



NORTH AYRSHIRE
COUNCIL

Cunninghame House,
Irvine.

5 December 2013

Cabinet

You are requested to attend a Special Meeting of the Cabinet of North Ayrshire Council to be held in the Council Chambers, Cunninghame House, Irvine on **WEDNESDAY 11 DECEMBER 2013** at **10.00 a.m.** to consider the undernoted business.

Yours faithfully

Elma Murray

Chief Executive

1. Declarations of Interest

Members are requested to give notice of any declaration of interest in respect of items of business on the agenda.

2. General Services Revenue Estimates 2014/15 to 2016/17 and Capital Investment Programme 2014/15 to 2022/23 (Budget Paper 1- pages 1-36)

Submit report by the Corporate Director (Finance and Corporate Support) on (a) the Council's revenue spending requirements and anticipated funding for the years 2014/15 to 2016/17; (b) the amendments to the 2014/15 budget as approved by Council on 30 January 2013; (c) the level of reserves and fund balances held by the Council; (d) options to address the funding gap; and (e) the draft Capital Investment Programme to 2022/23 (copy enclosed under separate cover).

3. Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2014/15 (Budget Paper 2 - pages 37-64)

Submit report by the Corporate Director (Finance and Corporate Support) of the HRA capital investment programme and revenue budget for 2014/15 and the consequential rent levels (copy enclosed under separate cover).

4. Urgent Items

Any other items which the Chair considers to be urgent.

Cabinet

Sederunt: **Elected Members**

Willie Gibson (Chair)
Alan Hill (Vice-Chair)
John Bruce
Marie Burns
Anthea Dickson
Tony Gurney
Ruth Maguire

Chair:

Attending:

Apologies:

Meeting Ended:



BUDGET PACK FOR WEDNESDAY 11 DECEMBER 2013

Budget Paper 1: General Services Revenue Estimates 2014/15 to 2016/17 and Capital Investment Programme 2014/15 to 2022/23 (Pages 1 - 36)

Submit report by the Corporate Director (Finance and Corporate Support) on (a) the Council's revenue spending requirements and anticipated funding for the years 2014/15 to 2016/17; (b) the amendments to the 2014/15 budget as approved by Council on 30 January 2013; (c) the level of reserves and fund balances held by the Council; (d) options to address the funding gap; and (e) the draft Capital Investment Programme to 2022/23 (copy enclosed).

Budget Paper 2: Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2014/15 (Pages 37- 64)

Submit report by the Corporate Director (Finance and Corporate Support) on the HRA capital investment programme and revenue budget for 2014/15 and the consequential rent levels (copy enclosed).

NORTH AYRSHIRE COUNCIL

Agenda Item Budget Paper 1

11 December 2013

Cabinet / North Ayrshire Council

Subject: **General Services Revenue Estimates 2014/15 to 2016/17 and Capital Investment Programme 2014/15 to 2022/23**

Purpose: To advise the Cabinet / Council on (a) the Council's revenue spending requirements and anticipated funding for the years 2014/15 to 2016/17; (b) the amendments to the 2014/15 budget as approved by Council on 30 January 2013; (c) the level of reserves and fund balances held by the Council; (d) options to address the funding gap; and (e) the draft Capital Investment Programme to 2022/23.

Recommendation: That Cabinet:

- a) notes the amendment to the 2014/15 budget as approved by Council on 30 January 2013;
- b) notes the revenue funding gap from 2014/15 to 2016/17;
- c) considers proposals to address the funding shortfall to achieve a balanced budget for 2014/15;
- d) considers the draft capital investment programme to 2022/23; and
- e) refers the report to Council for determination.

That Council:

- a) notes the amendment to the 2014/15 budget as approved by Council on 30 January 2013;
- b) notes the anticipated funding available to meet expenditure requirements;
- c) approves the Council's expenditure requirements for 2014/15 and notes the indicative requirements for 2015/16 and 2016/17;
- d) notes the level of reserves and fund balances held by the Council and approves any contributions to / from these;
- e) agrees Members' priorities to be included in the budget for 2014/15;
- f) agrees efficiencies and savings to ensure a balanced budget for 2014/15;

- g) determines the level of Council Tax for 2014/15;
 - h) approves efficiency options for 2015/16 and 2016/17;
 - i) considers the equality impact of any proposed service changes; and
 - j) approves the capital programme to 2018/19 and notes the indicative plan to 2022/23.
-

1. Introduction

- 1.1 Section 32 (10) of the Local Government Finance Act 1992 requires Councils to determine the levels of expenditure to be incurred in the forthcoming financial year. This report provides Members with an overview of the Council's anticipated financial position on the General Fund revenue budget for the next three financial years, 2014/15 to 2016/17, and sets out the information required to enable the Council to set its budget and Council Tax for 2014/15. Members are required to bring forward proposals to deliver a balanced budget. The report also summarises the current capital investment programme to 2022/23.
- 1.2 When the Council set its budget for 2013/14 on 30 January 2013, the decisions taken resulted in a balanced budget for both 2013/14 and 2014/15 and delivered savings into 2015/16, leaving a funding gap of £3.778m for 2015/16. Given the decisions which were taken in January 2013, setting the budget for 2014/15 requires only an amendment to the previous position. A Members' seminar was held on 18 November to update all Members on the revised budget projections and options for bridging the funding gap.

2. Current Position

2.1 Financial Forecast

- 2.1.1 The Council carries out its medium term financial planning on a rolling three year basis; this is supported by the Council's Long Term Financial Strategy covering the period to 2022/23.
- 2.1.2 2014/15 is the third and final year of the current Spending Review. Indicative allocations of funding for 2014/15 are already available to local authorities; these will be confirmed in December 2013. Both the UK and Scottish Governments will set single year budgets for 2015/16; no definitive timescale has been given for the publication of funding at local authority level. 2016/17 has been included within the medium term financial plan for the first time. Given that both 2015/16 and 2016/17 fall outwith the current Spending Review period there is less certainty around Scottish Government funding levels for these years.

2.1.3 A full review of service pressures, funding and previously approved savings has been undertaken. This has resulted in an estimated funding gap of £18.675m over the period 2014/15 to 2016/17. The profile of this is noted below:

- 2014/15 £ 0.957m
- 2015/16 £ 6.235m
- 2016/17 £11.483m

The above profile assumes the funding gap is addressed on a sustainable basis.

2.2 Funding

Local Government Settlement

2.2.1 The draft Scottish Government budget for 2014/15 was published on 11 September 2013 and will be followed up in December with the provisional Local Government Finance Settlement. Funding support from the Scottish Government comprises: general revenue grant; non domestic rate income; and specific grant. The provisional Settlement when published is subject to Parliamentary approval. It is anticipated that there will be no significant change, outwith the allocation of new funds, to the provisional allocation for 2014/15 which was published earlier this year. North Ayrshire Council's Scottish Government funding support for 2014/15, linked to the conditions in 2.2.4, is £251.838m with an assumption that this continues in 2015/16 and 2016/17. This is a more favourable funding position than previous planning assumptions; additional support from the Scottish Government of £0.987m is anticipated in 2015/16 and future years.

2.2.2 As noted above, 2015/16 and 2016/17 fall outwith the current Spending Review period. As outlined in the Council's Long Term Financial Strategy a variation of 1% on total Scottish Government funding would result in a change of £2.500m to available resources.

2.2.3 In addition to the core funding summarised in 2.2.1, North Ayrshire can anticipate:

- £0.824m in respect of the teachers induction scheme, similar to the level received in 2013/14,
- £1.262m in 2014/15 rising to £1.865m in 2015/16 for the Children and Young People Bill;
- £1.228m in respect of the Scottish Welfare Fund with further information in section 2.4.

2.2.4 The full value of the Settlement for 2014/15 will only be released if councils meet the following Scottish Government requirements:

- maintaining a freeze on Council Tax at 2007/08 levels;
- maintaining teacher numbers in line with pupil numbers and securing places for all probationers who require one under the teacher induction scheme.

2.2.5 Failure to set a budget in 2014/15 which fulfils the Scottish Government requirements as set out at 2.2.4 will result in North Ayrshire losing grant funding of £2.577m. There is a requirement for the Leader of the Council to write to the Cabinet Secretary if the Council does not intend to take up the offer of funding based on the above requirements.

2.2.6 In applying the current assumption for 2015/16 and 2016/17, Members should remain alert to the wider global and national economic situation. In recent times there have been a number of good new stories in terms of UK and Scottish growth and increased household spending, both of which require to be sustained. It is also not clear whether the recent good news in the UK will translate into increased public expenditure. On this basis the Scottish Government budget continues to have a degree of uncertainty. The Chancellor's Autumn Statement will be published on 4 December 2013; the impact of this on Scottish Government funding and at individual local authority level will require future consideration. Whilst good news is being reported in the UK there continues to be greater economic uncertainty in the USA and the Eurozone.

2.3 Council Tax Income

2.3.1 No additional resources have been provided to fund the Council Tax freeze. Based on a Council Tax freeze at 2007/08 levels continuing to be applied, collection rates of 96.5% and anticipated growth of £0.196m in 2014/15, total estimated Council Tax income is £57.999m for 2014/15 through to 2016/17.

- 2.3.2 The proposed budget will result in the following Council Tax charges in 2014/15 for each property band (excluding charges for water and sewage):

Band	Valuation (at 1991 levels)	Council Tax
A	Under £26,999	£ 768
B	£27,000 to £34,999	£ 896
C	£35,000 to £44,999	£1,024
D	£45,000 to £57,999	£1,152
E	£58,000 to £79,999	£1,408
F	£80,000 to £105,999	£1,664
G	£106,000 to £211,999	£1,920
H	Over £212,000	£2,304

2.4 Welfare Reform

- 2.4.1 The Finance Settlement excludes both the core funding for the Council Tax Reduction Scheme and the Scottish Government top up for this. North Ayrshire received £12.300m in 2012/13, the last year for which full information is available. In addition North Ayrshire has provided £1.706m as its contribution to the Council Tax Reduction Scheme funding gap.
- 2.4.2 Outwith the Finance Settlement, the Council will receive funds from the Department of Work and Pensions (DWP) for its share of funds for Discretionary Housing Payments (DHP). At a UK level the funding associated with DHP will fall from £160m to £125m. The impact of the UK reduction at individual local authority level is not yet known. In 2014/15, as in 2013/14, the DWP funds will be topped up with Scottish Government funds of £20m. North Ayrshire Council's share of this is £0.460m.
- 2.4.3 The Council's share of funding for the Scottish Welfare Fund to meet crisis payments, community care grant, and administration costs has been set at £1.228m. This is included within total available funding. Discussions are taking place between CoSLA and the Scottish Government on the flexible allocation of these resources.
- 2.4.4 Provision was made in the budget for 2013/14 of £0.806m in recognition of the pressures associated with the significant changes as a result of Welfare Reform; this rolls forward into 2014/15 and future years.

