
Report to: Clackmannanshire Council

Date of Meeting: 30 January 2025

**Subject: Housing Revenue Account Budget 2025/26, Capital Programme
2025/26 & Rent Structure Modelling Review**

Report by: Strategic Director: Place

1. Purpose

- 1.1. This report presents the proposed Housing Revenue Account budget and Housing Capital Programme for the financial year 2025/26 for approval as defined within the Housing (Scotland) Act 1987. The report also seeks approval for a revised rental structure to be implemented for 2025/26.

2. Recommendations

- 2.1. It is recommended that Council:
- 2.2. Approve an increase in Council house rents by 10% to the base rent, for the financial year 2025/26, effective from 31st March 2025, as set out in Appendix 6,
- 2.3. Approve the implementation of a new rental structure as detailed in section 5 and 6 of this report for domestic dwellings from 31st March 2025, noting the implementation means that 72% of tenants will be paying less rent per week in 2025/26 under the new rental structure than they would have if the current structure were to be retained,
- 2.4. Approve a maximum £1.21 per week increase in the lock-up rental fees to be fixed at £10 per week until 29th March 2027,
- 2.5. Approve a £10.11 per year increase in the garage site pitch rental fees to be fixed at £110 per year until 1st April 2027,
- 2.6. Approve a 10% increase for all other associated tenancy charges, as set out in Appendix 6,
- 2.7. Approve the Housing Revenue Account budget for 2025/26, and the anticipated 4 year forward plan as set out in Appendix 1,

- 2.8. Approve the Housing Capital Programme budget for 2025/26 and the forward 4 year illustrative programme to 2029/30, as set out in Appendix 2,
- 2.9. Approve the anticipated HRA Capital Borrowing Requirement for the period 2025/26 to 2029/30 as set out in Appendix 3,
- 2.10. Approve the Housing Service forward policy schedule as detailed in Appendix 9,
- 2.11. Note the results of the tenant rent consultation process as detailed in section 7 and the views expressed by the Clackmannanshire Tenants and Residents Federation detailed in section 8.6 of the paper,
- 2.12. Note that the Westhaugh Gypsy/Travellers site remains closed. Council will be asked, prior to re-opening, to approve a rental figure for these properties.

3. Considerations

- 3.1. The Housing Revenue Account (HRA) budget setting process is subject to statutory, regulatory and governance requirements including consultation with tenants.
- 3.2. Audit Scotland is the lead regulator for governance and finance in local authorities including the HRA financial well-being and governance.
- 3.3. In terms of meeting service delivery requirements, we must prepare and publish an Annual Assurance Statement to confirm to our tenants and Scottish Housing Regulator (SHR) that we are meeting regulatory requirements for local authorities. The SHR is an independent regulator which monitors the Annual Assurance Statement on behalf of the Scottish Parliament.

4. HRA Financial Business Plan Review – Update

- 4.1. The HRA budget paper for 2025/26 has been developed with recognition of the recommendations arising from the review of the HRA Financial Business Plan during 2023/24. 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, borrowing requirements and the life cycle capital investment required over a 30 year period. The Financial plan is key in determining and influencing key strategic decisions, including stock retention and regeneration, and influencing as to whether the Council should remain as a social landlord.
- 4.2. There were three main aspects that required to be taken forward in order to complete the review. It was agreed by Members in briefing sessions in both October 2023 and February 2024 that a review of the rent restructure would be a priority during 2024/25. The second aspect was a refresh and updated stock condition survey. The third area recommended for review was central support charges.

- 4.3. Central support costs have been added to the proposed budget in line with the current year charges at £1.204m, an exercise is currently taking place to review the costs from each of the corporate services that assist the HRA with service delivery. This will lead to establishing a framework to gather and measure actual costs against the estimated and known costs. This framework will be agreed with each service ahead of next financial year and the section 95 officer. It is intended that before each financial year end, the actual costs incurred will be reviewed in line with the framework, and any proposed adjustments made to reflect the movements in the year. This is the most accurate way of reviewing central support and ensuring it reflects fair value to the HRA and General Fund in line with Government Guidance.
- 4.4. A review of the rental structure has been completed, is documented in this report and we now seek approval for implementation. Work had progressed on the procurement of the stock condition survey, however, there has been a delay from the EESSH2 (Energy Efficiency Standard for Social Housing) working group to review and to determine clear guidance on works which would be required to meet the Net Zero target for heating by 2045. Indications are that the approach will have a fabric first approach and, on that basis, funding for a comprehensive survey of the stock is included within the revenue budget.
- 4.5. The business plan review during 2023/24 highlighted a number of other key considerations which have informed the 2025/26 budget setting process and the rent consultation engagement with tenants. Those considerations include(d):
- Continued 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 and external contractor pricing has remained high and well above pre-covid inflation levels.
 - An acute and sustained increase in homeless presentations, adding further strain to existing resources.
 - Continued investment in existing housing stock, to ensure it continues to meet current and future regulatory and legislative requirements and meet expectations of today's tenants.
- 4.6. As detailed above a key conclusion from the review was that our Asset Management Strategy (AMS) and stock condition survey information 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.
- 4.7. The need for robust stock condition information is crucial, and whilst this does not impact on budgeting setting for 2025/26 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.

4.8. The proposed budget includes for provision of a full stock condition survey of all domestic housing stock to be undertaken within financial year 2025/26.

4.9. A further risk highlighted by the consultant was cost pressures running higher than recent rent increases, this feedback was taken on board by Council last year as rents were increased faster than inflation based upon updated financial projections. Notably some Housing Associations have guidance to try and not allow wage rises to run higher than rent increases to try and ensure sufficient financial headroom. The HRA is required to meet the full cost of staff salaries, including all salary increases agreed by COSLA with the Trade Unions. The HRA receives no government funding for salary increases. Budget setting for 2025-26 includes a requirement for the HRA to fund the change in employers National Insurance (NI) contributions as well as an anticipated 3% pay award, the cost to the service for the change in NI alone is budgeted at £231k and accounts for around 1% of the total 10% proposed rent increase.

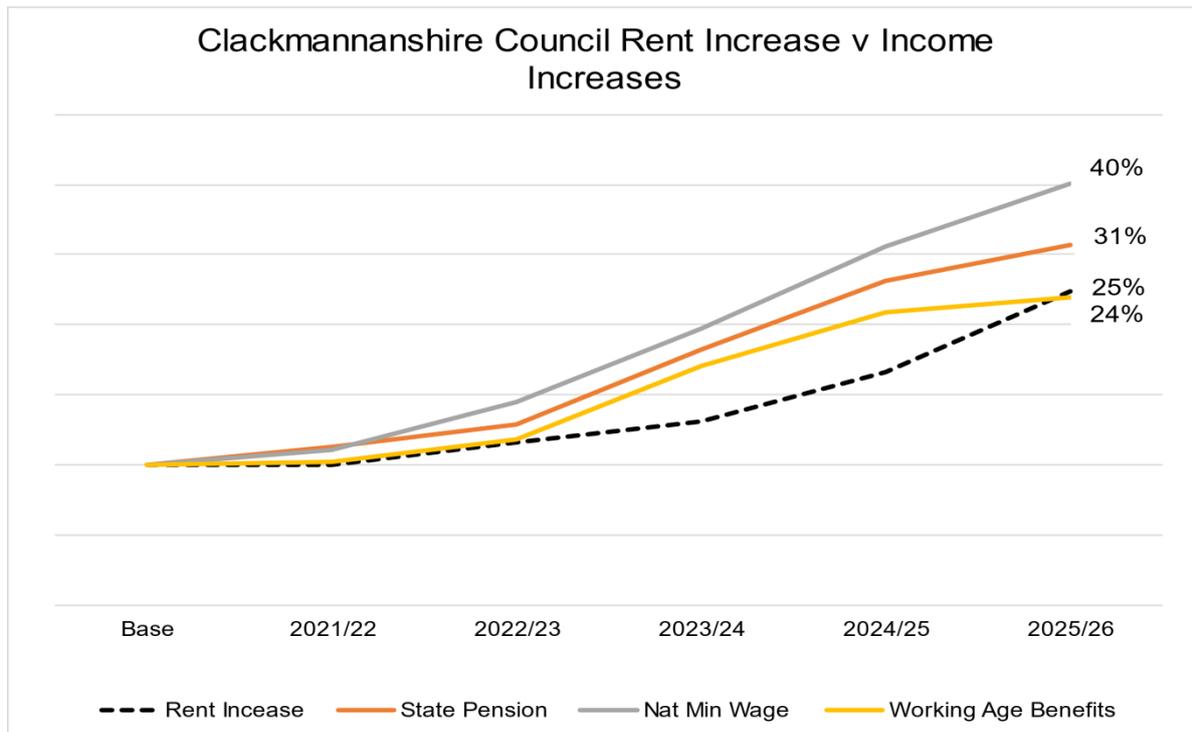
4.10. Table 1 - Comparison of Recent Rent and Wage Increases

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%
2024/25	6.7%	4.4%	2.3%
Total rise in period	18.7%	26.9%	27.8%

4.11. However, with the above risks noted, the consultants did conclude that the Councils baseline Financial Business Plan highlighted a relatively healthy position. At that stage, the consultant noted to Council our 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.

4.12. Further to Table 1, Graph 1 demonstrates movements in income compared to the rent increases including the proposed 10% increase for 2025/26. We can see that rents have increased by 25% (assuming today's proposed rise) over the last 5 years which is line with the increase in working age benefits (24%). Over the same period, national minimum wage and state pension have increased by 40% and 31%, respectively.

