget for 2024/25 includes the proposed rent increase of 6.7%.

<i>Description</i>	<i>Annual Budget for 2023/24 £'000</i>	<i>Forecast to March 2024 £'000</i>	<i>Annual Budget for 2024/25 £'000</i>
Employee Related Expenditure	9,459	9,148	10,148
Premises Related Expenditure	2,612	2,651	1,706
Transport Related Expenditure	420	442	449
Supplies and Services	3,045	2,799	3,186
Third Party Payments	1,891	2,932	1,880
Support Services	1,204	1,204	1,204
Capital Financing Costs	1,681	1566	1,793
Total Gross Expenditure	20,312	20,742	20,366
<i>Description</i>	<i>Annual Budget for 2023/24 £'000</i>	<i>Forecast to March 2024 £'000</i>	<i>Annual Budget for 202/25 £'000</i>
Income			
House Rents	(21,235)	(21,344)	(22,573)
Lockups/Garage Sites/Shops	(102)	(68)	(102)
Other Income	(2,793)	(1,989)	(1,965)
Income Total	(24,130)	(23,401)	(24,640)
Net Expenditure	(3,818)	(2,660)	(4,274)

Proposed HRA Budget Adjustments 2024/25

3.56. The table below details the budget adjustments between 2023/24 and 2024/25 to take into account known cost pressures and efficiencies which ensure the Council sets a balanced budget.

Income Adjustments- Pressures/(Savings)	2024/25 £'000	Description
House Rents	(1,338)	Proposed 6.7% increase on rents.
Interest	84	Reduction in interest receivable as cash balances reduce due to funding of capital programme
Internal Trading	744	Reduction in internal trading as resource directed back to capital programme
Income Adjustments Sub Total	(510)	
Expenditure Adjustments- Pressures/(Savings)	2024/25 £'000	Description
Pay Award and in year changes	422	Impact of 2023/24 pay award
2024/25 Pay Award, Increments and On Costs	475	Assumed 4.5% pay award in line with business plan, increase of 2.5% over Council assumption of 2%
Reduction in pension contributions	(256)	Actuarial gain resulting in 3.5% reduction in employer contributions
Vacancy Management/overtime	48	Reduction in number of vacant posts as recruitment within the establishment continues. The Property Restructure is yet to be realised and will likely utilise this remaining vacancy budget in year.
Annual maintenance external providers	(960)	Funding provided for work on void properties 2023/24 removed. To be reviewed when Voids update is presented to Council.
Premises costs	43	Contractual inflation
Bad debt	(25)	Assumed reduction
Other property costs	36	Storage due to TPS decant and increase in insurance
Transport related costs	30	Increased vehicle hire costs and contractual inflation on maintenance costs.
Supplies and Services	140	£50k for PSN Compliance, £112k for contract inflation, offset by efficiency savings £(29)k
Third party payments	(11)	Contractual inflation offset by efficiency savings
Capital financing	115	Cost of borrowing
Expenditure Adjustments Sub Total	58	
Total Net	(452)	

4.0 Borrowing

Capital Investment and Prudential Borrowing (Appendix 3 & 4)

- 4.1. The level of debt carried by the HRA is dependent on the amount of borrowing required to deliver the capital programme. Surplus income is used to offset capital spend but any spend over and above the available surplus needs to be borrowed, the surplus is known as Capital Funded from Current Revenue (CFCR).
- 4.2. Gross Expenditure 2024/25 is forecast at £20.366m, generating a surplus of £4.274m. After adjusting to ensure minimum reserves are maintained at 4%, £4.220m is available to fund capital investment for tenant priorities. Based on a budgeted capital spend £18.036m this means there will be a need for borrowing in 2024/25 of £13.816m. Projected capital investment and borrowing requirements over the period 2024/25 through to 2028/29 are set out in Appendix 3.

5.0 Capital Programme Plan 2024/25 to 2028/29

- 5.1. Progress on delivery of the 2023/24 HRA Capital Programme to the end of December 2023 is attached in Appendix 4. The works projects highlighted below are key to ensuring our continued compliance with the Scottish Housing Quality Standard and in meeting our commitments within the Strategic Housing Investment Plan.
 - Westhaugh Regeneration Works – Work on site commenced in December 2023 with a planned programme of works due to be completed in October 2024. The site will become the first in Scotland to meet with Scottish Governments new design guide. 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. Whilst works are ongoing twelve resident households have moved to temporary accommodation located within our housing stock;
 - 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 be on site March 2024, and forms part of the commitment to the new build forward plan as contained within the SHIP agreed at Council in November 2023.
 - Renewable Heating (zero direct emissions at point of use) – The Service will seek to maximise grant drawdown from both the UK and Scottish Governments to ensure that renewable heating options are explored and trialled. Properties “off the grid” are to be surveyed from January 2024 with a view to considering suitability for installation of Air Source Heat Pumps (ASHP). The service is currently considering a small number of pilot properties for domestic gas change to ASHP where appropriate.
 - The capital programme budget for 2023/24 made allowance for acquisitions of 40 ‘off the shelf’ (OTS) property purchase from the open market. At an

average of £100,000, existing property purchase is significantly less expensive than the unit cost of new build development.