2.5 Income Summary

2.5.1 Total funding available to the Council to finance its expenditure plans is as follows:-

	2014/15	2015/16	2016/17
	£m	£m	£m
Aggregate External Finance	251.838	251.838	251.838
Council Tax	57.999	57.999	57.999
Community Charge	0.020	0.010	0.000
Other Government Grants (Estimate)	3.314	3.917	3.917
Total	313.171	313.764	313.754

2.6 Expenditure Requirements

2.6.1 The revised expenditure requirement for 2014/15 is £314.128m and is summarised at Appendix 1. This reflects the 2013/14 base budget adjusted to reflect a number of unavoidable issues. These, together with local and national pressures, are noted below:-

- Costs of continuing the current level of service;
- The financial implications of decisions already taken by the Council;
- Loan charges incurred as a result of the Council's current and proposed capital programme;
- Significant inflationary pressures, including pay and pension pressures, with no provision being made for general non pay inflation;

2.6.2 Demographic and socio-economic factors continue to be a major factor in increasing spend pressures within the Council, in particular within Social Services and Health. These include;

- Older peoples services linked to high levels of deprivation and emergency admissions to hospital
- number of adults with increasing care needs and the impact of aging carers
- rising number of children supported in local authority community placements
- rising support needs for children with disabilities

- 2.6.3 At its meeting on 18 September 2012, Cabinet approved the carry forward of £1.442m of slippage on the early intervention and prevention service development initiatives as part of the Council's budget strategy for 2013/14. Use of these non recurring funds in 2013/14 requires to be addressed in the 2014/15 budget.
- 2.6.4 The expenditure requirements identified for 2014/15 to 2016/17 are summarised in Appendix 1, with further details of service pressures detailed in Appendix 2. Total planned expenditure includes provision of £1.000m in 2014/15 for new investment, with no further provision beyond 2014/15. Any commitment to invest beyond this level will increase the projected deficit unless offset by recurring savings.
- 2.6.5 Based on the above, anticipated expenditure exceeds available funding by £0.957m in 2014/15 with further shortfalls in funding of £6.235m and £11.483m forecast for 2015/16 and 2016/17 respectively.

2.7 Efficiencies and Savings Proposals

- 2.7.1 As noted in paragraph 2.1.3 there is a funding gap in each of the financial years 2014/15 to 2016/17. There is a requirement for Council to amend the 2014/15 budget that was approved in January 2013 and approve revised proposals to ensure the Council sets a balanced budget in 2014/15. Approval of future years savings provides greater certainty for service planning and supports the future financial stability of the Council. Proposed efficiencies and savings are summarised at Appendix 3.

2.8 Probable Outturn 2013/14

- 2.8.1 Based on the budget monitoring report for 2013/14 at the end of September 2013, a year end surplus of £1.827m - 0.56% of the net budget - is projected. Further consideration will be given to the current year surplus when the Council approves its Accounts for the year to 31 March 2014.

2.9 Reserves and Fund Balances

2.9.1 General Fund Balance

The projected accumulated balances on the Council's Funds and Reserves at 31 March 2014 are outlined in the table below, with the majority of these being earmarked for specific purposes. As can be seen from the table the value of reserves is anticipated to reduce significantly as a number of capital projects are delivered and other commitments met. This, together with the continued risk and uncertainty beyond 2014/15 and the challenge in delivering future efficiencies in the context of the level of savings which have been delivered to date, indicates the importance of the Council maintaining a sufficient level of reserves. The External Audit annual report on the 2012/13 audit indicated that the level of reserves put the Council on a stable financial basis going forward.

	Balance at 31 March 2013	Projected Balance at 31 March 2014	Anticipate d Future Spend	Projected Future Balance
	£m	£m	£m	£m
General Fund (not earmarked)	6.029	7.856	-	7.856
General Fund (earmarked)				
Education DMR	0.383	-	-	-
Education Capital Items Replacement Fund	1.237	-	-	-
Affordable Housing	3.560	3.594	3.594	-
Project-specific Funds	7.411	-	-	-
Equal Pay	3.800	3.800	3.800	-
Service Reform	9.716	6.575	6.575	-
Commonwealth Games Fund	0.500	0.500	0.500	-
Total Earmarked Funds	26.607	14.469	14.469	-
Total General Fund Balance	32.636	22.325	14.469	7.856

Unearmarked Reserve

The general reserve as at 31 March 2013 was £6.029m, 1.9% of planned expenditure, just below the lower end of the prudent range (2% - 4%) for general reserves, as recommended by CIPFA. The current level of unearmarked reserves continues to be satisfactory.

Earmarked Reserves

Comments on the key earmarked funds are as follows:

- Affordable housing - These funds arise from Council Tax collected from second home owners throughout North Ayrshire. As outlined in the Housing Business Plan, these monies will be used to assist with new affordable housing in future years and the purchase of houses on the open market.
- Project-specific funds - These funds were carried forward as part of the closure of the Accounts for 2012/13, to allow for the completion of specific projects after 31 March 2013.
- Equal pay - No claims have been settled during 2013/14, however the potential for future claims will continue to exist until 2016. The Council will manage any claims in accordance with employment tribunal processes and timescales.
- Service Reform - Resources have been earmarked to meet the costs of implementing the Council's Change Programme.

2.9.2 Specific Reserves

Specific Reserves	Balance at 31 March 2013	Projected Balance at 31 March 2014	Anticipated Future Spend	Projected Future Balance
	£m	£m	£m	£m
Repairs & Renewals Fund	4.550	4.500	3.132	1.368
Insurance Fund	3.387	3.437	1.610	1.827
Capital Fund	11.341	13.471	10.221	3.250
Total	19.278	21.408	14.963	6.445

Comments on the specific reserves are as follows:

- Repairs and Renewals Fund - The projected balance on the Repairs and Renewals Fund at 31 March 2014 is £4.500m, the majority of which is required to support the approved capital investment programme.
- Insurance Fund - The current balance on this Fund aligns with the August 2012 actuarial valuation, provision for uninsured claims and outstanding liabilities insured through Municipal Mutual Insurance pre-local government reorganisation.
- Capital Fund - This Fund is a source of finance for the Council's capital investment programme. The majority of the £13.471m projected balance on the Capital Fund at 31 March 2014 has been earmarked to fund the capital investment programme over 2013/16.

2.10 Capital Investment Programme to 2022/23

- 2.10.1 At its meeting on 30 January 2013 the Council approved its Capital Asset Strategy, a firm Capital Investment Programme for the five year period 2013/14 to 2017/18 and an indicative programme for the following five year period to 2022/23. Council also noted the work which was taking place across Services to strengthen the Council's approach to asset management, principally through its six themed Asset Management Plans.
- 2.10.2 Progress on the current Capital Investment Programme continues to be reported to Cabinet, with the Capital Programme and Assets Group (CPAG) continuing to identify and develop appropriate business cases for any new investment requirements.
- 2.10.3 The Capital Investment Programme for the period 2014/15 to 2022/23 is attached at Appendix 4. This confirms £242.611m of investment over the next nine years and the alignment of investment with the Council's key priorities and core asset management plans. The current programme aligns with the availability of Government grant, as reported previously and prudential borrowing as outlined in the Council's medium and longer term financial strategy. No additional investments have been included within the draft Capital Investment Programme.

2.10.4 A summary of the key investments includes:

- more than £90m to Education and Skills to support the strategic review of the school estate,
- almost £59m in Development and Planning, supporting investment in roads, infrastructure and lighting, town centre regeneration and flood prevention,
- more than £23m in Environment and Related Services including fleet replacement and cemeteries,
- almost £20m in Community and Culture, including the new Irvine Leisure Centre,
- £14.5m in property life cycle investment to ensure the property estate remains fit for purpose in terms of condition and suitability,
- £8.7m in Social Services, including the new care home on Arran, a modern replacement learning disability day centre and a replacement for the Dirrans Rehabilitation Centre,
- £6.3m in improvements grants to support people to live independently at home,
- almost £6m to facilitate the rationalisation of the wider property estate, delivering future revenue efficiency savings.

3. Proposals

- 3.1 Total planned revenue expenditure for 2014/15 is £314.128m, including investment funds of £1.000m and before consideration of efficiencies and savings options to bridge the funding gap.
- 3.2 Total funding available for 2014/15 is £313.171m.
- 3.3 Members are asked to approve a balanced budget for 2014/15 which considers:-
 - i. Pressures totalling £6.233 (Appendix 2);
 - ii. Application of non recurring funding of £1.442m in 2013/14; and
 - iii. Any Members' priorities to be included in the budget for 2014/15.
- 3.4 That Cabinet:
 - a) notes the amendment to the 2014/15 budget as approved by Council on 30 January 2013;
 - b) notes the revenue funding gap from 2014/15 to 2016/17;
 - c) considers proposals to address the funding shortfall to achieve a balanced budget for 2014/15;
 - d) considers the draft capital investment programme to 2022/23; and
 - e) refers the report to Council for determination.

3.5 That Council:

- a) notes the amendment to the 2014/15 budget as approved by Council on 30 January 2013;
- b) notes the anticipated funding available to meet expenditure requirements;
- c) approves the Council's expenditure requirements for 2014/15 and notes the indicative requirements for 2015/16 and 2016/17;
- d) notes the level of reserves and fund balances held by the Council and approves any contributions to / from these;
- e) agrees Members' priorities to be included in the budget for 2014/15;
- f) agrees efficiencies and savings to ensure a balanced budget for 2014/15;
- g) determines the level of Council Tax for 2014/15;
- h) approves efficiency options for 2015/16 and 2016/17;
- i) considers the equality impact of any proposed service changes; and
- j) approves the capital programme to 2018/19 and notes the indicative plan to 2022/23.