4.13. Graph 1 – Recent rent increases compared to income/benefit increases.



5. Rent Structure Review

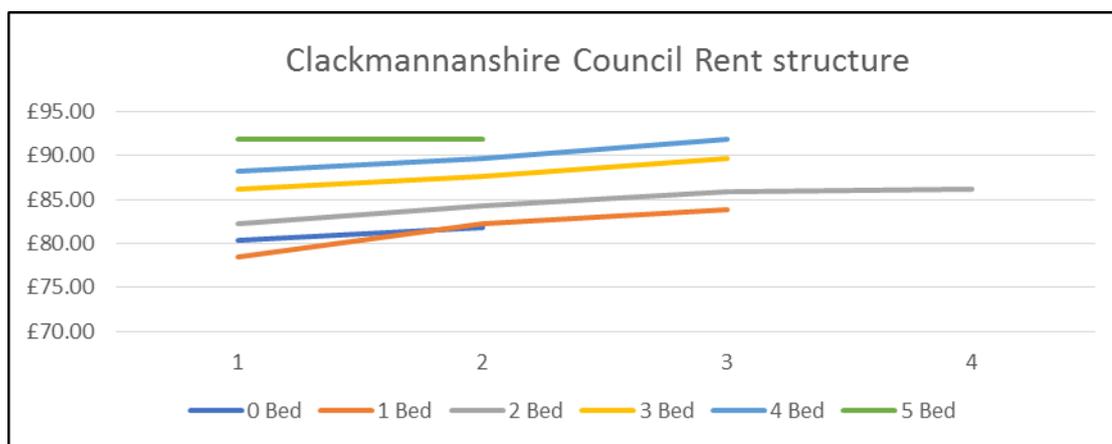
5.1. Following a procurement process Clackmannanshire Council commissioned Arneil Johnston in June 2024 to conduct a comprehensive review of the current approach to rent and service charge setting. The purpose of this review was to devise a fairer rent and service charge system which effectively meets both customer and business requirements. The rationale to change the way in which rents are structured is as follows:

- To ensure a consistent method for calculating rent based on fair principles,
- To ensure that the rents charged reflect the benefits and/or amenities provided by the property,
- To improve fairness and make the system easier for tenants to understand,
- To reduce the number of separate service charges that tenants are asked to pay by adding some charges to the main property rent,
- To provide a simpler charging system for tenants which will provide less detail on tenant charges by will be easier to understand.

5.2. The review identified that the current rent structure was very flat with little difference between smaller and larger properties across 22 different rent levels. Graph 2 below demonstrated that in some cases charges for smaller properties can exceed those of larger sized properties, this is due to there

being little difference between the minimum and maximum rent levels for each property type.

5.3. Graph 2 – Current Rent Structure



5.4. Tenants were encouraged to complete a questionnaire, which was advertised through social media. Our Tenancy Participation Officer and Housing Officers visited tenants at their homes and spoke to them at various community groups to get their views. 263 surveys were returned, which is approximately 5% of the tenant base. Additionally, those respondents indicating a willingness to participate in person were invited to attend a series of tenant engagement workshops hosted by Arneil Johnston. These were carried out on 29th October 2024, with 3 sessions held over the day and evening to capture as many tenants as we could. 11 people attended the focused workshops.

5.5. The key headlines, which can be concluded from the quantitative and qualitative methodologies, were as follows:

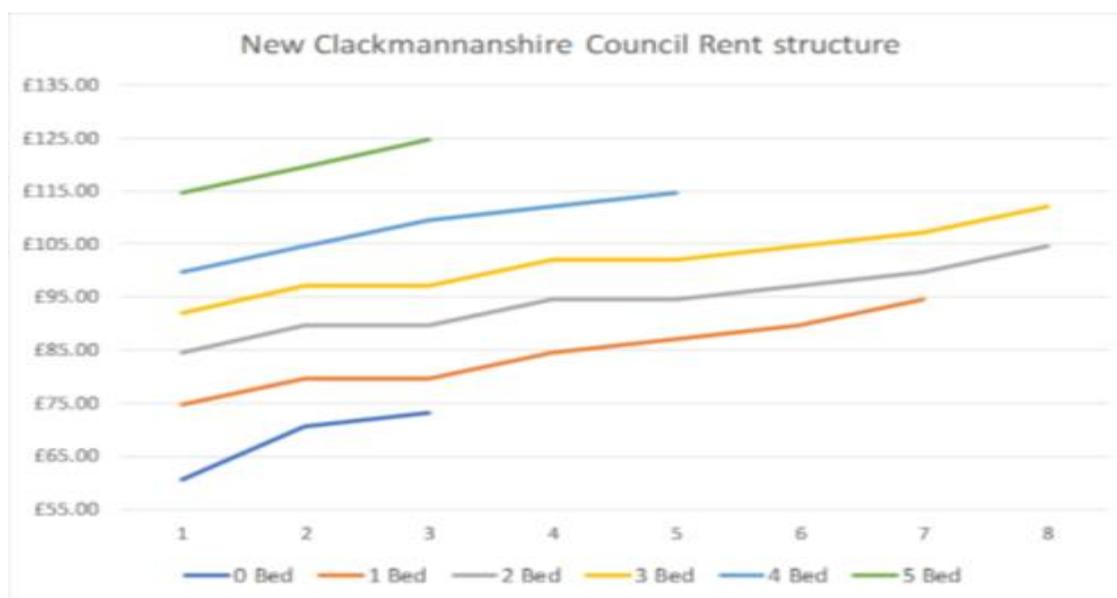
- Property Size/Type: There is overwhelming support from both the questionnaires and tenant workshops for the use of property size and property type in a revised rent structure. These were the two highest ranked property characteristics by tenants.
- Flatted Properties: At the workshops, there was a consensus that flatted properties should have a variance in charge based on whether the flat has a communal door and/or own door.
- Ranking of Property Types: Houses/cottages/bungalows should have a variance in charge based on whether the house is mid terrace, end/semi and/or detached.
- Other characteristics were considered such as age of property, location and energy efficiency: It was felt by respondents that factors used to set rent should be constant and not be complicated in administration on an ongoing basis.

5.6. In the current rental structure, there are 3 types of service charges: close cleaning (45 properties), ground maintenance (17 properties) and washer dryer (3 properties). The survey responses showed a strong majority for only

charging people for the services they received. In contrast, more detailed feedback from the focus groups showed support for most of the service charges to be absorbed into the overall rent as there would be minimal impact. Close cleaning was the only service charge to not be absorbed, due to a service priority to expand this delivery to further blocks.

5.7. The revised rent structure developed and proposed by the independent consultants increases number of rent levels from 22 to 25. As shown in Graph 3 below there would be a bigger differential between each size of property, with the overall average weekly rent remaining the same.

5.8. Graph 3 – New Rent Structure¹



5.9. The attributes contributing to the revised structure are property size and property type. The hierarchy of the proposed new rent structure is as follows, the base rent is built upwards from a flat with one bedroom, then maisonette, a 4 in a block having a slight premium added and then house and bungalows having a higher premium depending on the style. Table 2a below shows criteria one values assigned to the property size. Table 2b shows criteria two values allocated to property type.

5.10. Table 2a

Criteria 1 – Property Size	Add Rent
0	-£14.00
1	Base
2	£10.00
3	£17.50
4	£25.00
5	£30.00

Note: The x-axis in this graph refers to the number of varieties of types of properties within each bedroom category.

¹

5.11. Table 2b

Criteria 2 Property and unit type	Add rent
House detached	£20.00
4 in a block (lower/upper)	£5.00
Flat ground	Base
Maisonette upper	£5.00
Bungalow detached	£20.00
Flat upper	Base
House/bungalow end terrace	£12.50
House/bungalow mid terrace	£10.00
House/bungalow semi detached	£15.00

5.12. Table 3 below shows the proposed new rental charges (on 2024/25 rental prices) based on this proposed revised structure.

5.13. Table 3

Current Rent Structure					Proposed Rent Structure (@ 2024/25 rents)				
Bedroom size	Min	Max	Differential	SHR Charter Average ²	Bedroom size	Min	Max	Differential	SHR Charter Average ²
0	£86.99	£88.83	£1.84	£87.61	0	£60.60	£73.10	£12.50	£64.48
1	£85.06	£94.61	£9.55	£89.85	1	£74.60	£94.60	£20.00	£81.66
2	£89.08	£96.81	£7.73	£92.14	2	£84.60	£104.60	£20.00	£92.26
3	£93.29	£98.82	£5.53	£94.52	3	£92.10	£112.10	£20.00	£102.31
4	£95.59	£99.57	£3.98	£97.11	4	£99.60	£114.60	£15.00	£112.39
5	£99.57	£99.57	£0.00	£99.57	5	£114.60	£124.60	£10.00	£119.60

Rental Costs with Proposed Rent Rise

5.14. Table 4 below shows the rent costs under the current rent structure once the proposed 10% increase has been applied to the base rent – all tenants would have an increase in their rent charge.

² Averages are determined based on the SHR technical guidance, which in simplest terms includes the rent charges for each property size, weighted against the number of properties in each bedroom category.

5.15. Crucially though, the impact of the rent restructure can be seen in table 5, where 72% (3,599) of tenants will be paying less in 2025/26 than they would have under the current structure after the proposed 10% increase is applied. An example of the revised costs is shown in Appendix 8.

5.16. A near third of tenants (28%, (1,376)) would, to ensure fairness and equity, have an increase in payments, with the vast majority having an increase of less than £8.57 per week. As the table highlights, 3 households would have an increase of on average of £22. Those tenants in larger homes have benefited from having larger space while paying disproportionately compared to those in smaller properties. Housing Officers will engage with any tenants who need financial assistance resulting from this change. Personal contact will be made with the 142 tenants affected by rises of between £16.81 to £22.03 per week, to ensure everything is being done to maximise their income (for example some might now qualify for Housing Cost Assistance) and seek to see if any help can be given to reduce their expenditures, i.e. check for eligible reliefs and energy tariffs. This will help ensure those households income is maximised to mitigate the impact as far as possible.