Clackmannanshire Tenants and Residents Federation (CTRF)

5.2. Officers met with members of the Clackmannanshire Tenants and Residents Federation (CTRF) to present HRA Business Plan and Rent Affordability, along with discussing the proposed rent increase. In line with recent years, CTRF have provided a view on the current rent proposal to the Council.

5.3. *“CTRF acknowledges the multifaceted considerations that influence decisions on rent increases. The federation recognise factors such as the substantial escalation in material costs and the inflationary pressures from the recently agreed COSLA pay settlements. However, we are concerned as an Executive committee that rent pressure is being elevated by staff wage rises (unfunded by the Government), especially, when tenants are already navigating financial challenges. We will be writing to the Minister on this as to how tenants voice can influence these discussions (pay settlements). We look forward to working with the Council in reviewing wider corporate charges and housing staff time allocation to ensure, we are fully receiving value for money for each pound of tenants rent provided, as part of upcoming scrutiny activity. This will ensure that costs are minimised to help keep rents as affordable going forward.”*

6.0 Sustainability Implications

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

The housing service contributes positively toward the Councils Interim Climate Change Strategy and Climate Emergency Action Plan, the budget proposed has a commitment to testing and piloting zero emission heating systems at the point of use.

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. The report outlines that the HRA financial plan is at risk and careful management including appropriate rent rises, along with exploration of efficiencies will be required going forward.

7.5. *Staffing*

As detailed in the report the Housing Service have began recruiting to vacant posts in the service redesign. The Council's Property Service have also started a process of engagement with Trade Unions and Senior Leadership Group (SLG) on a redesign in line with the council's organisational redesign principles. The cost of the proposed property structure to the HRA will be considered and agreed in conjunction with the Housing Service and this accounted for in the HRA budget and members updated through regular outturn monitoring.

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)

Strategic Housing Investment Plan (SHIP) – November 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 2024/25
 - Appendix 2 - HRA Capital Programme 2024/2025 to 2028/29
 - Appendix 3 - HRA Borrowing Requirement 2024/25
 - Appendix 4 - HRA Capital Programme Progress 2023/24
 - Appendix 5 - Rent Consultation Response 2024/25
 - Appendix 6 - Proposed Rent Increase Illustration 2024/25
 - Appendix 7 - Rent Modelling – Funding Impact
-

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)

1. Clackmannanshire Council Tenant Satisfaction and Aspiration Survey 2023 – (May 2023)
2. Clackmannanshire Council Housing Revenue Account Financial Business Plan 2018-2023 – paper to Clackmannanshire Council – February 2018
3. Clackmannanshire Council Housing Revenue Account Budget 2023/24 and Capital Programme 2023/24 – paper to Clackmannanshire Council – February 2023
4. Clackmannanshire Council Rent Increase 2024/25 Consultation – December 2023
5. Be The Future – paper to Clackmannanshire Council - September 2023
6. Bank of England Monetary Policy Report (November 2023)
7. Scottish Housing Network – Local Authority Rent Consultation Benchmarking (December 2023)
8. Clackmannanshire Council Housing Revenue Account 30 Year Financial Business Plan Review (2023-24) – working documents (review ongoing at time of writing this report)

Author(s)

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Murray Sharp	Senior Manager (Housing)	5113
Lindsay Sim	Chief Finance Officer	2002
Andrew Buchanan	Operations Manager (Housing)	5168
Katie Roddie	Team Leader (Housing Business Management)	2688
Elizabeth Hutcheon	Team Leader (Accountancy)	6214
Gavin Wright	Team Leader (HRA Planned Works and Compliance)	5171

Approved by

NAME	DESIGNATION	SIGNATURE
Pete Leonard	Strategic Director (Place)	