4. Implications

Financial Implications

- 4.1 The financial implications are as outlined in the report. Members require to approve a package of efficiencies and saving totalling £0.957m for 2014/15 to deliver a balanced budget whilst maintaining Council Tax at 2007/08 levels. Any increase in expenditure above that outlined in the draft estimates will also require to be funded. Members should also note the conditions at 2.2.5 which require to be met to ensure the Council receives its full grant settlement from the Scottish Government.
- 4.2 Failure to establish a budget which meets the Scottish Government requirements will result in the loss of a grant of £2.577m.
- 4.3 The significant risks around the Council's budget relate to:
 - the potential impact of the current economic climate;
 - uncertainty around future funding levels;
 - impact of demographic changes;
 - impact of welfare reform;
 - health and social care integration;
 - delivery of all approved savings; and
 - managing service delivery within approved resources.

Human Resource Implications

- 4.4 Any reduction to the work force will be dealt with through effective management of vacancies, redeployment, voluntary severance and, in some cases where all other options have been exhausted, redundancy. This will be effected by engagement and participation with the Trade Unions on a Service by Service basis to develop and agree implementation plans.

Legal Implications

- 4.5 The Council is required to set a balanced budget for 2014/15.

Equality Implications

- 4.6 Where the Council is making decisions in relation to its spending priorities, it is obliged to comply with the public sector equality duty set out in the Equalities Act 2010. To meet this requirement, where necessary, the Council must assess the impact of applying a new policy or decision against key groups and at the point where a decision is made Elected Members must have sufficient information available to assess that impact. A summary of the equality impact of all efficiencies and savings is provided at Appendix 5.

Environmental Implications

- 4.7 Impact on the environment is dependent on the proposals agreed.

Implications for Key Priorities

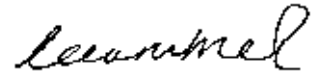
- 4.8 Impact on key priorities is subject to the proposals agreed.

5. Consultations

- 5.1 The key issues within this report have been presented to Members, relevant officers and the Trade Unions.

6. Conclusion

- 6.1 The Council requires to approve a budget which balances available resources to expenditure needs and addresses both national and local priorities. This report outlines the financial challenge facing the Council and the revised funding gap which requires to be met to set a balanced budget for 2014/15.



LAURA FRIEL

Corporate Director (Finance and Corporate Support)

Reference : LF

For further information please contact Laura Friel, Corporate Director (Finance & Corporate Support) on 01294 324554

Background Papers

None.

North Ayrshire Council Revenue Estimates 2014/15 to 2016/17 Summary									
	Budget 2014/15			Indicative Budget					
	£000	£000	£000	£000	£000	£000	£000	£000	£000
1) INCOME SOURCES									
a) Base Income -									
Aggregate External Finance		251,838			251,838			251,838	
Anticipated redeterminations/ additional grant:									
Teachers' Induction Scheme	824			824			824		
Children & Young People Bill	1,262			1,865			1,865		
Scottish Welfare Fund	1,228	3,314		1,228	3,917		1,228	3,917	
Council Tax		56,939			56,939			56,939	
Council Tax - 2nd homes		1,060			1,060			1,060	
Community Charge		20			10			-	
			313,171			313,764			313,754
b) Contribution (to) / from Reserves & Balances -									
Capital Fund	-			-			-		
General Reserves	-			-			-		
			-			-			-
Income To Finance Expenditure Requirements			313,171			313,764			313,754
2) EXPENDITURE REQUIREMENTS									
a) Base Budget from Previous Year		310,241			313,171			313,764	
b) Approved Efficiencies and Savings Measures -									
Chief Executive	(148)			(72)			-		
Development and Environment	(963)			(102)			-		
Education and Skills	(2,087)			(984)			-		
Finance and Corporate Support	(354)			(292)			-		
Social Services and Health	(1,235)			(623)			-		
		(4,788)			(2,072)			-	
Base budget including savings already approved			305,454			311,099			313,764
c) General Pressures -									
Loan charges / contributions to Capital Fund	(3,586)			328			1,100		
Joint Board requisitions	(72)			-			-		
Affordable housing contribution	160			-			-		
Employee issues	1,796			3,632			2,827		
Living wage impact	42			-			-		
Removal of NI contracted out rate 1 April 2016	-			-			3,238		
Pension Fund changes - additional basic to 37hrs	-			272			-		
Pension Fund changes - auto enrolment impact	200			100			100		
Inflationary pressures:									
Corporate issues (energy, fuel, NDR)	228			530			530		
Chief Executive	-			-			-		
Development and Environment	111			115			119		
Education and Skills	325			311			269		
Finance and Corporate Support	-			-			-		
Social Services and Health	407			417			427		
		(389)			5,705			8,610	
d) Contractual/ Unavoidable Pressures -									
Chief Executive	159			-			-		
Development and Environment	178			375			152		
Education and Skills	231			4			-		
Finance and Corporate Support	328			96			-		
Social Services and Health	1,287			1,698			1,859		
		2,183			2,173			2,012	
e) Revised Base Budget for Year			307,247			318,977			324,386
f) National/ Local Pressures:									
Chief Executive	-			-			-		
Development and Environment	15			-			-		
Education and Skills	48			30			-		
Finance & Corporate Support	-			-			-		
Social Services and Health	1,484			1,351			851		
Children & Young People Bill	1,262			603			-		
Scottish Welfare Fund	1,228			-			-		
Impact of localised benefit scheme for council tax	-			262			-		
Council Investment Proposals (incorporating Early Years Change Fund)	402			-			-		
		4,439			2,246			851	

North Ayrshire Council Revenue Estimates 2014/15 to 2016/17 Summary									
	Budget 2014/15			Indicative Budget					
	£000	£000	£000	2015/16 £000	£000	£000	2016/17 £000	£000	£000
g) Provision for Flexibility									
Reinvestment / Contingency	1,000			-			-		
Review of previous years' investment funds	1,442	2,442		(1,224)	(1,224)		-	-	
Total Expenditure Requirement			314,128			319,999			325,237
3) (Surplus)/ Deficit for Year	957			6,235			11,483		
4) Cumulative Savings Required to Achieve a Balanced Budget	957			7,193			18,675		
5) Proposed Efficiencies and Savings Measures -									
Chief Executive	(45)			(27)			(7)		
Development and Environment	(432)			(155)			-		
Education and Skills	(811)			(132)			-		
Finance and Corporate Support	(43)			(21)			(102)		
Social Services and Health	(112)			(317)			(200)		
		(1,443)			(652)			(309)	
Current Year Gap / (Surplus)			(486)			5,583			11,174
Cumulative Gap / (Surplus)			(486)			5,097			16,271
6) Revised (Surplus)/ Deficit for Year if all Savings Proposals are Accepted (3 minus 5)	(486)			5,583			11,174		
7) Cumulative (Surplus)/ Deficit if all Savings Proposals are Accepted	(486)			5,097			16,271		

North Ayrshire Council
General Services Revenue Budget Pressures 2014/15 to 2016/17

A) General Pressures		Reference	2014/15 £	2015/16 £	2016/17 £
1 Corporate Issues					
a) Loan Charges / Contributions to Capital Fund			(3,586,370)	327,877	1,099,606
b) Joint Board requisitions			(72,000)	-	-
c) Affordable Housing Contribution			160,000	-	-
d) Employee Issues			1,796,000	3,632,000	2,827,000
e) Living Wage Impact			42,000	-	-
f) Removal of NI contracted out rate 1 April 2016			-	-	3,238,000
g) Pension Fund Changes - additional basic to 37 hours			-	272,000	-
h) Pension Fund Changes - auto enrolment impact			200,000	100,000	100,000
i) Corporate issues (energy,fuel, NDR)			228,000	530,000	530,000
Total for Corporate Issues			(1,232,370)	4,861,877	7,794,606
2 Development & Environment					
a) Food Cost RPI	BID-FI-13-11		65,366	67,915	70,564
b) Increase in Cost of Bituminous Materials	BID-FI-13-02		45,745	47,117	48,531
Total for Development & Environment			111,111	115,032	119,095
3 Education and Skills					
a) Annual indexation costs relating to PPP contract	BID-ES-12-21		324,946	311,370	269,187
Total for Education and Skills			324,946	311,370	269,187
4 Social Services & Health					
a) National Care Home Contract inflation	BID-SS-13-05		406,852	417,023	427,449
Total for Social Services & Health			406,852	417,023	427,449
Total for General Budget Pressures			(389,461)	5,705,302	8,610,337

B) Contractual/ Unavoidable Pressures		Reference	2014/15 £	2015/16 £	2016/17 £
1 Chief Executive					
a) Information Governance-Data Protection	BID-DA-14-01		52,797	-	-
b) Elections Officer	BID-DA-14-02		51,795	-	-
c) Neighbourhood Planning Partnership Analyst	BID-DA-14-03		53,956	-	-
Total for Chief Executive Services			158,548	-	-
2 Development and Environment					
a) Consultancy re Traffic Regulation Orders	BID-FI-12-04		(25,000)	-	-
b) Saltcoats Harbour Maintenance	BID-FI-13-07		(5,000)	(5,000)	-
c) Landfill Tax	BID-FI-13-09		-	21,764	132,376
d) Food Waste Collections	BID-FI-13-10		-	333,000	-
e) Bulky Waste Contract	BID-FI-14-04		242,864	-	-
f) SPT Transport Contract.	BID-FI-14-04		40,170	-	-
g) Contribution towards Mortuary Service	BID-FI-14-04		10,440	-	-
h) Organic Waste Disposal	BID-DE-14-02		-	25,000	20,000
i) Local Development Plan	BID-DE-14-03		(85,000)	-	-
Total for Development and Environment			178,474	374,764	152,376
3 Education and Skills					
a) St Luke's Primary Extension property costs.	BID-ES-12-06		6,559	4,100	-
b) Commercial refuse collection charges	BID-ES-14-01		34,000	-	-
c) Education ASN - Childminders	BID-ES-14-04		40,000	-	-
d) Education ASN - Residential Placements	BID-ES-14-05		150,000	-	-
Total for Education and Skills			230,559	4,100	-

North Ayrshire Council
General Services Revenue Budget Pressures 2014/15 to 2016/17