5.17. Table 4

Bedroom size	Min	Max	Differential	SHR Charter Average ²
0	£95.69	£97.49	£1.80	£ 96.59
1	£93.57	£104.07	£10.50	£ 98.83
2	£97.99	£106.49	£8.50	£101.97
3	£102.62	£108.70	£6.08	£103.97
4	£105.15	£109.53	£4.38	£106.82
5	£109.53	£109.53	£0.00	£109.53

5.18.

5.19. Table 5 - Revised rent structure including 10% increase.

Bedroom size	Min	Max	Differential	SHR Charter Average ²	Average difference from current average (table 4)	Number of properties affected
0	£66.66	£80.41	£13.75	£70.93	-£25.66	29
1	£82.06	£104.00	£21.94	£89.83	-£9.00	1355
2	£93.06	£115.00	£21.94	£101.49	-£0.48	2215
3	£101.3	£123.30	£22.00	£112.54	£8.57	1234
4	£109.5	£126.00	£16.50	£123.63	£16.81	139
5	£126.0	£137.00	£11.00	£131.56	£22.03	3

5.20. In relation to the implementation approach, most tenants who participated in the workshops expressed a preference for minimising the impact of increases/decreases of a new rent structure. Many favoured a gradual implementation or a capped amount. However, the increase only affects 27.7% of our tenants and most have an increase of less than £10 so it is felt that measure has been met. To try and phase this implementation further for all tenants affected would result in a significant administration burden and increased management costs and take longer to achieve the requirement of a fair rent structure.

5.21. This rent modelling exercise was not about increasing revenue but making rental charges fairer and appropriate to property size and type. There is however a marginal gain (£14.5k) to the financial business plan of this new model, with the impact on current annual revenue income shown in Table 6 below:

5.22. Table 6

Business plan income	Totals
Current annual income	£22,022,789.76
Revised annual income	£22,037,361.60
Variance (£)	£14,571.84
Variance (%)	0.07%

5.23. Officers therefore recommend that Council implement the new rental structure as detailed in section 5 from 31st March 2025.

6. Rent Affordability

6.1. At Council in February 2024, it was noted that housing consultant Arneil Johnston conducted a rent affordability exercise. Using the same affordability model, the 10% increase has been considered on the revised rent restructure and what it would mean for our tenants.

6.2. 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. No household breaches the common 30% rent to income ratio. It should be noted those tenants on the National Living Wage approaching the boundary, should qualify for Housing Cost Assistance, unless they had for example, financial assets above the benefit threshold limit. This is shown in table 7 below.

6.3. Table 7

Property Size	2025/26		
	Affordability %		
	National Living Wage (21 and over)	National Minimum Wage (18-20)	Living Wage
1 bedroom-Single person 1* Multiplier	21%	26%	20%
1 bedroom-Couple (1.5x Multiplier)	14%	17%	14%
2 bedroom-Single Person 1 * Multiplier	24%	29%	23%
2 bedroom-Single Parent 1.3x Multiplier	18%	22%	18%
2 bedroom-Couple Multiplier *1.5	16%	19%	15%
3 bedroom-Couple Multiplier *1.5	18%	21%	17%
3 bedroom-Family 1.8x Multiplier	15%	18%	14%
4 bedroom-Couple 1.5x multiplier	19%	24%	19%
4 bedroom-Family 1.8x Multiplier	16%	20%	16%

6.4. Over the past 6 years average Council rents in Clackmannanshire have risen from £71.41 in 2017/18 (last Business Plan review) to £85.62 in 2024/25, which equates to an average increase of £14.21 per week or 19.9%. Over the same period, inflation has been 25.9%.

6.5. A 10% increase in average rent to say £94.18, would represent a rent rise of 31.89%, with inflation running at 34.25% during this period (November 2016 to November 2024), this still means that the average rent will be less than if it had kept pace with inflation during this period (all other things being equal).

7. Rent Consultation

7.1. 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.

7.2. The consultation ran from 06/12/24 - 10/01/25, with the questionnaire sent to all tenanted properties as well as being made available online. 505 responses were completed - compared to a total of 436 last year (a 15.8% increase). Overall, this gave a tenant survey response rate of 10.4%.

7.3. In-person drop in events ran on 11/12/24, 17/12/24 and 06/01/24 in Tillicoultry, Tullibody and Clackmannan, respectively. There were only 3 attendees, officers gave tenants a short presentation on the rationale for the proposed rent increases. Most of the attendees had already returned their survey forms.

7.4. Three rent increase options were identified and proposed to tenants for consideration. The options consulted on were increases of 9.5%, 10% and 10.5%.

7.5. Below is an extract from questionnaire and the results -

<i>To afford and not adjust our current financial business plan for the next 5 years we require a minimum of 10% (on average £8.56 per week) increase for 2025/26.</i>
Excluding those who had no preference or did no answer 45.6% of respondents indicated that they agreed that it would be appropriate (see Appendix 5 for response numbers).
<i>If you feel that a 10% increase is not appropriate, what if any would you feel, from the other options above would be appropriate?</i>
Around two thirds of respondents selected no preference of a rent rise other than the proposed 10%.

7.6. The consultation document also included details of how each proposed increase could affect the Financial Business Plan in future years, as set out in Table 7 below.

7.7. Of those completing the survey, 54% indicated they received some form of rent cost assistance, either Housing Benefit (HB) or Universal Credit (UC). A total of 79% of our current tenants receive full or partial support with rent.

7.8. Two thirds (64.9%) of respondents agreed that our rent represents good value for money, and 64.2% felt our current rent charge is affordable. This compares with 66.7% and 57.8% of respondents last year. The proportion of tenants who feel they get good value for money has remained stable, which is positive.

7.9. In line with recent surveys, significant comments were received again relating to our current rental structure being unfair.

7.10. As part of a Tenant Survey completed in May 2023, conducted 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 conducted in 2019.

8. Clackmannanshire Tenants and Residents Federation (CTRF)

8.1. Officers met with members of the Clackmannanshire Tenants and Residents Federation (CTRF) to discuss the rent structure review, rent affordability, and rent increase. In line with recent years, the CTRF have provided a view on the current rent proposal to the Council. This is summarised in section 8.6.

8.2. The service looks forward to building upon our excellent working relationship with the CTRF, this meaningful partnership built on trust and transparency,

has been key to improving the services which we provide to tenants and is integral to ensuring our commitment to continuous improvement. Working together we can ensure that tenants have a meaningful role in making decisions, understanding processes, and helping to shape the future of housing service delivery within Clackmannanshire.

- 8.3. Over the past 18 months we have seen some real positives arising from our collaborative working approach, key highlights have included the recruitment of a Tenant Participation Officer (November 2023) and the development of a Tenant Participation Strategy (approved at August 2024 Council).
- 8.4. Moving forward, the service will work closely with the CTRF on proposed plans to build skills and capacity to introduce a Tenant Participation Board with Tenant Scrutiny activity given a key focus.
- 8.5. The Federation are supportive of our shared ambitions to improve tenant participation within Clackmannanshire and provide effective means for tenants to express their views on Council Housing Service Delivery, this supports the Scottish Government's strategic objective for tenant participation to be part of the services which we provide.
- 8.6. The CTRF have indicated that they do not support the rent proposal citing concerns over the potential for increased levels of debt and poverty within Clackmannanshire. The CTRF are willing to continue engaging with officers to review future rent proposals in line with the indicated capital investment in the stock.

9. Average Rent Comparisons

- 9.1. Recent analysis shows that our current rents are in line with comparative Local Authority averages and below the Scottish average.
- 9.2. Whilst comparison to other Local Authorities is useful, it should also be borne in mind that each has their own unique challenges, their own specific requirements and their own future investment strategies upon which decisions relating to rent charges are based.
- 9.3. Due to the technical guidance issued by the SHR to arrive at an average rent figure, it is not possible to show 2025/26 averages during the course of the year. Table 9 shows 2024/25 figures.

9.4. Table 9

Apt size	Moray Council	Stirling Council	Falkirk Council	Clacks Council	Fife Council	Midlothian Council	East Renfrewshire Council	Scottish Average
1	£44.58	£66.21	£54.47	£80.92	£80.93	£84.16	£85.03	£71.43
2	£61.83	£75.02	£65.12	£82.96	£83.71	£88.30	£89.77	£82.02
3	£72.61	£77.49	£77.21	£85.07	£86.99	£90.33	£102.73	£88.78
4	£84.03	£80.59	£94.61	£87.26	£90.69	£95.51	£116.36	£96.97
5	£106.68	£82.70	£99.91	£89.69	£95.13	£100.15	£119.06	£105.96
Average	£72.97	£78.10	£80.72	£85.18	£87.40	£87.40	£100.82	£89.98

10. Rent Increase Decision 2025/26

10.1. Modelling by Council finance and housing teams in conjunction with the consultant has resulted in the recommendation of a 10% rent increase for 2025/26.

10.2. The impact of various rent options on the available CFCR is outlined in Appendix 7, with a sample table below.

10.3. Table 10

	Option 1	Option 2	Option 3	Option 4
Rent Option	10.50%	10.00%	9.50%	0.00%
	£M	£M	£M	£M
CFCR 5 Year Total	19.7	19.1	18.5	(3.3)
Impact on Borrowing from Proposed 10% (option 2)	(54.4)	(55.0)	(55.6)	(74.1)

10.4. As can be seen from Table 10 a 10% rise would mean CFCR of £19.1m would be available for capital investment in the housing stock in the 5 year period. This equates to CFCR contributing a quarter of all investment to a projected 5 year capital investment of almost £74m needed to 2029/30.

10.5. A rent increase below the recommended 10% would result in an increased 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.