Directorate Summary - Housing Revenue Account

Appendix 1

Description	Annual Budget for 2023-24 £	Annual Forecast to March 2024 £	Proposed Annual budget for 2024-25 £	Indicative Annual budget for 2025-26 £	Indicative Annual budget for 2026-27 £	Indicative Annual budget for 2027-28	Indicative Annual budget for 2028-29 £
Chief Officers Gross Salaries	10,149	10,149	11,248	11,585	11,875	12,112	12,355
Chief Officers Employers Superann	2,334	2,334	2,193	2,259	2,316	2,362	2,409
Chief Officers Employers NIC	15	15	30	30	31	32	32
Single Status Gross Salaries	6,778,083	6,194,783	7,436,119	7,659,202	7,850,683	8,007,696	8,167,850
Single Status Employers Superann	1,532,288	1,343,146	1,425,078	1,467,831	1,504,526	1,574,617	1,646,109
Single Status Employers NIC	660,921	679,765	744,479	766,813	785,983	801,703	817,737
Single Status Overtime	450,000	663,890	470,250	484,358	496,466	506,396	516,524
Single Status Absence Pay	0	47,765	0	0	0	0	0
Trainee Allowances Gross Salaries	40,406	33,500	45,351	46,711	47,879	48,836	49,813
Trainee Allowances Eers NIC	3,065	1,500	3,748	3,861	3,957	4,037	4,117
Long Service Awards	2,350	2,900	2,350	2,350	2,350	2,350	2,350
Salary Related Admin Costs	1,910	2,597	2,600	2,600	2,600	2,600	2,600
Employee Management Costs	3,000	3,000	2,000	2,000	2,000	2,000	2,000
Staff Training	88,000	61,287	88,000	88,000	88,000	88,000	88,000
Vacancy Management	(113,971)	100,000	(85,800)	(85,800)	(85,800)	(85,800)	(85,800)
Housing Disturbance Payments	0	1,033	0	0	0	0	0
	9,458,549	9,147,664	10,147,645	10,451,800	10,712,866	10,966,940	11,226,096
Annual Maintenance External Provide	1,320,000	1,320,000	384,120	395,644	405,535	413,645	421,918
Grounds Maintenance	0	1,000	0	0	0	0	0
Service Charge	0	194	0	0	0	0	0
Cleaning & Hygiene Materials	10,000	9,500	10,000	10,000	10,000	10,000	10,000
Gas	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Electricity	50,000	53,704	55,000	56,870	58,235	59,400	60,588
Void Rent Loss	500,000	524,365	500,000	450,000	400,000	325,000	258,510
Rates	13,000	31,985	32,000	32,960	33,784	34,460	35,149
Council Tax	31,000	27,300	31,000	31,000	31,775	32,411	33,059
Water Charges	0	61	0	0	0	0	0
Property Insurance	252,000	253,305	268,880	280,711	290,255	298,962	307,931
Bad Debt Provision	205,000	205,000	180,000	180,000	180,000	180,000	180,000
Building Costs - Recharges Internal	155,000	155,000	165,385	171,835	176,818	181,239	185,770
Land Services - Internal Recharges	55,500	50,074	59,220	61,530	63,314	64,897	66,520
	2,611,500	2,651,488	1,705,605	1,690,549	1,669,716	1,620,014	1,579,444
Short Term Vehicle Hire	20,000	30,356	30,000	30,000	30,000	30,000	30,000
Staff Travel Mileage Expenses	10,000	11,913	10,000	10,000	10,000	10,000	10,000
Vehicles - Maintenance Recharges	390,000	400,000	409,500	425,471	437,809	448,754	459,973
	420,000	442,269	449,500	465,470	477,809	488,754	499,973
Purchase Of Equipment	96,000	47,150	96,000	96,000	96,000	96,000	96,000
Purchase Of Furniture	500	500	500	500	500	500	500
Storage & Removal Charges	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Materials (issued from Stock)	1,187,000	1,174,320	1,246,350	1,294,958	1,332,511	1,365,824	1,399,970
Materials - Direct purchases from sup	1,072,000	999,520	1,125,600	1,169,498	1,203,414	1,233,499	1,264,337
General Consumables (small items)	51,000	51,000	53,550	55,638	57,252	58,683	60,150
Equipment Maintenance	38,000	25,000	38,000	38,000	38,000	38,000	38,000
Equipment Rental/Leasing	33,000	28,000	33,000	33,000	33,000	33,000	33,000
Scaffold Hire	82,500	56,890	59,700	59,700	59,700	59,700	59,700
Medical Supplies	1,100	1,100	500	500	500	500	500
Hospitality	100	0	100	100	100	100	100
Uniforms & Clothing	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Office Equipment - Purchases	3,650	3,850	3,650	3,650	3,650	3,650	3,650
Printing & Photocopying	7,800	4,000	2,000	2,000	2,000	2,000	2,000
Stationery	6,260	9,810	6,260	6,260	6,260	6,260	6,260
Publications	800	1,200	800	800	800	800	800
Insurance	47,500	46,600	50,680	52,910	54,709	56,350	58,041
Professional Fees	102,150	19,500	102,150	102,150	102,150	102,150	102,150
Performing Rights	300	300	300	300	300	300	300
Postages	8,000	6,006	8,000	8,000	8,000	8,000	8,000
Legal Expenses	67,000	67,054	67,000	67,000	67,000	67,000	67,000
Subscriptions	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Telephones	150	131	150	150	150	150	150
Mobile Telephones	33,810	35,218	35,000	36,190	37,059	37,800	38,556
Computer Hardware Purchase	20,000	20,250	20,000	20,000	20,000	20,000	20,000
Computer Software Maint.	161,000	175,977	211,000	218,174	223,410	227,878	232,436
	3,045,220	2,798,976	3,185,890	3,291,078	3,372,065	3,443,745	3,517,199
Other Council Accounts	876,930	1,044,660	935,680	967,493	990,713	1,010,527	1,030,738
Other Local Authorities	23,500	0	(0)	(0)	(0)	(0)	(0)
Voluntary Organisations Payment	67,730	67,730	30,000	30,000	30,000	30,000	30,000
Payments To Contractors	98,200	103,590	48,200	49,839	51,035	52,056	53,097
Payment To Subcontractor	825,000	1,708,446	866,250	900,034	926,135	949,288	973,020
Other Agencies Payment	0	6,249	0	0	0	0	0
	1,891,360	2,930,675	1,880,130	1,947,366	1,997,883	2,041,871	2,086,855
Bank Charges	0	614	650	650	650	650	650
	0	614	650	650	650	650	650
Payments To Individuals (no service p	0	200	0	0	0	0	0
Support Services	1,204,000	1,204,000	1,204,000	1,204,000	1,204,000	1,204,000	1,204,000
Loans Fund Interest	1,177,650	1,062,160	1,204,322	2,146,059	2,670,331	3,072,584	3,848,026
Debt Management Expenses	23,209	23,038	20,435	25,339	25,191	25,935	28,632