B) Contractual/ Unavoidable Pressures (contd)		Reference	2014/15 £	2015/16 £	2016/17 £
4 Finance and Corporate Support					
a)	Increase in cost of Carbon Allowances	BID-FCS-14-01	144,040	-	-
b)	Disclosure checks for Public Services Network compliance	BID-FCS-14-02	24,500	(24,500)	-
c)	Reduction in Benefits Admin Subsidy	BID-FCS-14-03	110,840	120,760	-
d)	Impact of Self Directed Support and Financial Interventions	BID-FCS-14-04	29,782	-	-
e)	Corporate Applications: additional software licensing costs	BID-FCS-14-05	19,000	-	-
Total for Finance and Corporate Support			328,162	96,260	-
5 Social Services and Health					
a)	Kinship Carers - Inflation on allowance	BID-SS-13-03	34,086	38,624	42,487
b)	Hostel Deficit Grant	BID-SS-13-06	15,217	90,732	90,732
c)	Corporate Parenting - Rent and Allowances	BID-SS-14-02	146,517	46,742	51,888
d)	Learning Disability - Base Budget Pressure	BID-SS-14-04	1,027,895	500,046	500,046
e)	Telecare - Call Monitoring Contract	BID-SS-14-09	152,000	(152,000)	-
f)	Independent Living Sservice - base budget pressure	BID-SS-14-10	561,072	100,000	100,000
g)	Cost of Mental Health Care Packages	BID-SS-14-11	(189,700)	25,000	25,000
h)	Increase Employee Cost Turnover	BID-SS-14-12	(300,000)	-	-
i)	Reduction in Residential School Placements	BID-SS-14-13	(884,000)	-	-
j)	Increased demand for Family Placement Care Packages	BID-SS-14-14	723,800	1,049,000	1,049,000
Total for Social Services and Health			1,286,887	1,698,144	1,859,153
6 Corporate Issues			-	-	-
Total for Corporate Issues			-	-	-
Total for Contractual/Unavoidable Budget Pressures			2,182,630	2,173,268	2,011,529

C) National/ Local Pressures		Reference	2014/15 £	2015/16 £	2016/17 £
1 Development and Environment					
a)	Private Pest Destruction & Property Enquiries Income	BID-DE-14-01	15,000	-	-
Total for Development and Environment			15,000	-	-
2 Education and Skills					
a)	Additional staffing requirement for the Pupil Support Service	BID-ES-14-06	48,031	30,020	-
Total for Education & Skills			48,031	30,020	-
4 Social Services and Health					
a)	Older People - Base Budget Pressure	BID-SS-13-02	861,500	851,000	851,000
b)	Throughcare and Aftercare	BID-SS-14-01	50,858	-	-
c)	Children and Families Fieldwork	BID-SS-14-03	203,435	-	-
d)	Housing - Homelessness	BID-SS-14-05	-	500,000	-
e)	Montrose House	BID-SS-14-06	60,000	-	-
f)	Telecare - Equipment Costs	BID-SS-14-07	150,000	-	-
g)	Telecare - Response Team	BID-SS-14-08	158,500	-	-
Total for Social Services and Health			1,484,293	1,351,000	851,000
5 Corporate Issues					
a)	Impact of localised benefit scheme for Council Tax		-	262,000	-
b)	Children & Young People Bill		1,262,000	603,000	-
c)	Scottish Welfare Fund		1,228,000	-	-
d)	Council Investment Proposals		402,000	-	-
Total for Corporate Issues			2,892,000	865,000	-
Total for National/Local Budget Pressures			4,439,324	2,246,020	851,000
Total for All Budget Pressures			6,232,493	10,124,590	11,472,866

North Ayrshire Council
General Services Revenue Budget Efficiencies 2014/15 to 2016/17

Budget Efficiency		Reference	2014/15 £	2015/16 £	2016/17 £
1	Chief Executive				
a)	Reduction in budgets within Legal Management including miscellaneous, mileage and stationery	SP-CX-14-01	38,000	-	-
b)	Reduction in membership fees within Licensing	SP-CX-14-02	2,000	-	-
c)	Increase income target for Landlord Registration	SP-CX-14-03	5,000	5,000	-
d)	Reduction in external printing within Communications	SP-CX-14-04	-	2,000	-
e)	Reduction in contribution to Ayrshire Civil Contingencies	SP-CX-14-05	-	5,000	-
f)	Reduction in external printing budget within Committee Service due to reduced printing of agendas	SP-CX-14-06	-	15,000	-
g)	Reduction in Elected Members' budget including training, advertising, conference fees and catering	SP-CX-14-13	-	-	7,000
Total for Chief Executive			45,000	27,000	7,000
2	Development and Environment				
a)	Senior management restructure within Development and Environment	SP-DE-14-01	179,390	-	-
b)	Integration of Roads and streetscene services.	SP-DE-14-06	155,000	155,000	-
c)	Termination of Hire of Flare at Landfill Site	SP-DE-14-07	16,000	-	-
d)	Management and Maintenance of Public Realm through Streetscene	SP-DE-14-08	73,367	-	-
e)	Reduction in staff mileage budget within Environment and Related Services Management and Admin.	SP-DE-14-12	8,000	-	-
Total for Development and Environment			431,757	155,000	-
3	Education and Skills				
a)	Extending application of staff turnover ratios	SP-ES-14-01	30,000	-	-
b)	Reduction in school cover budgets	SP-ES-14-02	36,923	23,077	-
c)	Reduction of 17.3% in funding for parent councils.	SP-ES-14-03	7,000	-	-
d)	Reduction of 0.1FTE in school management time for probationer mentoring.	SP-ES-14-08	98,462	61,538	-
e)	Reduction in schools' cover budgets for long term absence and maternity leave.	SP-ES-14-11	334,000	-	-
f)	Reduction in non-staffing budgets across the service.	SP-ES-14-12	86,140	-	-
g)	Reduction in schools' flexibility budgets which provide for changes in staffing requirements in-year.	SP-ES-14-15	100,000	-	-
h)	Reduction in the budget for payments to private nurseries on the basis of current demand.	SP-ES-14-17	61,538	38,462	-
i)	Cessation of post of Senior Early Years Practitioner	SP-ES-14-18	25,500	8,500	-
j)	Reduction in non-staffing budgets within Early Years Services	SP-ES-14-19	11,930	-	-
k)	Further reduction to Solihull training budget reducing it to nil.	SP-ES-14-20	20,000	-	-
Total for Education and Skills			811,493	131,577	-
4	Finance and Corporate Support				
a)	Increase in income target due to contract savings and the introduction of Procurement Cards and reduction in digital archiving costs	SP-FCS-14-04	33,000	20,000	-
b)	Reduction in non-staffing budgets within Finance and Property	SP-FCS-14-05	10,000	1,000	2,000
c)	Further reduction in property running costs following the phased move out of Perceton House for 2016/17	SP-FCS-14-07	-	-	100,000
Total for Finance and Corporate Support			43,000	21,000	102,000
5	Social Services and Health				
a)	Efficiency savings which will accrue through the implementation of the CM2000 system.	SP-SS-13-18	-	200,000	200,000
b)	Reduction in payments to Care and Repair, Quarriers, Cunninghame Housing Association and North Ayrshire Womens Aid (NAWA)	SP-SS-14-01	72,080	116,560	-
c)	Reconfiguration of the Mediation Service	SP-SS-14-04	40,000	-	-
Total for Social Services and Health			112,080	316,560	200,000
Total Efficiencies			1,443,330	651,137	309,000

NORTH AYRSHIRE COUNCIL GENERAL SERVICES CAPITAL PLAN 2014/15 - 2022/23										
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Core Objective	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Improving Services	11,374	8,269	4,715	3,093	3,450	5,380	5,380	5,380	5,380	52,421
People and Communities	31,974	6,742	90,975	2,860	2,660	2,660	2,660	2,660	2,660	145,851
Regeneration	8,944	8,495	5,300	4,850	4,150	3,150	3,150	3,150	3,150	44,339
Grand Total	52,292	23,506	100,990	10,803	10,260	11,190	11,190	11,190	11,190	242,611
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset Plan	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
ICT	1,856	165								2,021
Open Space	679	1,554	1,915	993	500	50	50	50	50	5,841
Other	5,032	4,100	3,900	2,750	1,750	750	750	750	750	20,532
Property	33,966	10,499	85,915	400	1,200	3,580	3,580	3,580	3,580	146,300
Roads	8,759	5,188	7,260	4,660	4,810	4,810	4,810	4,810	4,810	49,917
Transport	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	18,000
Grand Total	52,292	23,506	100,990	10,803	10,260	11,190	11,190	11,190	11,190	242,611
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Development & Environment	17,665	14,642	14,375	9,703	8,360	6,910	6,910	6,910	6,910	92,385
Education & Skills	23,491	4,864	82,415	400	200	200	200	200	200	112,170
Finance & Corporate Support	5,357	3,200			1,000	3,380	3,380	3,380	3,380	23,077
Social Services & Health	5,779	800	4,200	700	700	700	700	700	700	14,979
Grand Total	52,292	23,506	100,990	10,803	10,260	11,190	11,190	11,190	11,190	242,611