10.6. The indicative budget for 2025/26 and the following 5years (2026/27 to 2029/30) as set out in Appendix 1 includes the following assumed rent increases at CPI +1%:

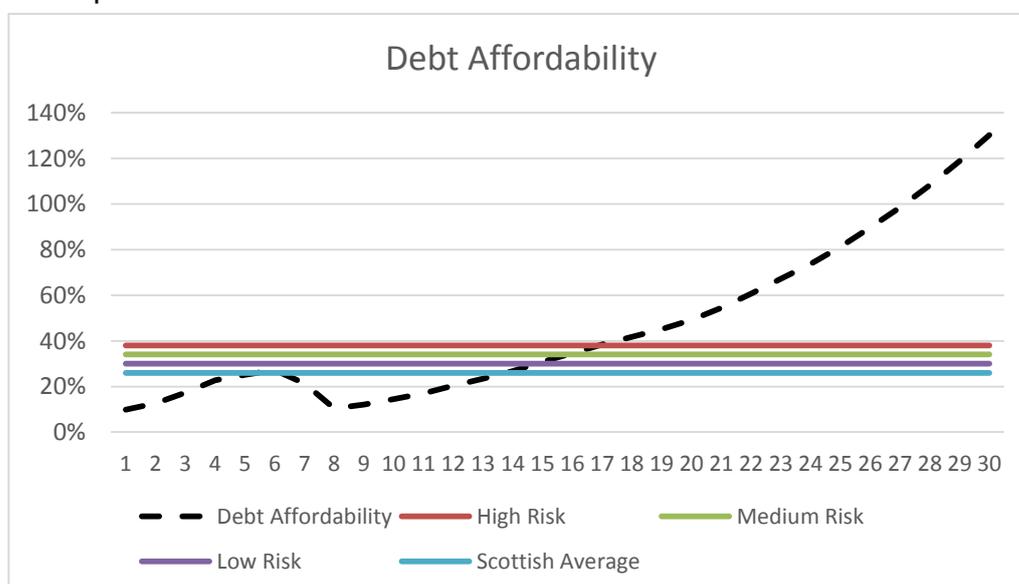
10.7. Table 11 - Assumed Rent Rises - Debt Affordability

Financial Year	2025/26	2026/27	2027/28	2028/29	2029/30
Assumed CPI ³	3.4%	2.4%	2%	2%	2%
Rent Increase CPI +1%	4.4%	3.4%	3%	3%	3%

10.8. The actual rent increase for these years is indicative and will be subject to annual tenant consultation and Council approval.

10.9. 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.

10.10. Graph 4

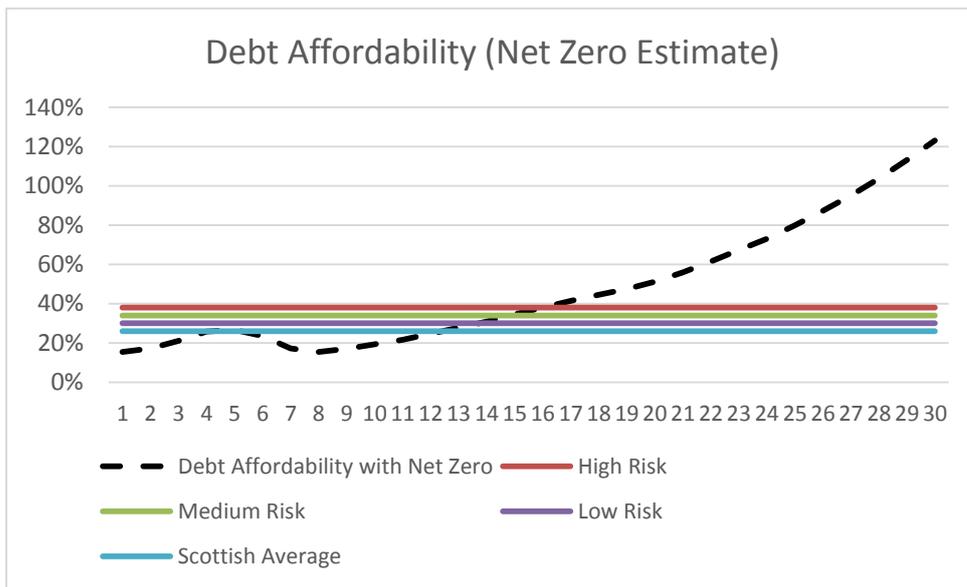


10.11. Graph 4 indicates that whilst last years budget suggested that debt affordability was likely to be an issue for the Council just after the business planning period (year 6/7), if the rent increase proposal (10%) is approved, that will shift the debt affordability based on future rent rises as detailed in 11.7 to year 14. This is also based on current borrowing and interest charges. 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 Council’s General Fund account, with the burden falling on tenants to repay any loss the following financial year. As detailed above,

³ Inflation as per CPI forecasts in Bank of England, November 2023 ‘fanchart’ Data

given the pressure facing the account, the Section 95 officer has fiduciary role where the statutory obligation is that she needs to be satisfied that the Council can manage and finance its obligations to tenants prudently. This is clearly not a position that either the Council's section 95 officer or the auditors will accept. Therefore, further modelling of future rent charges will be required to ensure that the Council can prudently retain its landlord role to eliminate. This will take place during 2025/26 when it can be assessed against the updated stock condition information. Both of these exercises will be subject to tenant engagement and continued close working with CTRF.

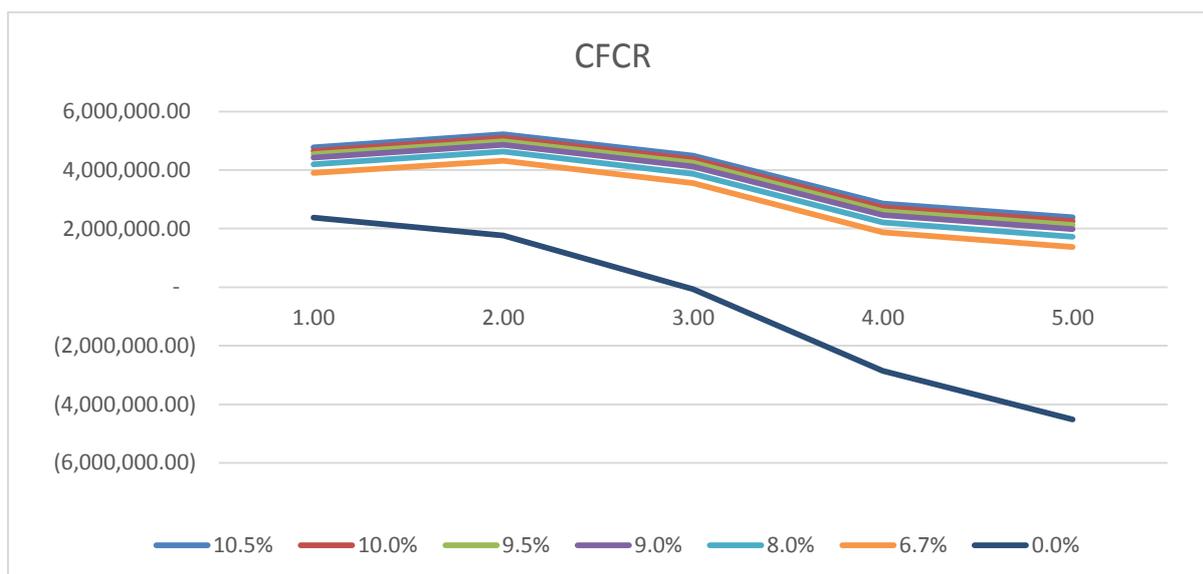
10.12. Graph 5



10.13. To help illustrate for Members a possible impact of the stock condition survey and including an educated assumption for Net Zero adoption by 2045, Graph 5 above documents that even with the 10% Rise and assumed rent rises at Table 10.7 the Council will be in breach of its debt affordability in around a decade. Therefore, whilst we are still in a healthy situation with regards outstanding debt with key performance matrixes being in some cases in top quartile, there is a real and significant risk that could lead to the Housing Service either A - not being able to perform its statutory functions, B - meeting tenant and regulatory expectations, and C - a real question unless rent rises sufficiently for the Council to remain as a landlord.

10.14. As demonstrated in Graph 6 below, there is a reduction in revenue surplus to fund the capital programme (over the 5 year planning period) based on a variety of different rental options.

10.15. Graph 6



10.16. Therefore, as noted to Council last year and demonstrated above, 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 facing a real in-year task of balancing the Income and Expenditure of their accounts.

10.17. Robust business planning is critical to ensuring that the Council can continue (in line with tenant feedback) to 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.

10.18. The proposed 10% rent increase this year and the actions proposed to review future year rent rises supports financial stability and allows the service to deliver the Capital Forward 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,
- RAAC costs from the blocks whose condition is being actively monitored,
- Enhanced energy efficiency/net zero obligations,
- Further new build aspirations, beyond 2028/29.

10.19. The 30 year business plan will look to address the inclusion of the above.

10.20. If Council implemented the same rent increase as last year (6.7%), it would mean a loss of £22.6m over 30 years, thus effectively wiping out CFCR in next 5 years. This would either increase borrowing over the longer term, or fully remove any capital spend for more than one year from the 5 year Capital Plan.

10.21. As detailed in the Consultation with tenants, any proposed amendment to the rent option below the recommended 10% increase would need 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.

11. Lock-up's and Garage Pitch Site Fees

11.1. The Council currently have 1,205 lock-ups on our asset register. The management of lock-up rentals and garage pitch sites moved from Revenues to the Housing Service as part of the recent Housing redesign. As there are currently some discrepancies in the pricing structure across the council ward areas, it is proposed to increase the lock-up rental fee by a maximum of £1.21 per week and to fix the charge at £10 per week, for all Council lockups. This will improve the marketing and administration of the lock-ups, and as this is a higher than usual rise the service is proposing that this charge is fixed until 29th March 2027.