Principal Repayments	480,586	480,586	567,968	676,879	753,601	1,760,443	2,635,899
	1,681,445	1,565,784	1,792,725	2,848,277	3,449,123	4,858,962	6,512,557
Total Expenditure	20,312,074	20,741,670	20,366,146	21,899,191	22,884,112	24,624,936	26,626,775
Charges for Services Standard VAT	(61,400)	(5,169)	(51,400)	(51,400)	(51,400)	(51,400)	(51,400)
Charges for Services Exempt VAT	0	2,087	0	0	0	0	0
Other Income	(5,740)	(15,901)	(15,740)	(20,740)	(20,740)	(20,740)	(20,740)
Housing Rents	(21,234,480)	(21,343,925)	(22,572,640)	(23,565,836)	(24,367,075)	(25,098,087)	(25,851,029)
General Rents	(102,350)	(68,627)	(102,350)	(102,350)	(102,350)	(102,350)	(102,350)
Interest(Revenue Balance)	(168,000)	(270,000)	(84,000)	(84,000)	(84,000)	(84,000)	(84,000)
Internal Trading Contract	(2,558,200)	(1,700,000)	(1,813,900)	(1,875,573)	(1,920,586)	(1,958,998)	(1,998,178)
Total Income	(24,130,170)	(23,401,535)	(24,640,030)	(25,699,899)	(26,546,151)	(27,315,575)	(28,107,697)
Net Surplus	(3,818,096)	(2,659,865)	(4,273,884)	(3,800,708)	(3,662,039)	(2,690,639)	(1,480,922)

HRA Capital Budget 2024/25 to 2028/29

Appendix 2

	2024/25	2025/26	2026/27	2027/28	2028/29
Expenditure	£'000	£'000	£'000	£'000	£'000
SHQS ELEMENTS					
Primary Building Elements					
Structural Works	100	250	250	250	250
Secondary Building Elements					
Damp Proof Course and Rot Works	200	200	200	200	200
Roof/Rainwater/External Walls	1,500	1,500	1,500	1,500	1,500
Windows	2,000	2,000	2,000	1,000	1,000
Doors	0	500	500	500	500
Energy Efficiency					
Full/ Efficient Central Heating	750	750	750	750	750
Renewables Heating and Solar	225	525	525	525	525
EPC Programme	50	50	50	50	50
Modern Facilities & Services					
Kitchen Renewal	1,515	1,000	1,000	1,000	1,000
Bathroom Renewal	50	400	400	1,000	1,000
Health Safe & Secure					
Safe Electrical Systems	1,300	1,500	1,500	1,500	1,500
Improvement Fencing	245	200	200	200	200
Secure Door Entry Systems & CCTV	275	325	325	325	325
Landscaping and communal environment	150	150	150	150	150
New Build					
Westhaugh	3,578	0	0	0	0
Off the Shelf Purchases & Refurbishment	4,008	3,500	3,500	3,500	3,500
Lochies Road Clackmannan	2,005	0	0	0	0
New Build	90	2,500	2,500	2,900	2,900
Demolitions to support newbuild activity	445	300	300	300	300
NON SHQS ELEMENTS					
Misc Conversions & Adaptations	45	70	70	70	70
Disabled Adaption Conversions	300	300	300	300	300
HRA Roads & Footpaths Improvements	50	50	50	50	50
Tenant Community Improvement Fund	229	150	150	150	150
Lock Ups	100	100	100	100	100
Housing Business Management System	744	40	40	40	40
IT Infrastructure	37	137	137	137	137
Construction Design & management	50	50	50	50	50
Gross Capital Programme (inc cfwd)	20,041	16,547	16,547	16,547	16,547
Income					
Westhaugh	(585)				
Off the Shelf Purchases & Refurbishment	(800)				
Lochies Road Clackmannan	(620)				
Income	(2,005)	0	0	0	0
Net Capital Programme Budget	18,036	16,547	16,547	16,547	16,547