NORTH AYRSHIRE COUNCIL												
GENERAL SERVICES CAPITAL PLAN 2014/15 - 2022/23												
	Core Objective	Asset Plan	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Grand Total
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
FINANCE & CORPORATE SUPPORT												
HR & OD												
PC Replacement	Improving Services	ICT	165	165								330
Sun Server Replacement Programme	Improving Services	ICT	32									32
Microsoft Office Upgrade	Improving Services	ICT	263									263
Wireless Access In Schools	Improving Services	ICT	190									190
Managed WAN Services	Improving Services	ICT	571									571
IP Telephony (IPT)	Improving Services	ICT	203									203
Local Area Network (LAN)	Improving Services	ICT	311									311
FINANCE AND PROPERTY												
Cunninghame House - Refurbishment	Improving Services	Property	2,890	1,200								4,090
Bridgegate House	Improving Services	Property	100									100
Trinity Church Refurbishment	Regeneration	Property	17									17
Bridgegate Public Realm	Regeneration	Property	50									50
Saltcoats Town Hall	Regeneration	Property		1,835								1,835
Property Lifecycle Investment	Improving Services	Property					1,000	3,380	3,380	3,380	3,380	14,520
Financial Systems	Improving Services	ICT	63									63
TOTAL FINANCE AND CORPORATE SUPPORT			4,855	3,200	0	0	1,000	3,380	3,380	3,380	3,380	22,575
DEVELOPMENT AND ENVIRONMENT												
DEVELOPMENT PLANNING												
Roads Improvement/ Reconstruction	Regeneration	Roads	1,650	1,800	3,100	3,100	3,100	3,100	3,100	3,100	3,100	25,150
Pennyburn Roundabout on trunk road	Regeneration	Roads		2,000								2,000
B714 Upgrade	Regeneration	Roads	4,037									4,037
Lighting	People and Communities	Roads	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	9,000
Car Parking Strategy	Regeneration	Roads	360	360								720
Cycling/ Walking/ Safer Streets	People and Communities	Roads	212	28			150	150	150	150	150	990
Garnock Flood Prevention Scheme	People and Communities	Roads	1,500		2,600							4,100
Bridges - Infrastructure Investment Programme	People and Communities	Roads			560	560	560	560	560	560	560	3,920
Irvine Enterprise Area	Regeneration	Other	800	500	700							2,000
Town Centre Regeneration	Regeneration	Other	1,630	1,300	1,500	1,750	1,050	50	50	50	50	7,430
Next Generation Broadband	Regeneration	Other	400	700								1,100
Renewable Energy	Improving Services	Property	2,460	2,500								4,960
Outdoor Access - Path Network	People and Communities	Open Space	50	50	200	200	50	50	50	50	50	750
ENVIRONMENT & RELATED SERVICES												
Vehicle Acquisition/ Replacement	Improving Services	Transport	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	18,000
Shewalton Landfill Site Development	Improving Services	Other	1,000	900	1,000	300						3,200
Skelmorlie Cemetery Wall	Improving Services	Open Space	148									148
Cemetery Walls Infrastructure	Improving Services	Open Space	50	250								300
Cemeteries - Extensions	Improving Services	Open Space	368	1,254	1,715	793	450					4,580
TOTAL DEVELOPMENT & ENVIRONMENT			17,665	14,642	14,375	9,703	8,360	6,910	6,910	6,910	6,910	92,385

NORTH AYRSHIRE COUNCIL												
GENERAL SERVICES CAPITAL PLAN 2014/15 - 2022/23												
	Core Objective	Asset Plan	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Grand Total
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EDUCATION & SKILLS												
SCHOOLS												
Early Years Children's Bill	People and Communities	Property	102									102
Children & Young People's Bill	People and Communities	Property	730	730								1,460
School Estate	People and Communities	Property	6,300									6,300
Irvine East PS	People and Communities	Property	1,084									1,084
St Luke's PS Extension	People and Communities	Property	746									746
Castlepark PS	People and Communities	Property	37									37
Garnock Campus (council funding - originally £22.539m less £0.179m spend to date plus £16.720m SFT grant)	People and Communities	Property			39,080							39,080
Three Towns Campus (council funding - originally £20m plus £22.445m SFT funding plus £0.500m Sportscotland)	People and Communities	Property			42,935							42,935
Stanecastle School Remedial Works	People and Communities	Property	159	361								520
COMMUNITY & CULTURE												
Largs Sports Development	People and Communities	Open Space	63									63
Irvine Leisure Centre	People and Communities	Property	13,850	3,373								17,223
West Kibride CC Gymnasium	People and Communities	Property	20									20
Castles, Historic Monuments etc.	People and Communities	Property	100	100	100	100	100	100	100	100	100	900
Community Development Fund	People and Communities	Property	300	300	300	300	100	100	100	100	100	1,700
TOTAL EDUCATION AND SKILLS			23,491	4,864	82,415	400	200	200	200	200	200	112,170
SOCIAL SERVICES & HEALTH												
Home Care System	Improving Services	ICT	58									58
Montrose House	People and Communities	Property	2,439									2,439
Largs Older People Resource Centre	People and Communities	Property	987									987
Currie Court Conversion	People and Communities	Property	16									16
LD Day Centres	People and Communities	Property		100	3,500							3,600
Dirrans Rehabilitation Centre	People and Communities	Property	1,579									1,579
Improvement Grants	People and Communities	Other	700	700	700	700	700	700	700	700	700	6,300
TOTAL SOCIAL SERVICES & HEALTH			5,779	800	4,200	700	700	700	700	700	700	14,979
FLEXIBILITY	Improving Services	Other	502									502
TOTAL PLANNED EXPENDITURE			52,292	23,506	100,990	10,803	10,260	11,190	11,190	11,190	11,190	242,611
FUNDING AVAILABLE:												
General Capital Grant			13,864	13,109	9,000	9,000	9,000	9,000	9,000	9,000	9,000	89,973
Specific Grant (Cycling, Walking, Safer Streets)			212	150	150	150	150	150	150	150	150	1,412
Prudential Borrowing			21,650	6,689	49,135	613	70					78,157
Capital Funded from Current Revenue (CFCR)			2,968	0	0	0	0	0	0	0	0	2,968
Contribution from Capital Fund			7,384	1,000	2,000	0	0	0	0	0	0	10,384
Repairs & Renewals			3,000									3,000
Grants & Contributions			907		500							1,407
SFT funding (incl £1.508m enabling funding (13/14 and 14/15 - excludes £0.087m already utilised 12/13)			635		39,165							39,800
Capital Receipts:												
Vehicles			40	40	40	40	40	40	40	40	40	360
Property			1,632	2,518	1,000	1,000	1,000	2,000	2,000	2,000	2,000	15,150
TOTAL FUNDING			52,292	23,506	100,990	10,803	10,260	11,190	11,190	11,190	11,190	242,611
BALANCE			0	0	0	0	0	0	0	0	0	0

Equality Impact Assessments

Reference	Policy and Purpose	Assessment of Impact of Policy on Protected Characteristics	EIA/Screening Form Outcome
CHIEF EXECUTIVE			
SP-CX-14-01	Reduction in budgets within Legal Management including miscellaneous, mileage and stationery	Neutral impact on groups with protected characteristics	EIA not required. Implement policy
SP-CX-14-02	Reduction in membership fees within Licensing	Neutral impact on groups with protected characteristics	EIA not required. Implement policy
SP-CX-14-03	Increase income target for Landlord Registration	Neutral impact on groups with protected characteristics	EIA not required. Implement policy
SP-CX-14-04	Reduction in external printing within Communications	Neutral impact on groups with protected characteristics	EIA not required. Implement policy
SP-CX-14-05	Reduction in contribution to Ayrshire Civil Contingencies	Neutral impact on groups with protected characteristics	EIA not required. Implement policy
SP-CX-14-06	Reduction in external printing budget within Committee Service due to reduced printing of agendas	Neutral impact on groups with protected characteristics	EIA not required. Implement policy
SP-CX-14-13	Reduction in Elected Members' budget including training, advertising, conference fees and catering	Neutral impact on groups with protected characteristics	EIA not required. Implement policy

Equality Impact Assessments

Reference	Policy and Purpose	Assessment of Impact of Policy on Protected Characteristics	EIA/Screening Form Outcome
DEVELOPMENT AND ENVIRONMENT			
SP-DE-14-01	Senior Management restructure within Development and Environment	Neutral impact on groups with protected characteristics. Service provision remains the same	EIA not required. Implement policy
SP-DE-14-06	Integration of Roads and Streetscene services Delivering a more integrated approach to Roads and Streetscene operations resulting in VFM being achieved through a more efficient method for service delivery.	Neutral impact on groups with protected characteristics	EIA not required. Implement policy.
SP-DE-14-07	Termination of Hire of Flare at Landfill Site A gas pipeline connection between the 2 areas of the landfill site will be completed in November. This will allow the existing flare to be used and remove the need for the hired flare.	Neutral impact on groups with protected characteristics	EIA not required. Implement policy.
SP-DE-14-08	Management and Maintenance of Public Realm through Streetscene A reduction in budget relating primarily to infrastructure rather than programme of works being carried out.	The greatest impact would on the elderly, the less able bodied and the young as they are most likely to use the equipment in question. However the level of reduction in budget is not expected to cause a noticeable difference in the equipment available. The introduction of bespoke furniture when Irvine Town Centre is remodelled will assist with the replacement of street furniture. Consideration will be given to the rationalisation of play equipment and areas and where possible consider transferring equipped play areas to community groups to manage.	EIA not required. Implement policy.

Equality Impact Assessments

Reference	Policy and Purpose	Assessment of Impact of Policy on Protected Characteristics	EIA/Screening Form Outcome
SP-DE-14-12	Reduction in staff mileage budget in Management & Admin A comparison between allocated budget and actual spend in 2013-14 identified an underspend.	Neutral impact on groups with protected characteristics	EIA not required. Implement policy.
EDUCATION AND SKILLS			
SP-ES-14-01	Extending application of staff turnover ratios Currently staff turnover is applied to Culture and Community Services only. This efficiency will roll this out further to all other services except for schools.	Neutral impact on groups with protected characteristics	EIA not required. Implement policy.
SP-ES-14-02	Reduction in school cover budgets Reduction in budget which supports CPD, additional management time and small group supports.	Neutral impact on groups with protected characteristics This time is currently in addition to normal entitlement and should therefore not have an impact on the normal service that young people are entitled to.	EIA not required. Implement policy.
SP-ES-14-03	Reduction of 17.3% in funding for parent councils.	Neutral impact on groups with protected characteristics Parent Councils will need to continue to be prudent in dealing with administrative costs. However, this should not impact on their ability to be effective in their input to the success of each school.	EIA not required. Implement policy.
SP-ES-14-08	Reduction of 0.1FTE in school management time for probationer mentoring.	Neutral impact on groups with protected characteristics The Head Teacher would need to make a decision on who will be mentoring	EIA not required. Implement policy.

Equality Impact Assessments

Reference	Policy and Purpose	Assessment of Impact of Policy on Protected Characteristics	EIA/Screening Form Outcome
	The present system allows for each school who have a probationer to be allocated 0.1 FTE management time to allow the probationer to be mentored. The mentor would normally be a member of staff within the school and therefore their class contact time is reduced. The proposal put forward is to take away this time in the majority of schools with exceptions where the existing management allocation time is very limited (small schools).	the probationer based on a different set of criteria, and there would be a likely impact on management team.	
SP-ES-14-11	Reduction in schools' cover budgets for long term absence and maternity leave. Reduction in HQ cover budgets which is required for funding to schools for long term absences and maternity cover.	Neutral impact on groups with protected characteristics. Service provision should be unaffected as by closely managing these budgets there is the potential to ensure minimal impact.	EIA not required. Implement policy.
SP-ES-14-12	Reduction in non-staffing budgets across the service. An analysis of budget lines held by various senior managers and Heads of Service within Education and Skills has taken place. As a result of this there is a recommendation that varying amounts can be taken to reduce	Whilst the level of impact will vary on the different budget lines, flexibility to vire small amounts where necessary will minimise impact. Consequently there should be a neutral impact on groups with protected characteristics.	EIA not required. Implement policy.