11.2. The Council have 519 garage site pitches for rental, available to be leased out, on a yearly charge. It is proposed to increase the charge by £10.11 per year to be fixed at £110 per year until 1st April 2027. Again, by simplifying the charging strategy, Housing is actively looking to generate interest in these units and pitches. Please see Appendix 6 for details.

12. Budget Strategy

12.1. 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 2025/26 with an indicative plan to 2029/30,
- 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,
- in line with the Council's net zero commitment, the exploration of use of zero emission heating systems, at the point of use within the housing stock.

13. Outline HRA Budget 2025/26

13.1. Table 12 below shows the proposed HRA Revenue Budget for 2025/26 grouped by the main items of expenditure, compared with the annual budget for 2024/25 and the current forecast outturn projection. Further details can be found in Appendix 1.

13.2. It should be noted that the income budget for 2025/26 includes for a proposed rent increase of 10%.

13.3. Table 12

Description	Annual Budget for 2024-2025 £'000	Forecast to March 2024 £'000	Proposed Annual Budget 2025-2026 £'000
Employee Related Expenditure	10,147,645	9,177,890	10,668,745
Premises Related Expenditure	1,705,605	2,210,593	1,756,774
Transport Related Expenditure	449,500	482,250	542,985
Supplies and Services	3,185,890	3,936,584	3,980,467
Third Party Payments	1,880,781	2,818,817	1,937,204
Support Services	1,204,000	1,204,000	1,240,120
Capital Financing Costs	1,792,725	1,792,725	2,421,828
Total Gross Expenditure	20,366,146	21,622,860	22,548,122
Description	Annual Budget for 2024-2025	Forecast to March 2024 £'000	Proposed Annual Budget 2025-2026
General Rents	(102,350)	(62,350)	(75,421)
Housing Rents	(22,572,640)	(22,696,524)	(25,107,432)
Other Income	(1,965,040)	(3,152,041)	(2,021,471)
Income Total	(24,640,030)	(25,910,915)	(27,204,324)
Net Expenditure	(4,273,884)	(4,288,055)	(4,656,201)

14. Proposed HRA Budget Adjustments 2025/26

14.1. Table 13 below details some specific adjustments which have had to be accounted for in the budget setting process for 2025/26.

14.2. Table 13

Income Adjustments - Pressures/(Savings)	2025/26 £'000	Description
House Rents	(2,535)	Proposed 10% increase on rents
General Rents	27	Temporary decrease in rent due to Westhaugh project delays
Internal Trading	(54)	Recovery of inflationary increases in costs
Income Adjustments Sub Total	(2,562)	

Expenditure Adjustments - Pressures/(Saving)	2025/26 £'000	Description
Employee Related Expenditure	521	£0.226m 3% salary increase (based on public sector pay policy), £0.077m of pension costs and £0.231m of Employers NI due to the change in the calculation method announced at the UK Budget (this equates to 1% of the rent rise).
Premises Related Expenditure	51	Grown by inflation of 5%
Transport Related Expenditure	93	Increase costs of Electric fleet including increased cost of running existing petrol/diesel fleet
Supplies and Services	795	£0.040m increase in scaffolding hire costs, £0.059m increase in software maintenance costs due proposed upgrade to new software, £0.095m inflationary costs relating to direct materials, £0.600m in Professional fees relating to £0.500m for stock condition survey, £0.050m for allocations policy consulting, £0.050m to cover areas of HRA operations that require external input.
Third Party Payments	56	Grown by inflation factor of 5%
Support Services	36	Grown by inflation factor of 5%
Capital Financing Costs	629	Estimate based on latest projections
Expenditure Adjustments Sub Total	2,182	
Total Net	(380)	

15. Capital Investment and Prudential Borrowing

- 15.1. 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).
- 15.2. Gross Expenditure for 2025/26 is forecast at £22.5m, generating a surplus of £4.66m. After adjusting to ensure minimum reserves are maintained at 4%, £4.76m is available to fund capital investment for tenant priorities. Based on a budgeted net capital spend of £11.4m, borrowing of £6.9m is needed to fund the programme. Projected capital investment and borrowing requirements over a 5 year period 2025/26 through to 2029/30 are set out in Appendix 2 and Appendix 3.

16. Westhaugh

- 16.1. Works on site have been paused since March 2024, discussions held between the Council, Hubco East Central Scotland and the Scottish Government have resulted in an expectation of being able to recommence with a planned programme of works within the final quarter of this current

financial year, the revised programme would be anticipated to complete in December 2025. The project will ensure that the redeveloped site meets with modern standards and the cultural needs of the residents. The majority of our travelling community continue to be housed temporarily within our housing stock whilst the site is closed for regeneration. Further future updates on project progress will be provided to members as appropriate.

17. Capital Programme Works Progress 2024/25

17.1. Progress on delivery of the 2024/25 HRA Capital Programme to the end of Quarter 3 (December 2024) 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.

17.2. Lochies Road Clackmannan Regeneration Project

Following the purchase of land and the demolition of the unused garage site at Lochies Road Clackmannan, the site has been designed for development of eight bungalows (7 to amenity standard and 1 to wheelchair standard). The project has been delayed due to the loss of the previous contractor (engaged to undertake both Westhaugh and Lochies projects) and the higher than anticipated costs received when this work was subsequently then re-tendered. The service continues to engage with the Scottish Government and Hubco East Central Scotland to review the latest cost information provided and consider the financial viability of the proposed development. The Scottish Government requires us to provide evidence of full planning permission having been granted in order for them to progress to consider the funding position, and we are working with colleagues in Planning to obtain the necessary requirements.

17.3. 'Off the shelf' (OTS) property purchases

23 OTS purchases have been made from the open market with a commitment to a further 20 acquisitions in the Strategic Housing Investment Plan (SHIP) for 2025/26. Although the average cost of property acquisition and refurbishment has increased significantly, the overall unit cost remains significantly less expensive than the average unit cost of new build development (our average acquisition cost is £120K with average refurbishment cost of £35k per unit).

17.4. Renewable Heating (zero direct emissions at point of use)

The Service realised grant drawdown from the UK Government grant schemes to trial renewable heating system installations in properties which are "off the grid". Air Source Heat Pumps (ASHP) were installed in a small number of pilot properties with Solar P.V. panels also fitted. Initial feedback from tenants has been positive and post occupancy evaluation works will continue to evaluate systems performance. The schemes also allowed the Council to specify the heat pump manufacturer, this enabled us to name a product which was linked to a heavily discounted manufacturer/energy supplier tariff, around 10p per kWh cheaper than the price cap tariff.

17.5. Kitchens/Windows/External Fabric Improvements to end of Q3 (December) 2024/25

142 properties have had new kitchen installation works undertaken by our in-house trade team, materials purchased from suppliers are stored at Kelliebank before the installation process is managed through to completion within tenanted households.

402 properties have had new windows installed to secure by design standard with energy efficient double glazing to minimise heat loss from properties.

Roof and Wall Render works are undertaken based on the condition of a property's external fabric, a large number of our housing stock that have had external upgrade works back programmed previously and now require this work to ensure the integrity of the building. Some works have been carried out on properties with an energy rating of E, bringing these up to a C rating. 24 properties have had new roofs installed with a further 38 having both roof and wall render renewal works completed.

Discussion with RAAC evacuated private owners at each of the three affected blocks is to be scheduled to explore the potential replacement of the three RAAC roof structures. The roof and render budget will be required to accommodate the cost to the Council for our share of these works, should they progress. This means that until that the decision by residents is clear, the remaining budget will focus on priority roofing works referred to the capital programme. If decisions are positive with residents, we might consider reprefiling this budget/contract over its remaining term and value.

17.6. Adapted Bathroom Installations

Significant reduction has been achieved in the number of individuals awaiting bathroom adaptation works with similar reduction in waiting times for works to be completed. The waiting list for adaptation has been reduced by around 85% since Q3 2023-24 with currently only 17 persons awaiting works (previously 120). Lead in time to works completion has more than halved from an average of 9-12 months in 2023-24 to now 4-5 months from point of assessment. This improved level of performance has come at a cost with a near 50% increase in the average installation costs of an adapted bathroom, this work is fully funded by the HRA. The difference that these works make to our tenants is significant and provides essential facilities to tenants in need of adaptations at home.

17.7. Tenant Improvement Fund

The service has a specific capital budget for community improvements or additional works to specific individual properties. Noted below is work that has been carried out this year, which has delivered real positive benefits for tenants. This work has been undertaken following feedback from residents and tenants enhancing the quality of life of occupants and tackling (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 in house and locally.

- Two tenanted properties have had extensive works undertaken to improve their garden grounds with these works tailored to the specific

needs of the tenants. One property with a particularly large garden area was completely overhauled to make suitable for a wheelchair user enabling the whole family to have enjoyment and use of the full garden area. The Tenant Improvement Fund paid for a contractor to thin the garden out and fell several trees. The garden was levelled and a patio area built along with an accessible pathway wide enough for a wheelchair to access the bottom of the garden. Another property let to a new tenant had several outhouses in the rear garden area which were removed during the void period. However, the concrete hard standing remained in situ and the area was generally unusable. We undertook works to break up the concrete and prepare the garden to be turfed, fenced and partly chipped. It's now accessible for the tenant's younger children to safely utilise.

- Argyll Street, Alloa: Argyll Street in Alloa is the main road running through the Hutton Park area of the town. On either side of a number of junctions planted shrubs had become overgrown and unsightly. It had been highlighted that parking was difficult in the area, the Tenant Improvement Fund was used to clear and tar spaces that will be lined for parking. We plan to purchase large planters for the remaining areas and plant small trees and colourful plants for the summertime.

18. Sustainability Implications

- 18.1. 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.
- 18.2. The housing service contributes positively toward the Councils Interim Climate Change Strategy and Climate Emergency Action Plan, the budget proposed has an ongoing commitment to testing and piloting zero emission heating systems at the point of use.