HRA Borrowing Requirement 2024/25 to 2028/29

Appendix 3

1st April 2023	£8,715,000	
2023-24 Surplus Forecast	£2,659,865	
Earmarked for IT System	-£142,000	
Minimum Reserve Balance	-£849,000	
	<u>£10,383,865</u>	
2023-24 HRA Capital Forecast	-£10,811,236	
	<u>-£427,371</u>	New borrowing
1st April 2024	£991,000	
Minimum Reserve	-£902,906	
Surplus 24/25	£4,273,884	
Use of IT system reserve	-£142,000	
2024-25 Capital programme	-£18,036,000	
31-Mar-25	<u>-£13,816,022</u>	New Borrowing
2025-26 Surplus	£902,906	
Surplus 25/26	£3,800,708	
Minimum Reserve	-£956,812	
2025-26 Capital programme	-£16,547,000	
31-Mar-26	<u>-£12,800,198</u>	New Borrowing
2026-27 Surplus	£956,812	
Surplus 26/27	£3,662,039	
Minimum Reserve	-£1,009,908	
2026-27 Capital programme	-£16,547,000	
31-Mar-27	<u>-£12,938,057</u>	New Borrowing
2027-28 Surplus	£1,009,908	
Surplus 27/28	£2,690,639	
Increase in Minimum Reserve	-£1,063,004	
2027-28 Capital programme	-£16,547,000	
31-Mar-28	<u>-£13,909,457</u>	New Borrowing
2028-29 Surplus	£1,063,004	
Surplus 28/29	£1,480,922	
Increase in Minimum Reserve	-£1,116,100	
2028-29 Capital programme	-£16,547,000	
31-Mar-29	<u>-£15,119,174</u>	New Borrowing

Housing Investment Team Performance Update 2023-24

Quarter 3 – HRA Capital Programme & SHQS

Completed Works to 31st December, 2023

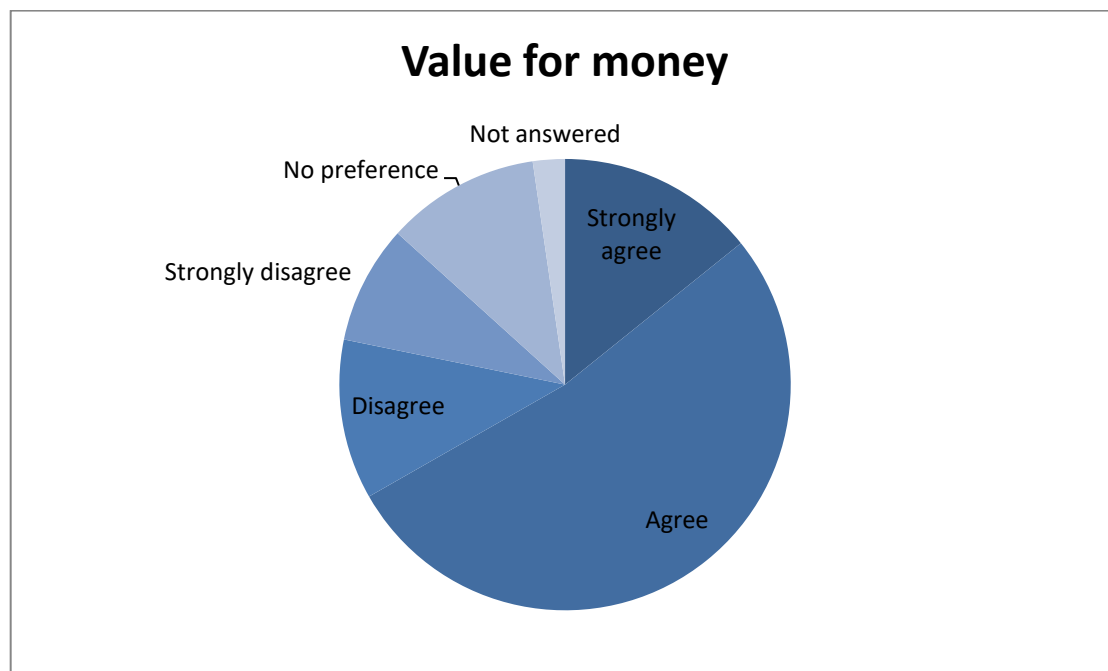
Project	Number of Houses Completed to end Quarter 3
Window Replacement Programme	424 properties
Bathroom Replacements – PCU	20
Kitchen Replacement - PCU	139
Disabled Bathroom Adaptations	70
Hard Wired Smoke Detection	1 (all others completed in previous financial year)
Central Heating Upgrades	258
Safe Electrical Tests & Upgrades	1790 Tests 1450 Remedial Upgrades
Roof Replacements	13
Roughcast/Cladding Replacement	1
Roof and Render	27
Secure Door Entry Upgrades CCTV	14 Door entry closes 88 Door entry properties 4 CCTV closes 20 CCTV properties
Fencing Replacements	208 properties
Asbestos Testing	124
Asbestos Removal Works	57
Stock Condition Surveys	N/A – none undertaken
Completed Damp/Rot Works	90
“Off the Shelf” property refurbishments to SHQS	22
Structural Works	Hareburn Road Tillicoultry, Roundelwood & Sprotwell Terrace Sauchie– Retaining Walls
Westhaugh Travellers Site	Contractor now on site with groundworks commenced in Dec 23
Energy Performance Surveys	128