Equality Impact Assessments

Reference	Policy and Purpose	Assessment of Impact of Policy on Protected Characteristics	EIA/Screening Form Outcome
	the overall level of expenditure. Examples include hospitality, additional education supplies, admin costs, external printing, staff training and professional development and minor adaptations to Education and Skills premises.		
SP-ES-14-15	<p>Reduction in schools' flexibility budgets which provide for changes in staffing requirements in-year.</p> <p>An analysis of budget lines held by various senior managers and Heads of Service within Education and Skills has taken place. As a result of this there is a recommendation that varying amounts can be taken to reduce to the overall level of expenditure.</p> <p>Examples include hospitality, additional education supplies, admin costs, external printing, staff training and professional development and minor adaptations to Education and Skills premises.</p>	<p>Neutral impact on groups with protected characteristics</p> <p>Through tight controls and close work with all schools, it is the service's view that this reduction has the potential to have no impact on learning and teaching in schools.</p>	EIA not required. Implement policy.
SP-ES-14-17	Reduction in the budget for payments to private nurseries on	Neutral impact on groups with protected characteristics – current underspend.	EIA not required. Implement policy.

Equality Impact Assessments

Reference	Policy and Purpose	Assessment of Impact of Policy on Protected Characteristics	EIA/Screening Form Outcome
	<p>the basis of current demand.</p> <p>As part of a child's entitlement to nursery education the Council pay £1650 to the private provider for each placement. The overall resource allocated to this was underspent last year and is again showing an underspend this year. Therefore the proposal is to reduce the allocated budget for this service.</p>	Given the figures available and future predictions it is anticipated that there would be no impact to the service.	
SP-ES-14-18	<p>Cessation of post of Senior Early Years Practitioner</p> <p>Central budget used to pay for a seconded post of Senior Early Years Practitioner. Postholder has been seconded to provide curriculum training to early years staff to improve deliver of quality learning experiences using the outdoors as a learning environment. It is proposed to cease this secondment at the end of June 2014.</p>	<p>Neutral impact on groups with protected characteristics</p> <p>Postholder will return to their substantive post. Training provided will have allowed practitioners to improve their practices and therefore it is hoped that the work done will be sustainable.</p>	EIA not required. Implement policy.
SP-ES-14-19	<p>Reduction in non-staffing budgets within Early Years Services</p> <p>An analysis of budget lines held within Early Years Services has taken place. As a result of this</p>	Whilst the level of impact will vary on the different budget lines, flexibility to vire small amounts where necessary will minimise impact. Consequently there should be a neutral impact on groups with protected characteristics.	EIA not required. Implement policy.

Equality Impact Assessments

Reference	Policy and Purpose	Assessment of Impact of Policy on Protected Characteristics	EIA/Screening Form Outcome
	there is a recommendation that varying amounts can be taken to reduce to the overall level of expenditure.Examples include education supplies, staff training and external printing.		
SP-ES-14-20	Further reduction to Solihull training budget reducing it to nil. Previous years budget efficiency no SP-ES-13-64 reduced the Solihull training budget by £100K leaving £20K. This £20K was required to cover any additional training requirements that had been missed in 2012/13 prior to the efficiency. It is now proposed to reduce the budget to nil.	Neutral impact on groups with protected characteristics The vast majority of the training requirements took place in 12/13. Additional training requirements, should they arise, should be accommodated through the use of existing staff expertise.	EIA not required. Implement policy
FINANCE AND CORPORATE SUPPORT			
SP-FCS-14-04	Increase in income target. This will be achieved through contract savings and further roll-out of Procurement Cards.	Neutral impact on groups with protected characteristics. Service provision remains the same.	EIA not required. Implement policy
SP-FCS-14-05	Reduction in non-staffing budgets. Budgets across the whole of Finance & Property will be reviewed.	Neutral impact on groups with protected characteristics. Service provision remains the same.	EIA not required. Implement policy
SP-FCS-14-07	Further reduction in property	Neutral impact on groups with protected characteristics. Service provision	EIA not required.

Equality Impact Assessments

Reference	Policy and Purpose	Assessment of Impact of Policy on Protected Characteristics	EIA/Screening Form Outcome
	running costs. This will follow on from the phased move out of Perceton House in 2016/17.	remains the same.	Implement policy
SOCIAL SERVICES AND HEALTH			
SP-SS-13-18	Introduction of Care at Home IT system The system will be able to assist with the deployment of staff and maintaining of purchased service. It will allow real time monitoring of service delivery of both internal and external service. The system will provide real time management information to assist in the efficient and effective delivery of a care at home service	Neutral impact on service users with protected characteristics	EIA not required. Implement policy. Monitor impact
SP-SS-14-01	Reduction in payments to Care and Repair, Quarriers, Cunninghame Housing Association and North Ayrshire Womens Aid (NAWA) To reduce funding to providers who offer a range of support and accommodation to vulnerable clients	Potential impact on: Older people who access Care and Repair services Young people supported by Quarriers Vulnerable clients who are homeless and supported by CHA Women and children affected by domestic abuse who receive services from NAWA This will be mitigated by continuing to work closely with providers, monitor performance on an on-going basis and ensuring adequate support is offered and resources are directed where required and used effectively.	Implement policy Monitor impact

Equality Impact Assessments

Reference	Policy and Purpose	Assessment of Impact of Policy on Protected Characteristics	EIA/Screening Form Outcome
SP-SS-14-04	Reconfiguration of the Mediation Service The contract with West of Scotland Mediation is due to finish on 31 March 2014. The service will be reconfigured to offer similar services via internal staff within the Anti-social behaviour team.	Neutral impact on groups with protected characteristics, as a similar service will continue to be provided by 2 officers within the Anti-Social Behaviour and Community Safety Division.	EIA not required. Implement policy

NORTH AYRSHIRE COUNCIL

Agenda Item Budget Paper 2

11 December 2013

Cabinet / North Ayrshire Council

Subject: **Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2014/15**

Purpose: To advise the Cabinet / Council of the HRA capital investment programme and revenue budget for 2014/15 and the consequential rent levels.

Recommendation: That Cabinet:

- a. supports the proposals outlined in the report; and
- b. refers the report to Council for approval.

That Council:

- a. approves the HRA capital investment programme for 2014/15, including associated 2015/16 budgets for projects spanning both years, as detailed in the attached Appendix 1;
- b. approves the HRA revenue budget for 2014/15, as detailed in the attached Appendix 2;
- c. approves a rent increase of 3.5% in 2014/15 for council houses (including sheltered housing);
- d. approves a rent increase of 3.5% in 2014/15 for the travelling people's site;
- e. approves a freeze in rents in 2014/15 for temporary furnished accommodation and the homeless hostel;
- f. approves a garage site increase of £0.09 per week and a lock-up increase of £0.18 per week to £2.59 and £5.20 per week respectively, equivalent to 3.5%;
- g. approves a 5.5% increase in sheltered housing utility charges to address the historical shortfall in the recovery of these costs;
- h. notes the indicative rent increases of 4.5% for 2015/16 and 4.5% for 2016/17;

- i. notes the new burdens to be addressed by the housing service in the forthcoming years, particularly in respect of Welfare Reform; and
 - j. approves the earmarking of an additional £1.292m to be held in reserve to contribute towards any additional costs of future Council house building projects.
-

1. Introduction

- 1.1 Under the terms of the Housing (Scotland) Act 1987, local authorities are required to maintain a Housing Revenue Account to record all income and expenditure related to the provision of Council houses.
- 1.2 The Prudential Code for Capital Finance in Local Authorities was introduced on 1 April 2004. The key objectives of the Code are to ensure, within a clear framework, that capital investment programmes are affordable, prudent and sustainable. These requirements need to be recognised in preparing the HRA capital programme in any year, i.e. the capital programme should be set at a level that both delivers the Council's strategic priorities and is affordable in terms of the impact of the resultant debt repayments on rent levels.
- 1.3 The Council is committed to achieving the requirements of the Scottish Housing Quality Standard (SHQS), which must be achieved by 31 March 2015 and be capable of being sustained thereafter. The Council developed its first HRA Business Plan in 2005 to determine the investment requirements to meet the standard.
- 1.4 A Business Plan Implementation Group has been in place since May 2010 to oversee the development and implementation of an updated HRA Business Plan. The working group consists of Elected Members, tenant representatives and Council officers who have debated and scrutinised all aspects of the business planning process, including:
 - Overseeing the Council's house building programme;
 - Consideration of the Council's SHQS monitoring framework; and
 - The development of an Older People's Housing Strategy, including a review of current sheltered housing unit provision.
- 1.5 The updated HRA Business Plan covering the period to 31 March 2040 was completed in December 2010 and approved by the former Executive at its meeting on 18 January 2011. Having this plan in place provides assurance of the financial sustainability of the Council's housing stock over the 30-year period it covers.

- 1.6 The updated plan identified that in order to meet the required level of investment, including the construction of 500 new Council houses over a ten year period, rents would require to be increased by 5.5% over the years 2011/12 to 2014/15.
- 1.7 The Council meeting on 2 February 2011 consequently approved a rent increase of 5.5% for 2011/12 and indicative rent increases of 5.5% for the years 2012/13, 2013/14 and 2014/15.
- 1.8 The financial model has been reviewed annually in terms of investment requirements and in order to establish the appropriate rent increases for the following financial year.
- 1.9 At a Special Meeting of the Council on 30 January 2013 further consideration was given to rent levels for the three years to 2015/16. Members approved an increase of 3.5% for 2013/14 and indicative rent increases of 3.5% for 2014/15 and 4.5% for 2015/16.
- 1.10 Additionally, in January 2013, Cabinet approved the freezing of weekly rent charges for temporary homeless and hostel accommodation, due to the fact that an increase in these charges would have resulted in tenants becoming subject to the benefit cap.