19. Resource Implications

- 19.1. *Financial Details*
- 19.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.
- 19.3. Finance has been consulted and have agreed the financial implications as set out in the report. Yes
- 19.4. 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.

19.5. As detailed to Council the Housing Service have been recruiting to vacant posts in the service redesign and only one post now remains to be designed, graded, and advertised. 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.

19.6. During 2024/25 the Housing Service engaged with the Chartered Institute of Housing (CIH) to contribute to the professionalism of our organisation and the wider sector. This work will continue throughout 2025/26 to identify and develop a tailored Continued Professional Development (CPD) programme for staff, based on CIH's Professional Standards Framework and Clackmannanshire Council's own constructive conversation framework, with the aim of signing up to a partnership agreement with CIH to support the development of new pathways into the housing sector.

20. Exempt Reports

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

21. Declarations

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

(1) Our Priorities

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

Complies with relevant Council Policies

Strategic Housing Investment Plan (SHIP) – October 2024

22. Equalities Impact

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

Yes No

23. Legality

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

24. Appendices

Appendix 1 -	HRA Revenue Budget Summary 2025/26
Appendix 2 -	HRA Capital Programme 2025/2026 to 2029/30
Appendix 3 -	HRA Borrowing Requirement 2025/2026 to 2029/30
Appendix 4 -	HRA Capital Programme Progress 2024/25
Appendix 5 -	Rent Consultation Response 2025/26
Appendix 6 -	Proposed Rent Increase Illustration 2025/26
Appendix 7 -	Rent Modelling – Funding Impact
Appendix 8 –	Rent Increase Example
Appendix 9 -	Housing Policy Forward Schedule

25. Background papers

25.1. 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 (please list the documents below) No

1. Clackmannanshire Council Tenant Satisfaction and Aspiration Survey 2023 – (May 2023)
2. Clackmannanshire Council Housing Revenue Account Budget 2024/25 and Capital Programme 2024/25 – paper to Clackmannanshire Council – February 2024
3. Clackmannanshire Council Rent Increase 2025/26 Consultation – December 2024
4. Clackmannanshire Council Housing Revenue Account 30 Year Financial Business Plan Review (2023-24)
5. Annual Assurance Statement (October 2024)

6. Audit & Scrutiny (December 2024)

7. Westhaugh Budget May 2023

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Murray Sharp	Senior Manager (Housing)	5113
Lindsay Sim	Chief Finance Officer	2002
Claire McNair	Management Accountant	6214
Andrew Buchanan	Team Leader (Housing Business Management)	5168
Katie Roddie	Housing Service Policy & Innovation Coordinator	2688

Approved by

NAME	DESIGNATION	SIGNATURE
Kevin Wells	Strategic Director (Place)	

Directorate Summary - Housing Revenue Account

Appendix 1

Description	Annual Budget	Proposed Annual	Indicative	Indicative	Indicative
	for 2025-26	Budget 2026-2027	Annual Budget for 2027-2028	Annual Budget for 2028-2029	Annual Budget for 2029-2030
Apprentice Levy	24,471	25,694	26,979	28,328	29,744
Employee Management Costs	2,000	2,100	2,105	2,210	2,321
Long Service Awards	2,350	2,467	2,473	2,597	2,727
Pay Funding	0	0	0	0	0
Salary Related Admin Costs	2,600	2,730	2,737	2,873	3,017
Single Status Employers NIC	10,063,825	10,063,825	10,365,739	10,997,013	11,326,923
Single Status Employers Superann	0	0	0	0	0
Single Status Gross Salaries	0	0	0	0	0
Single Status Overtime	472,500	496,125	497,306	522,172	548,280
Staff Training	101,000	106,050	106,302	111,618	117,198
Vacancy Management	0	0	0	0	0
	10,668,745	10,698,991	11,003,642	11,666,811	12,030,211
Annual Maintenance External Providers	395,644	415,426	436,197	458,007	480,907
Bad Debt Provision	185,400	194,670	204,404	214,624	225,355
Building Costs - Recharges Internal	170,347	178,864	187,807	197,197	207,057
Cleaning & Hygiene Materials	10,300	10,815	11,356	11,923	12,520
Council Tax	31,930	33,527	35,203	36,963	38,811
Electricity	56,650	59,483	62,457	65,580	68,858
Gas	20,600	21,630	22,712	23,847	25,040
Land Services - Internal Recharges	60,997	64,047	67,249	70,612	74,142
Property Insurance	276,946	290,794	305,333	320,600	336,630
Property Maint-Man.Charge	0	0	0	0	0
Rates	32,960	34,608	36,338	38,155	40,063
Void Rent Loss	515,000	540,750	567,788	596,177	625,986
Water Charges	0	0	0	0	0
	1,756,774	1,844,612	1,936,843	2,033,685	2,135,369
Insurance Repairs	0	0	0	0	0
Short Term Vehicle Hire	90,900	95,445	100,217	105,228	110,489
Staff Travel Mileage Expenses	10,300	10,815	11,356	11,923	12,520
Vehicles - Maintenance Recharges	441,785	463,874	487,068	511,421	536,992
	542,985	570,134	598,641	628,573	660,002
Computer Hardware Purchase	20,600	21,630	22,712	23,847	25,039
Computer Peripherals	0	0	0	0	0
Computer Software Maint.	276,330	290,147	304,654	319,887	335,881
Computer Software Purchase	0	0	0	0	0
Equipment Maintenance	39,140	41,097	43,152	45,310	47,575
Equipment Rental/Leasing	33,990	35,689	37,474	39,348	41,315
General Consumables (small items)	55,157	57,914	60,810	63,851	67,043
Hospitality	103	108	114	119	125
Insurance	52,200	54,810	57,551	60,428	63,450
Legal Expenses	69,010	72,461	76,084	79,888	83,882
Materials - Direct purchases from suppliers	1,159,368	1,217,336	1,278,203	1,342,113	1,409,219
Materials (issued from Stock)	1,283,741	1,347,928	1,415,324	1,486,090	1,560,395
Medical Supplies	515	541	568	596	626
Mobile Telephones	36,050	37,853	39,745	41,732	43,819
Office Equipment - Purchases	3,760	3,947	4,145	4,352	4,570
Performing Rights	309	324	341	358	376
Postages	8,240	8,652	9,085	9,539	10,016
Printing & Photocopying	2,060	2,163	2,271	2,385	2,504
Professional Fees	705,215	140,475	147,499	154,874	162,618
Provision Of Food	0	0	0	0	0
Publications	824	865	908	954	1,002
Purchase Of Equipment	98,880	103,824	109,015	114,466	120,189
Purchase Of Furniture	515	541	568	596	626
Scaffold Hire	101,491	106,565	111,894	117,488	123,363
Stationery	6,448	6,770	7,109	7,464	7,837
Storage & Removal Charges	2,060	2,163	2,271	2,385	2,504
Subscriptions	21,218	22,279	23,393	24,562	25,791
Telephones	155	162	170	179	188
Uniforms & Clothing	3,090	3,245	3,407	3,577	3,756
	3,980,467	3,579,490	3,758,464	3,946,388	4,143,707
Bank Charges	670	703	738	775	814
Other Agencies Payment	0	0	0	0	0
Other Council Accounts	963,751	1,011,938	1,062,535	1,115,662	1,171,445
Other Local Authorities	(0)	(0)	(0)	(0)	(0)
Payment To Subcontractor	892,237	936,849	983,692	1,032,876	1,084,520
Payments To Contractors	49,647	52,129	54,735	57,472	60,346
Voluntary Organisations Payment	30,900	32,445	34,067	35,771	37,559
	1,937,204	2,034,064	2,135,768	2,242,556	2,354,684
Support Cost	1,240,120	1,302,126	1,367,232	1,435,594	1,507,374

	1,240,120	1,302,126	1,367,232	1,435,594	1,507,374
Debt Management Expenses	21,048	22,100	23,205	24,366	25,584
Loans Fund Interest	1,723,901	2,482,289	2,943,651	3,664,124	4,312,399
Principal Repayments	676,879	753,601	1,459,562	2,488,029	2,739,961
	2,421,828	3,257,990	4,426,418	6,176,519	7,077,944
Total Expenditure	22,548,122	23,287,409	25,227,008	28,130,125	29,909,290
Charges for Services Standard VAT	(52,942)	(55,589)	(58,369)	(61,287)	(64,351)
Charges for Services Exempt VAT	0	0	0	0	0
Fees Exempt VAT	0	0	0	0	0
General Rents	(75,421)	(110,692)	(116,226)	(122,037)	(128,139)
Housing Rents	(25,107,432)	(26,161,944)	(27,260,746)	(28,405,697)	(29,598,737)
Interest(Revenue Balance)	(84,000)	(84,000)	(84,000)	(84,000)	(84,000)
Internal Trading Contract	(1,868,317)	(1,961,733)	(2,059,820)	(2,162,811)	(2,270,951)
Other Income	(16,212)	(17,023)	(17,874)	(18,768)	(19,706)
Subscriptions	0	0	0	0	0
	(27,204,324)	(28,390,981)	(29,597,034)	(30,854,600)	(32,165,884)
Net Surplus	(4,656,201)	(5,103,572)	(4,370,026)	(2,724,475)	(2,256,594)