Rent Increase Consultation 2024/25

The following details the results of the consultation published on Citizen Space in relation to the Rent Increase Consultation 2024/25, which was open from 18th November 2023 to 15th December 2023.

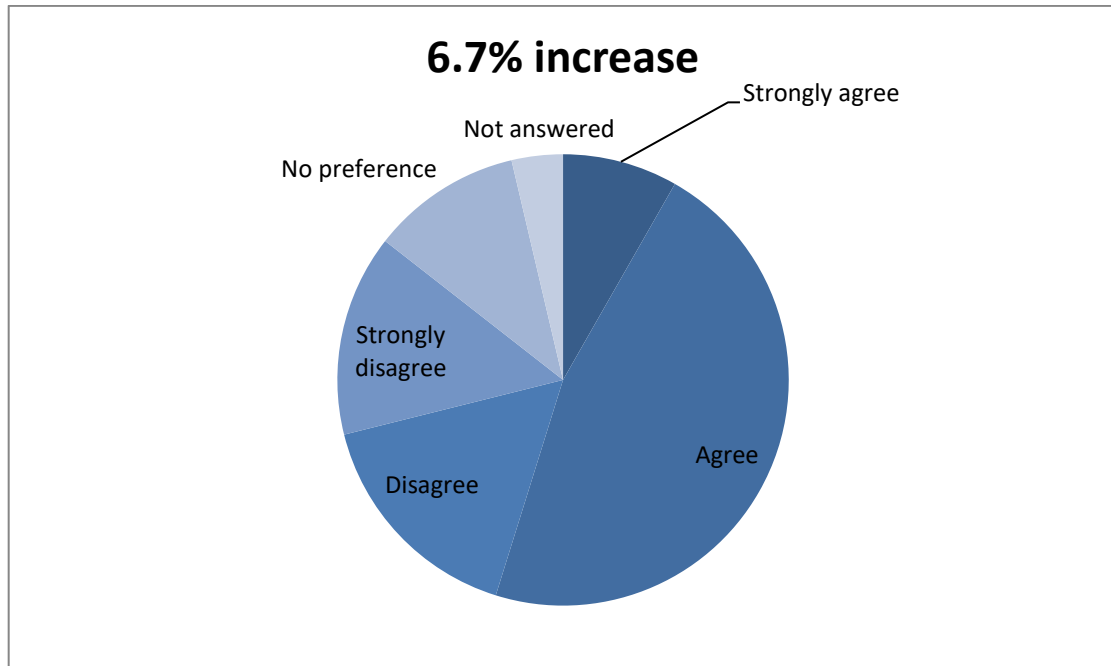
436 responses were received, a summary of the responses are detailed below:

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



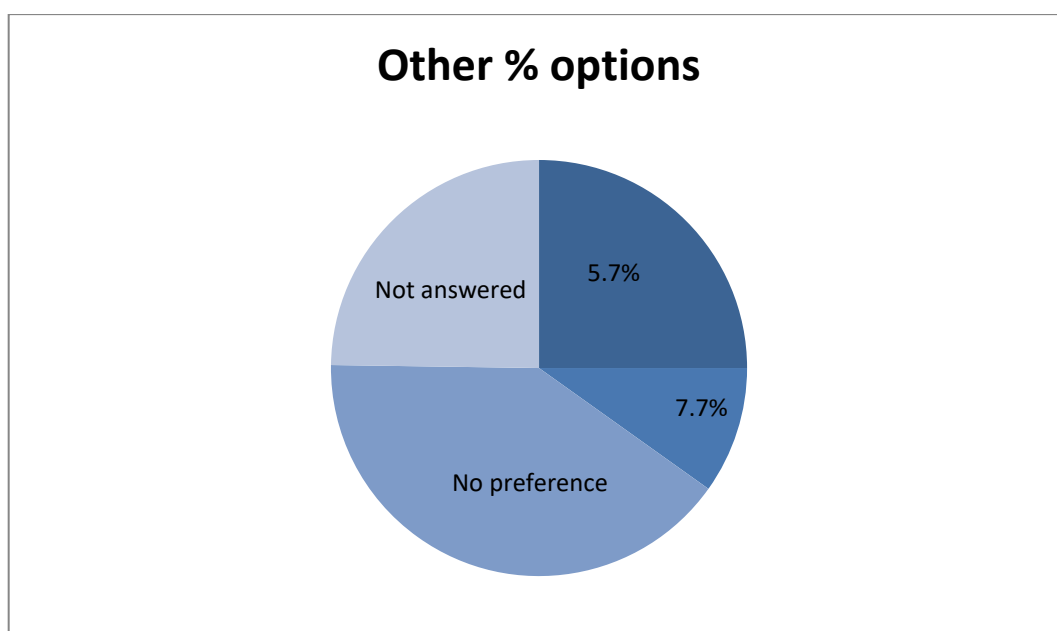
	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference	Not answered
Value for Money	62	229	50	37	48	10
	14.22%	52.52%	11.47%	8.49%	11.01%	2.29%