2. Current Position

- 2.1 In reviewing the plan during 2013 consideration was given to the following factors:
 - Requirements of the Scottish Housing Quality Standard
 - Council house building targets
 - Older People's Housing Strategy
 - Impact of Welfare Reform during 2013/14
 - Homelessness support
 - Inflation
 - Outcome of tenants' consultation
 - Sheltered Housing utility charges
 - Value for money
 - Future challenges
 - Revenue and capital balances

Scottish Housing Quality Standard

- 2.2 The Council is fully committed to meeting the requirements of the Scottish Housing Quality Standard and has structured its business plan to ensure full compliance by 2015. As at 1 April 2013, 90.5% of the housing stock was assessed as having met the standard. Further investment has taken place during 2013/14 and the latest available information confirms that good progress has been made in the year, with a projected 95.5% of the stock meeting the defined criteria by 31 March 2014. This places North Ayrshire Council's performance in the second position of the 26. Scottish local authorities that have retained their housing stock. It is anticipated that, by 31 March 2014, £199.9m will have been spent in improving the Council's housing stock since April 2005. Investment will continue in order to meet the SHQS by 2015. The proposed capital investment programme for 2014/15 outlined at *Appendix 1* includes expenditure of £1.9m on works which will contribute to the achievement of SHQS across the total housing stock, of 13,065 properties as at 31 October 2013.

Council House Building

- 2.3 The current Business Plan includes funding for the construction of 500 new properties over a 10 year period commencing in 2012/13. The first house-build project for the period, relating to the construction of 12 new properties at Copeland Crescent in Millport, was completed in September 2013. There are currently four other projects underway, which are due to be completed by 31 March 2015, resulting in an additional 145 properties. Further to this the HRA capital programme for 2014/15 also includes provision for two more projects - Kiln Court, Irvine, and Montgomery Court, Kilbirnie - which are scheduled to be completed during 2015/16.

There is currently one further specific project planned, at the site of Fencedyke primary school. It is currently envisaged that this project will be undertaken during 2016/17.

The table below summarises the current house building plans as part of this strategy:

Project Location	No. of properties	Estimated completion date
Copeland Crescent, Millport	12	September 2013
Redstone Avenue, Kilwinning	46	June 2014
John Galt Primary Site, Irvine	80	March 2015
Stevenson Institute, Largs	11	March 2015
Dickson Drive, Irvine	8	March 2015
Kiln Court, Irvine	16	June 2015
Montgomery Court, Kilbirnie	24	July 2015
Fencedyke Primary Site, Irvine	34	March 2017
Totals	231	

By 31 March 2017 it is anticipated that 231 properties will have been completed as part of this Council's new house building strategy. This is in line with the Business Plan target of approximately 250 properties by the end of 2016/17. Scottish Government grant funding towards the cost of the new build programme will be supported by significant contributions from HRA balances, prudential borrowing and Council Tax income from second homes.

- 2.4 The HRA budget report which was submitted to the Council on 30 January 2013 highlighted concerns in relation to a significant reduction in levels of Scottish Government funding for affordable housing projects, compared with previous years and this was causing uncertainty in relation to the achievability of the Council's house building plans. The Scottish Government has issued several updates in the intervening time, which indicate a much healthier position in relation to available grants levels over the funding periods 2012-15 and 2015-19. This revised information indicates that sufficient grant funding will be available to fund the Council's house building plans over this period.

- 2.5 In May 2013, in addition to the improved overall funding position outlined at 2.4 above, the Scottish Government also announced an increase in the level of government grant per house applicable to Council house building projects, from £30,000 to £46,000. This increase will help to alleviate the cost pressure on these projects and ensure that overall financing of these schemes remains within affordability levels as outlined in the business plan.

Older People's Housing Strategy

- 2.6 The Older People's Housing Strategy was approved by Cabinet on 11 June 2013. An Older People Housing Team was appointed this year to take forward the objectives identified within the Strategy.
- 2.7 As part of the development of the North Ayrshire Older People's Housing Strategy the HRA Business Plan made provision for significant investment of £3.2 million over a 4 year period to help transform the quality of sheltered housing provision. Subsequent to this, on 27 September 2011, the former Executive approved the recommendation to use Currie Court, Ardrossan, and Woodgrove, Dreghorn to develop and pilot a new North Ayrshire Council Sheltered Housing Standard. Both projects are due to be completed by December 2013. In the longer term, it was agreed that an ongoing development programme for high and medium demand complexes should be developed to standardise the quality across the Council's remaining sheltered housing complexes. This will ensure they are all fit for purpose and meet the needs of our tenants.
- 2.8 Two future developments - Kiln Court, Irvine and Montgomery Court, Kilbirnie - were approved by Cabinet on 30 April 2013. These units were identified as having the highest level of void rates and highest level of investment requirements. These projects are both included within the Capital programme outlined in Appendix 1. Both projects are in the early design stages.
- 2.9 The Older People's Housing Team is currently carrying out a consultation exercise with all sheltered housing residents across North Ayrshire. This information will enable the Council to prioritise and plan the future re-provisioning of its sheltered housing. It is anticipated that the consultation will be completed by the end of 2013.

Impact of Welfare Reform during 2014/15

- 2.10 In April 2013 the new bedroom size criteria was introduced for working age tenants deemed to be under occupying both mainstream and homeless temporary accommodation. An assessment of the current arrears was carried out and projections made for the year to 31 March 2014, in order to estimate the impact of increased rent arrears on the HRA revenue budget for 2014/15.
- 2.11 The current and former rent arrears figure increased from £0.992m at 1 April 2013 to £1.551m at 31 October 2013. If this rate of increase was to continue, it is projected that the total year-end arrears figure will be approximately £2.0m. The level of arrears will continue to be monitored, with projections on the year-end outturn being updated as more information becomes available.
- 2.12 Increased funding in the form of Discretionary Housing Payments (DHP) has assisted a significant number of tenants affected by the bedroom size criteria. This has helped to mitigate the overall level of rent arrears. The projection for arrears within the 2014/15 budget assumes a similar level of DHP being available.
- 2.13 As a result of current arrears analysis, an additional £1.0m has been included in the budget for 2014/15 to offset the projected increase in arrears and the resultant impact on the housing rents bad debt provision.

Homelessness Support

- 2.14 The Scottish Government introduced a new housing support duty which came into force on 1 June 2013. This duty states that every local authority must undertake an assessment of the support needs of homeless households (including all individuals contained within a household) and the subsequent provision of housing support where support needs are identified. North Ayrshire Council has always offered this level of support, however this has now become a statutory duty and there is no longer an option for withdrawing the support.
- 2.15 North Ayrshire Council met the Scottish Government's 2012 target for homelessness, however the Council's ability to maintain this in future years is a key concern, as a result of the impact of Welfare Reform/ LHA changes to the Housing Service's rental income (please see paragraph 2.29 below).

- 2.16 Accommodation which is classified by the DWP as “exempt supported accommodation” will not be subject to the under-occupation penalty. In April 2013, due to the significant impact the under occupation penalty would have on this client group, a report was approved by Cabinet giving approval to not pursue tenants in Council homeless temporary accommodation for under-occupation arrears, pending the clarification of the “exempt” definition, however, it has since been confirmed that local authority accommodation will not be covered by this definition. As a result, Housing Management will give further consideration to the future treatment of these arrears and the potential effect on tenants; proposals will be presented to the Cabinet for consideration in due course.

Inflation

- 2.17 The 2014/15 budget includes 3% provision for the impact of inflation on repairs and maintenance and 1% provision for pay awards compared to 2013/14 budget levels.

Outcome of Tenants' Consultation

- 2.18 Under the terms of the Housing (Scotland) Act 2001, councils are required to consult with tenants and have regard to the views expressed by those consulted prior to setting the rents.
- 2.19 As outlined earlier in this report, the last comprehensive review of the Housing Business Plan was undertaken in 2010. This review included determination of indicative rent levels up to 2040, with required increases of 5.5% for the first 5 years (2011/12 - 2015/16). Subsequent identification of procurement and efficiency savings within revenue and capital budgets provided the opportunity to revisit these rent levels.
- 2.20 In preparing the budget for 2014/15, four options for levels of rent increase/ further investment in the housing stock were identified by officers and these were considered and refined by the Business Plan Implementation Group in September 2013. Two options were subsequently included in the tenants' consultation exercise that took place in October and November 2013, namely to increase rents by either 3% or 3.5%. Further information on the options considered is included within the Tenants' Newsletter as attached at Appendix 3.

- 2.21 In October 2013 the consultation leaflet, also attached at Appendix 3, was sent to all Council tenants giving them the opportunity to comment on the proposals. The consultation period ran from 21 October until 15 November 2013. Appendix 4 to this report summarises the feedback.
- 2.22 Responses received from the tenants' consultation indicated a clear preference for a rent increase of 3.5% for 2014/15.

Sheltered Housing utility charges

- 2.23 During the development of the HRA Business Plan in 2010 it was identified that charges made to sheltered housing unit tenants for utility costs were significantly less than the costs incurred, with the shortfall being met by other rent payers. This issue was reflected in the 2013/14 rent setting, with an increase of 5.5% approved by the Council on 30 January 2013. A further increase in utility cost recharges of 5.5% is proposed for 2014/15 as part of the strategy to address the under recovery over an acceptable time period. A report will be brought to Cabinet during 2014/15 presenting options to equalise the costs over a reasonable period of time.

Value For Money

- 2.24 The Scottish Housing Best Value Network (SHBVN) benchmarks the Council's Housing Service against that of other Scottish councils. The Network measures economy and effectiveness in voids, rent arrears, repairs, homelessness, customer satisfaction, average rents and management costs. In 2011/12 the service was both the highest performing and lowest cost housing service amongst its peers. SHBVN information for 2012/13 will not be available until late December, however published information on the cost of supervision & management (Scottish Government) and void management performance (Audit Scotland) demonstrate that North Ayrshire Council is one of the top performing councils in Scotland.