HRA Capital Budget 2025/26 to 2029/30

Appendix 2

	CFW	2025/26	Revised 2025/26	2026/27	2027/28	2028/29	2029/30
		£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
SHQS ELEMENTS							
Primary Building Elements							
Structural Works		300	300	250	250	263	276
Vehicles		40	40				
Secondary Building Elements							
Damp Proof Course and Rot Works		200	200	400	400	420	441
Roof/Rainwater/External Walls		1,500	1,500	1,500	1,500	1,575	1,654
Windows		1,100	1,100	2,000	1,000	1,050	1,103
Energy Efficiency							
Full/ Efficient Central Heating		750	750	750	750	788	827
Renewables Heating and Solar		225	225	225	525	551	579
EPC Programme		50	50	50	50	53	55
Modern Facilities & Services							
Kitchen Renewal		1,000	1,000	1,000	1,000	1,050	1,103
Bathroom Renewal		0	0	0	1,000	1,050	1,103
						0	0
						0	0
Health Safe & Secure							
Safe Electrical Systems		1,300	1,300	1,300	1,300	1,365	1,433
Improvement Fencing		245	245	245	245	257	270
Secure Door Entry Systems & CCTV		275	275	325	325	341	358
Landscaping and communal environment		150	150	150	150	158	165
New Build							
Westthagh		0	0	0	0	0	0
Off the Shelf Purchases & Refurbishment		3,100	3,100	3,100	3,100	3,255	3,418
Lochies Road Clackmannan	1,870	0	1,870	0	0	0	0
New Build	90	0	90	2,500	2,900	3,045	3,197
Demolitions	223	400	623	400	400	420	441
NON SHQS ELEMENTS							
Conversions and Upgradings		250	250	250	250	263	276
Disabled Adaption Conversions		447	447	634	634	666	699
HRA Roads & Footpaths Improvements		200	200	200	200	210	221
Rename: MCB Tenant Community Improvement Fund		229	229	250	250	263	276
Lock Ups		0	0	0	0	0	0
Housing Business Management System		0	0	0	0	0	0
IT Infrastructure	37	137	174	137	137	144	151
Construction Design & management		0	0	0	0	0	0
						0	0
Gross Capital Programme (inc cfw)	2,220	11,898	14,118	15,666	16,366	17,184	18,044
Income							
Westthagh			0	0	0	0	0
Off the Shelf Purchases & Refurbishment		2,100	2,100	1,100	1,100	1,155	1,213
Lochies Road Clackmannan	620	0	620	0	0	0	0
						0	0
Income	620	2,100	2,720	1,100	1,100	1,155	1,213
						0	0
Net Capital Programme Budget	1,600	9,798	11,398	14,566	15,266	16,029	16,831

HRA Borrowing Requirement 2025/26 to 2029/30

Appendix 3

	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Reserve Balance	903	1,004	1,046	1,090	1,136	5,180
Projected HRA Surplus	(4,656)	(5,104)	(4,370)	(2,724)	(2,257)	(19,111)
Minimum Reserve Balance	(1,004)	(1,046)	(1,090)	(1,136)	(1,184)	(5,461)
CFCR Available	(4,758)	(5,146)	(4,414)	(2,770)	(2,304)	(19,392)
						0
HRA Capital Forecast	11,398	14,566	15,266	16,029	16,831	74,090
New Borrowing Requirement	6,640	9,420	10,852	13,259	14,526	54,698

Housing Investment Team Performance Update 2024-25

Quarter 3 – HRA Capital Programme & SHQS

Completed Works to 31st December, 2024

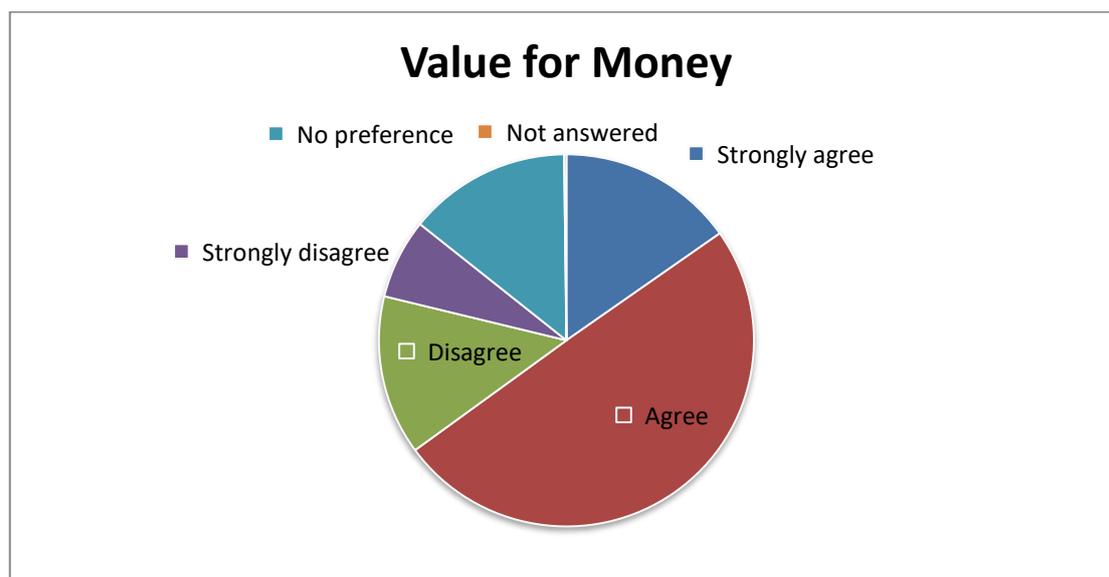
Project	Number of Properties Completed to end of Quarter 3
Window Replacement Programme	402
Kitchen Replacement	142
Disabled Bathroom Adaptations	44
Central Heating Upgrades	163
Renewable Heating Pilot Installation	5
Safe Electrical Tests & Upgrades	758 Tests 667 Remedial Upgrades 19 Full Re-wires
Roof Replacements	24
Roof and Render	38
Secure Door Entry Upgrades CCTV	44 Door entry closes 8 CCTV installations in closes
Fencing Replacements	76
Completed Damp/Rot Works	120
“Off the Shelf” property acquisitions and refurbishments to SHQS	23 acquisitions 17 refurbishments completed 6 refurbishments in progress
Structural Works	Works ongoing to retaining walls in Branshill Park and to replace failing boundary walls in Sprotwell Terrace, Sauchie
Westhaugh Travellers Site	Works anticipated to recommence on site in Q4 2024/25

Rent Consultation 2025/26

The following details the results of the consultation published on Citizen Space in relation to the Rent Consultation 2025/26, which was open from 6th December 2024 to 10th January 2025.

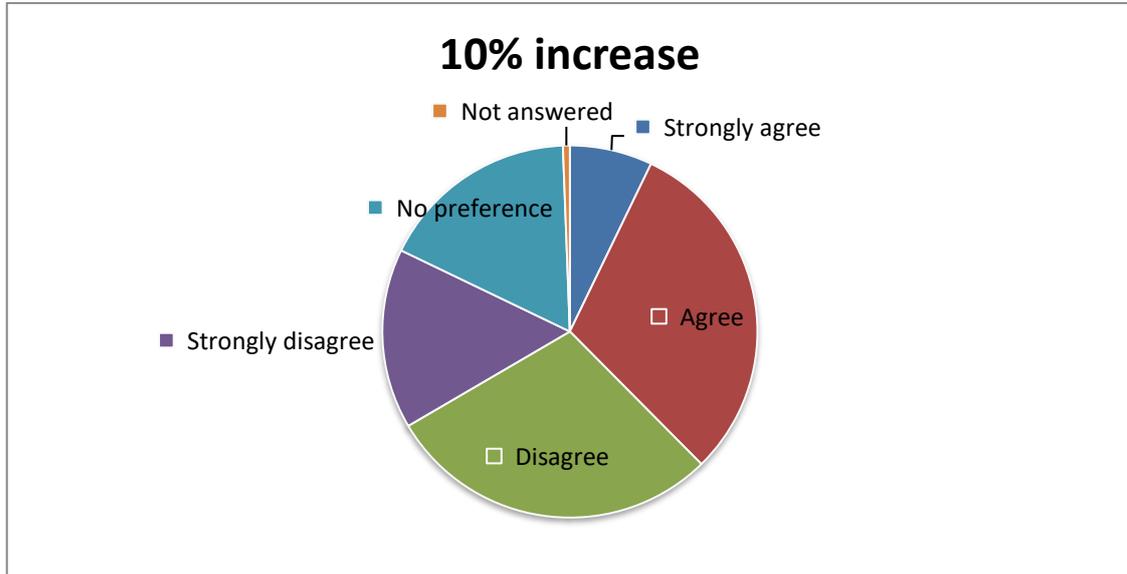
505 responses were received, a summary of the responses are detailed below:

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



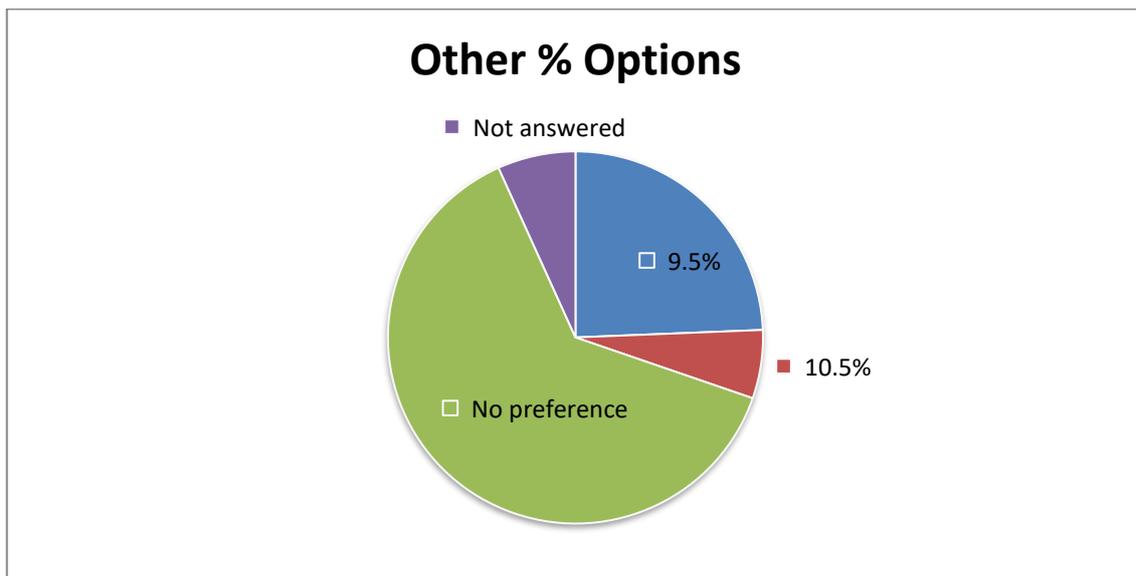
	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference	Not answered
Value for Money	77	251	70	35	71	1
	15.25%	49.7%	13.86%	6.93%	14.06%	0.2%

To afford our current business plan for the next 5 years we require a minimum of 10% increase for 2025/26. Do you feel this increase would be appropriate?