To afford our current business plan for the next 5 years we require a minimum of 6.7% (on average £5.38 per week) increase for 2024/25. Do you feel this increase would be appropriate?



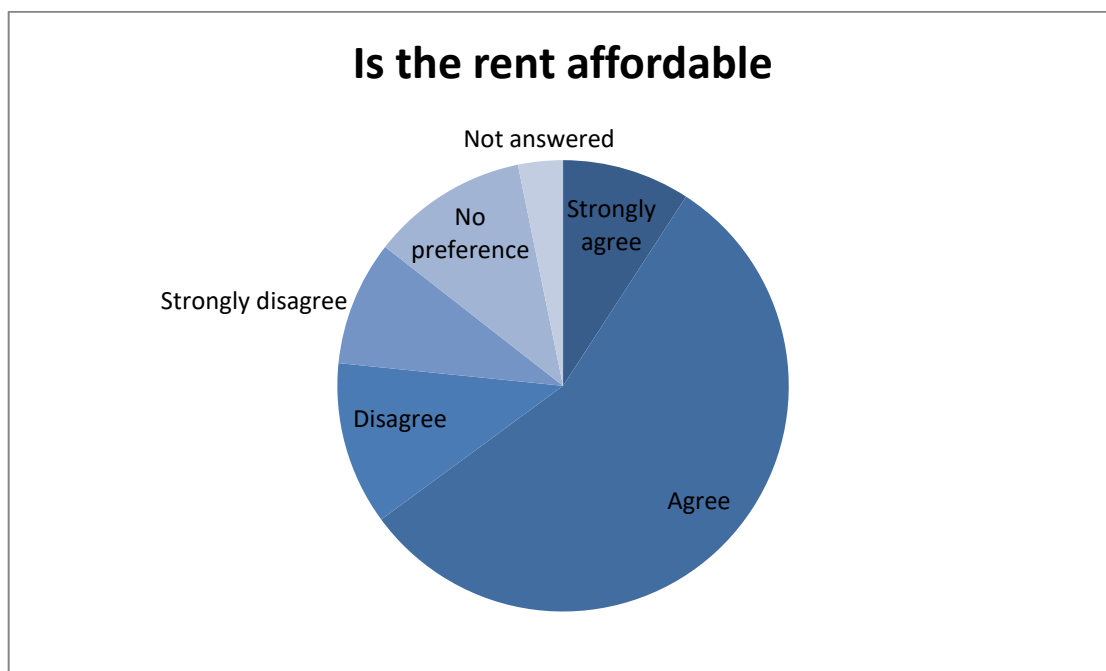
	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference	Not answered
6.7% increase	36	203	71	63	47	16
	8.26%	46.56%	16.28%	14.45%	10.78%	3.67%

If you feel that a 6.7% increase is not appropriate, what if any would you feel, from the other options above would be appropriate?



	5.7%	7.7%	No Preference	Not answered
Other % options	109	43	176	108
	25%	9.86%	40.37%	24.77%

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?



	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference	Not answered
Is the rent affordable	40	243	51	39	49	14
	9.17%	55.73%	11.7%	8.94%	11.24%	3.21%

6.7%

Rent Costs for Houses with effect from 1 April 2024

	£ Rental Charge 2023/24	£ Increase	£ Revised Charge 2024/25
1 Apartment	83.06	5.57	88.63
2 Apartment	85.06	5.70	90.76
3 Apartment	87.13	5.84	92.97
4 Apartment	88.90	5.96	94.86
5 Apartment	91.10	6.10	97.20
6 Apartment	93.32	6.25	99.57