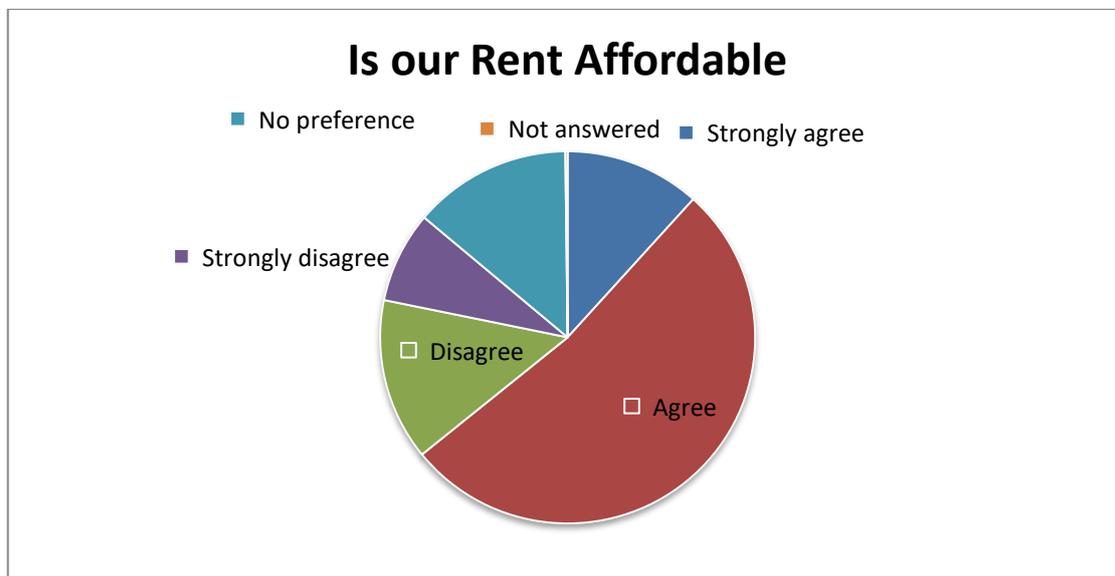
	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference	Not answered
10% increase	36	154	146	79	87	3
	7.13%	30.50%	28.91%	15.64%	17.23%	0.59%

If you feel that a 10% increase is not appropriate, what if any would you feel, from the other options above would be appropriate?



	9.5%	10.5%	No Preference	Not answered
Other % options	123	30	318	34
	24.36%	5.94%	62.97%	6.73%

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	59	265	71	40	69	1
	11.68%	52.48%	14.06%	7.92%	13.66%	0.2%

10%

New Rent Costs for Houses with effect from 31 March 2025

Revised Rent Structure

Size	Type	24-25 Charge	Increase	25-26 Charge
0 Bed	Flat	£60.60	£6.06	£66.66
0 Bed	Bungalow Mid Terrace	£70.60	£7.06	£77.66
0 Bed	Bungalow End Terrace	£73.10	£7.31	£80.41
1 Bed	Flat	£74.60	£7.46	£82.06
1 Bed	4 in a Block	£79.60	£7.96	£87.56
1 Bed	House/Bungalow Mid Terrace	£84.60	£8.46	£93.06
1 Bed	Bungalow End Terrace	£87.10	£8.71	£95.81
1 Bed	House/Bungalow semi detached	£89.60	£8.96	£98.56
1 Bed	Bungalow Detached	£94.60	£9.46	£104.06
2 Bed	Flat	£84.60	£8.46	£93.06
2 Bed	4 in a Block/maisonette	£89.60	£8.96	£98.56
2 Bed	House /Bungalow - Mid terrace	£94.60	£9.46	£104.06
2 Bed	Maisonette Upper	£94.66	£9.47	£104.13
2 Bed	House/Bungalow End Terrace	£97.10	£9.71	£106.81
2 Bed	House/Bungalow Semi Detached	£99.60	£9.96	£109.56
2 Bed	Bungalow Detached	£104.60	£10.46	£115.06
3 Bed	Flat	£92.10	£9.21	£101.31
3 Bed	4 in a Block	£97.10	£9.71	£106.81
3 Bed	House - Mid terrace	£102.10	£10.21	£112.31
3 Bed	House End Terrace	£104.60	£10.46	£115.06
3 Bed	House Semi Detached	£107.10	£10.71	£117.81
3 Bed	House/Bungalow Detached	£112.10	£11.21	£123.31
4 Bed	Flat	£99.60	£9.96	£109.56
4 Bed	4 in a Block	£104.60	£10.46	£115.06
4 Bed	House - Mid terrace	£109.60	£10.96	£120.56
4 Bed	House End Terrace	£112.10	£11.21	£123.31
4 Bed	House Semi Detached	£114.60	£11.46	£126.06
5 Bed	House - Mid terrace	£114.60	£11.46	£126.06
5 Bed	House Semi Detached	£119.60	£11.96	£131.56
5 Bed	House Detached	£124.60	£12.46	£137.06

Average Rent (48 weeks)

£106.10

Average Rent (52 weeks)

£97.94

10%

Rent Cost for Lock-ups with effect from 31 March 2025 – 31 March 2027

Lock-ups		Increase £	Weekly £
Lock-up Rent	£8.79	1.21	10.00
Lock-Up with VAT	£10.55	1.45	12.00

Garage Pitch Site Annual Cost £110.00 (£132.00 VAT)

The rent charge-free weeks for 2025/26 will be the weeks commencing:

4 August 2025

11 August 2025

22 December 2025

29 December 2025

Rent Modelling - Funding Impact

The table below shows the impact on income of the various rent increase options, subsequent years assume CPI+1%

Impact of rent increase compared to 9%

Proposed Rent Increase 2025/26	Rent Income 2025/26	Loss of Rent compared to 9%	Cumulative loss of rent 2025/26 to 2028/29	Surplus 2025/26 for CFCR	Cumulative Surplus for CFCR 2025/26 to 2028/29
	£M	£M	£M	£M	£M
10.5%	25.22	0.34	0.44	(4.77)	(19.73)
10.0%	25.11	0.23	0.29	(4.66)	(19.11)
9.5%	24.99	0.11	0.15	(4.54)	(18.49)
9.0%	24.88	0.00	0.00	(4.43)	(17.87)
8.0%	24.65	(0.23)	(0.29)	(4.20)	(16.63)
6.7%	24.35	(0.52)	(0.67)	(3.90)	(15.01)
0.0%	22.82	(2.05)	(9.02)	(2.37)	3.30

Rent Increase Example**Average Example****0 Bed Average**

Current 0 Bed Stock 29

Broken down to below

Rent	Total Charge	Dwellings
66.66	1199.88	18
77.66	776.6	10
80.41	80.41	1
Grand Total	2056.89	29

The total Rent for these properties is £2,056.89.

Divided by the number of properties is £2,056.89/29 = £70.93.

This works the averages over the whole 29 properties, it gives a more reflective average for the Stock Types

1 bed semi-detached bungalow

10% Increase only:

Current rent	£ 90.76
10% Increase	£ 9.08
New weekly rent	£ 99.84

Under the new rent structure, the basic rent would reduce to £89.60

Applying the 10% increase:

Revised rent	£ 89.60
10% Increase	£ 8.96
New weekly rent	£ 98.56

The increase under the new rent structure of £8.96 is £0.12 less than the increase of £9.08 that would have been applied to the existing rent. Overall, the rent figure for 2025/26 will be lower than the current amount paid.

3 bed semi detached house

10% Increase only:

Current rent	£94.86
10% Increase	£ 9.49
New weekly rent	£104.35

Under the new rent structure, the basic rent would increase to £ 107.10

Applying the 10% increase:

Revised rent	£107.10
10% Increase	£ 10.71
New weekly rent	£117.81

The increase under the new rent structure of £10.71 is £1.22 higher than the increase of £10.71 that would have been applied to the existing rent.

Housing Policy Forward Schedule

Housing Policies under consideration	Timeframe for review and / or consultation (if required)	Proposed Qtr for presentation to Council
Missing Shares Policy	Q4 2024/25	Q1 2025/26
Property Acquisition Policy	Q4 2024/25	Q1 2025/26
Housing Rent Setting Policy	Q1 2025/26	Q2 2025/26
Current and Former Tenant Arrears Policy	Q1 2025/26	Q2 2025/26
Damp and Mould Policy	Q2 2025/26	Q3 2025/26
Allocations Policy (Westhaugh)	Q2 2025/26	Q3 2025/26
Garden Structure Permissions Policy	Q2 2025/26	Q3 2025/26
Rechargeable Repairs Policy	Q3 2025/26	Q4 2025/26
Open Space Management Policy	Q3 2025/26	Q4 2025/26
Estate Management Policy	Q3 2025/26	Q4 2025/26
Communal Repairs and Investment Policy	Q4 2025/26	Q1 2026/27
Allocations Policy (General)	Q1 2026/27	Q2 2026/27