Rent Costs for Flats with effect from 1 April 2024

1 Apartment	81.53	5.46	86.99
2 Apartment	83.49	5.59	89.08
3 Apartment	85.55	5.73	91.28
4 Apartment	87.43	5.86	93.29
5 Apartment	89.59	6.00	95.59

Average Rent (48 weeks)	£92.75
Average Rent (52 weeks)	£85.62

Rent Cost for Lock-ups with effect from 1 April 2024

Lock-ups		Increase £	Weekly £
Lock-up Rent	8.24	0.55	8.79
Lock-Up with VAT	9.89	0.66	10.55

Garage Pitch Site Annual Cost £99.89 (£119.87 VAT)

The rent charge-free weeks for 2024/25 will be the weeks commencing:

- 29 July 2024
- 5 August 2024
- 23 December 2024
- 30 December 2024

Rent Modelling - Funding Impact

- 1.1 The table below shows the impact on income of the various rent increase options on key variables compared to the proposed increase of 6.7%

Impact of rent increase compared to 6.7% rent increase 2024/25

Proposed Rent Increase 2024/25 %	Rent Income 2024/25 £	Loss of rent compared to 6.7% £	Cumulative loss of rent 2024/25 to 2030/31 £	Estimated loss of rent over 30 years £	Surplus 2024/25 for CFCR £	Cumulative surplus for CFCR 2024/25 to 2030/31 £	Estimated Cumulative CFCR over 30 years £
6.7%	22,572,640	0	0	0	(4,273,884)	(17,174,681)	(62,100,000)
5.7%	22,361,088	(211,552)	(1,644,858)	(9,391,560)	(4,062,332)	(15,537,311)	(44,100,000)
5.0%	22,213,001	(359,639)	(2,796,260)	(15,139,164)	(3,914,246)	(14,378,420)	(32,000,000)
4.0%	22,001,449	(571,191)	(4,441,121)	(25,835,736)	(3,702,693)	(12,733,560)	(16,500,000)
3.0%	21,789,896	(782,744)	(6,085,981)	(33,922,308)	(3,491,141)	(11,088,700)	(4,100,000)
0.0%	21,155,239	(1,417,401)	(11,020,561)	(61,227,023)	(2,856,484)	(6,154,119)	26,000,000

1.2 Impact of Rent Options on Surplus/Deficit

Budget (Surplus)/Deficit 2024/25 to 2030/31

	Year 1 2024/25 £	Year 2 2025/26 £	Year 3 2026/27 £	Year 4 2027/28 £	Year 5 2028/29 £	Year 6 2029/30 £	Year 7 2030/31 £	Cumulative Total £
Surplus at 6.7%	(4,273,884)	(3,800,708)	(3,662,039)	(2,690,639)	(1,480,922)	(920,956)	(345,532)	(17,174,681)
Surplus at 5.7%	(4,062,332)	(3,579,847)	(3,433,669)	(2,455,418)	(1,241,068)	(673,906)	(91,070)	(15,537,311)
Surplus at 5.0%	(3,914,246)	(3,425,245)	(3,273,810)	(2,290,763)	(1,069,051)	(496,728)	91,423	(14,378,420)
Surplus at 4.0%	(3,702,693)	(3,204,384)	(3,045,440)	(2,055,542)	(826,773)	(247,182)	348,455	(12,733,560)
Surplus at 3.0%	(3,491,141)	(2,983,524)	(2,817,070)	(1,820,321)	(584,495)	2,364	605,488	(11,088,700)
Surplus at 0.0%	(2,856,484)	(2,320,941)	(2,131,961)	(1,114,658)	142,338	751,002	1,376,585	(6,154,119)

The above table shows:

- a deficit would be reached in year 5 if rents were frozen,
- a deficit would be reached in year 6 if rents were set at 3%
- a deficit would be reached in year 7 if rents were set at 4% or 5%
- a minimal surplus would be reached if rents were set at 5.7% which poses significant risk for the HRA to be able to absorb additional pressures.
- a surplus would be maintained over the 7 years if rents were set at 6.7% which would help to support the mitigation of any additional pressures and/or additional investment in the capital programme as identified in the 30 Year Business Plan.

2.1 Impact of Rent Options on CFCR available to fund capital expenditure

Rent Option	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7
	7.7%	6.7%	5.7%	5%	4%	3%	0%
	£M	£M	£M	£M	£M	£M	£M
CFCR 30 Year Total	£80.2	£62.1	£44.1	£32.0	£16.5	£4.1	(£26.0)
Funding Gap from Proposed 6.7% increase (option 2)	£18.1	£0.0	(£18.0)	(£30.1)	(£45.6)	(£58.0)	(£88.1)

The table above shows that over the 30 year period:

- A rent increase of 7.7% would generate an additional £18.1m in available CFCR over the proposed 6.7% increase.
- A rent increase of 5.7% would result in a loss of available CFCR of £18m which equates to the equivalent of more than one years capital spend
- A rent freeze would result in a loss of £88.1m of available CFCR