Future Challenges

Welfare Reform beyond 2014/15

- 2.25 The Welfare Reform Act 2012 contains a range of welfare reforms that pose significant risks to the income streams for the Housing Revenue Account and Homelessness services and the objectives of the HRA Business Plan. These reforms will be implemented between 2013 and 2017. Housing management will continue to keep Elected Members updated with the current position in relation to the implementation of these reforms and their impact on the Council's Housing Service. The main anticipated risks associated with Welfare Reform are outlined further in paragraphs 2.26 to 2.29 below.
- 2.26 A phased approach is being undertaken by the DWP in relation to the roll out of Universal Credit (UC); the initial phase will only affect new single claimants, however, it is anticipated that UC will be fully introduced by 2017. Based on the DWP's revised implementation timetable it is currently anticipated that UC will not be implemented in North Ayrshire until 2015/16.
- 2.27 As at 31 October 2013 there were 12,816 Council tenants, with 3,877 (30%) on full and 3,925 (31%) on partial Housing Benefit, and around £25m of rent income paid direct from Housing Benefit to the rent account. Under Universal Credit the £25m or equivalent will be paid direct to the claimants and they will be responsible for paying their rent charge direct to the Council. There is therefore a risk of increased rent arrears in relation to this sum.
- 2.28 Dunedin Canmore Group is involved in the Demonstration Project to test the direct payment of Housing Benefit to a selection of their tenants. They reported in November that the levels of payment ranged from 91%-97% with an average rate of 94%. Approx 17% of their tenants had been switched back to direct payment to the landlord as a result of arrears. Pathfinder areas for Universal Credit went live in the north west of England from April 2013 with further sites having gone live in October (Hammersmith) and November (Rugby and Inverness) 2013. Feedback from the pilots has resulted in a switchback trigger being incorporated into Universal Credit to minimise the financial impact on landlords. The switchback is however, viewed as a temporary measure and housing benefit payments will subsequently revert back to the tenant.

- 2.29 The application of the Local Housing Allowance (LHA) rate in relation to temporary accommodation will also have a significant impact on the Council's homelessness provision. Currently the rental rate for a temporary accommodation property is £286.58 per week. Clients within these properties are entitled to a furnished property and access to support services to ensure they are housed in permanent mainstream housing and the potential to sustain their tenancies is maximised. The most recent information available indicates that when LHA is introduced the maximum amount chargeable will be set at the LHA rate based on property size and a management fee of £45 per week will be payable to the landlord. Additionally, the benefits will be paid directly to the landlord for a period of 4 months, after which it is expected that payments will revert to the claimant. These changes result in a significant drop in income of approximately £1.3m for the homeless service and will have a considerable impact on the sustainability of the current homelessness provision and, as a result, Housing Services are preparing to carry out a fundamental review of the provision in North Ayrshire with the aim of aligning the ongoing service with the reduced levels of available income. It is currently anticipated that LHA rates will not be introduced to North Ayrshire until 2015/16 financial year and will not therefore have an effect on 2014/15.

Hostels Deficit Grant

- 2.30 Funding of £402,000 is currently received via a hostel deficit grant (HDG) from the Scottish Government. The distribution of the HDG has recently been reviewed with confirmation received by the Scottish Government that the Council's share of this grant will reduce gradually to £114,870 by 2017/18. The reduction in funding has been recognised as a pressure in the General Fund budget proposals for 2014/15 to 2016/17.

Climate Change and Fuel Poverty

- 2.31 Around 25% of greenhouse gas emissions derive from houses. Measures to improve domestic energy efficiency in both new and existing housing stock will be crucial to meeting Scottish Government targets to reduce energy consumption by 12% by 2020 and carbon emissions by 42% by 2020. The Scottish Government has issued guidance to local authorities setting out how Local Housing Strategies should help deliver those targets by linking action on climate change with mainstream housing and fuel poverty policies across owner occupied and rented housing.

- 2.32 The Scottish Government is in the final stages of drafting the Energy Efficiency Standard For Social Housing (EESH) and it is likely this standard will be published during December 2013. The publication of the EESH will provide clear guidance in relation to the level of energy efficiency each Council owned house requires to achieve and the associated timescales for achieving these levels.
- 2.33 An understanding of the cost associated with achieving the EESH will be developed over the forthcoming twelve months. However, it is anticipated that the Council will be able to deliver the requirements of the standard through the allocation of dedicated funding, the continuation of the Council's external wall insulation programme and identification of further external funding sources, including Energy Company Obligation (ECO) funding.
- 2.34 The impact of welfare reform and increases in utility prices are likely to lead to greater fuel poverty. It will be important to ensure that the Council's approach to climate change within the Local Housing Strategy includes a fuel poverty component. This will allow energy inequalities to be addressed at the same time as carbon reduction and energy efficiency measures. Work will commence on an Affordable Warmth Strategy in 2014, upon the introduction of the EESH.

Development of New Rent Structure

- 2.35 On 20 March 2011, the former Executive approved the proposals for a review of the Housing Revenue Account rent structure. The aim of the review was to develop a harmonised, transparent and easily understood rent and service charge structure for properties held on the HRA. At its meeting of 30 January 2013 the Council agreed to postpone the implementation of a new rent structure until the full impact of Welfare Reform is known.

Revenue and Capital Balances

- 2.36 The HRA revenue budgetary control report to 30 September 2013, submitted to the Cabinet meeting of 26 November 2013, advised Members that there is a projected balance of £2.071m on the Council House Building fund at 31 March 2014, of which £0.599m is already committed to support the construction plans outlined at paragraph 2.3 above. It is proposed that the remaining balance of £1.472m continues to be earmarked to support the delivery of future Council house building projects.

2.37 The Cabinet report also advised Members of a projected uncommitted surplus as at 31 March 2014 of £4.292m. The uncommitted revenue surplus requires to be held in reserve, with £3.000m earmarked to mitigate the impact of welfare reform. It is proposed that the remaining balance of £1.292m is transferred to the Council House Building fund to augment the sum noted at paragraph 2.37 above, in order to meet any additional costs identified for future Council house building projects.

2.38 The anticipated HRA balances are therefore as follows:

	Balance at 31 March 2013	Projected Balance at 31 March 2014	Anticipated Future Spend	Proposed Transfer Between Earmarked Funds	Projected Future Balance
	£m	£m	£m	£m	£m
Council House Building Fund	3.712	2.071	2.071	1.292	3.363
Contingency Balance	0.400	0.400	-		0.400
Furnished Tenancies Service	0.146	0.146	0.146		-
Copeland Crescent road reinstatement	0.150	0.095	0.095		-
Uncommitted Balance	2.765	4.292	-	(1.292)	3.000
	7.173	7.004	2.312	-	4.692

3. Proposals

3.1 The proposed 2014/15 HRA capital programme, including associated 2015/16 budgets for projects spanning both years, is detailed in Appendix 1. As outlined in the appendix, the programme will be funded by a combination of capital receipts, capital funded from current revenue (CFCR), prudential borrowing, government grants and the use of existing HRA balances.

- 3.2 The capital programme will result in a significant proportion of the housing stock receiving major repair or improvement works in 2014/15, including the following:

Programme	No. of properties	
	2014/15	2013/14 projected
Installation of new double-glazed windows	451	1,056
Roofing and rendering	350	543
Insulated rendering	240	26
Electrical rewiring	550	631
Installation of new kitchens	970	1,036
New central heating	390	333
Installation of new bathrooms	808	892

- 3.3 The proposed 2014/15 HRA revenue budget is outlined in Appendix 2. Planned expenditure of £48.540m will mainly be funded by rental income, a contribution from the General Fund towards the cost of the homelessness service and charges for services.
- 3.4 The revenue budget includes funding of £18.578m for property related expenditure in the year. This expenditure will assist the Council in maintaining its efficient and sector-leading performance in respect of management of void properties and responsive maintenance, as well as contributing to the achievement of SHQS by 31 March 2015.
- 3.5 In order to meet the investment requirements of the 30 year Business Plan, including the Council house building programme, and the requirements of the SHQS by 2015 it is proposed to increase housing rents by 3.5% for 2014/15. The Business Plan indicates an anticipated rent increase of 4.5% for 2015/16 and 2016/17.
- 3.6 Cabinet is invited to:
- support the proposals outlined in the report;
 - refer the report to Council for approval.

3.7 Council is invited to:

- a. approve the HRA capital investment programme for 2014/15, including associated 2015/16 budgets for projects spanning both years, as detailed in the attached Appendix 1;
- b. approve the HRA revenue budget for 2014/15, as detailed in the attached Appendix 2;
- c. approve a rent increase of 3.5% in 2014/15 for council houses, equivalent to an average council house rent increase of £2.17 per week, from £62.02 to £64.19;
- d. approve a rent increase of 3.5% for the travelling people's site rents;
- e. approve a freeze in rents in 2014/15 for temporary furnished accommodation and the homeless hostel;
- f. approve a garage site increase of £0.09 per week and a lock-up increase of £0.18 per week to £2.59 and £5.20 per week respectively, equivalent to 3.5%;
- g. approve a 5.5% increase in sheltered housing utility charges to address the historical shortfall in the recovery of these costs;
- h. note the indicative rent increases of 4.5% for financial years 2015/16 and 2016/17; and
- i. note the new burdens to be addressed by the housing service in the forthcoming years, particularly in respect of Welfare Reform, as outlined at paragraphs 2.25 - 2.29 above; and
- j. approve the earmarking of an additional £1.292m to be held in reserve to contribute towards any additional costs of future Council house building projects.

4. Implications

Financial Implications

- 4.1 The proposed rent increase of 3.5% in 2014/15 will result in the availability of significant resources to invest in the Council's housing stock, with total planned revenue expenditure of £48.540m and a capital programme, including carry-forwards of funds from 2013/14, totalling £33.482m in 2014/15. This will enable the Council to meet the outcomes and objectives contained within the Local Housing Strategy and the achievement of the Scottish Housing Quality Standard by 31 March 2015.

4.2 The Council's average weekly rent across all mainstream stock compares very well against other local housing providers. The average local RSL rent for 2013/14 was £70.91 compared to the Council average of £62.02. The proposed rent increase for 2014/15 will maintain the Council's position of having the lowest local rent levels.

4.3 During 2014/15, the Business Plan Implementation Group will give further consideration to the impact of Welfare Reform and other anticipated challenges as more information becomes available. A comprehensive review of the Business Plan will be undertaken during 2014, to inform the budget setting process for 2015/16 and beyond.

Human Resource Implications

4.4 There are no Human Resource implications

Legal Implications

4.5 There are no Legal implications

Equality Implications

4.6 There are no Equality implications

Environmental Implications

4.7 There are no Environmental implications

Implications for Key Priorities

4.8 Investment through the HRA capital programme and revenue budget supports and links to a number of local and national strategies and plans. However, the most significant link is with the Single Outcome Agreement:-

10. We live in well-designed and supportive communities where people take responsibility for their own actions and how they affect others.

10(a) The quality of social housing has improved.

10(b) Availability of affordable housing has improved.

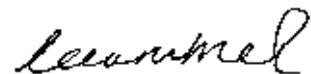
10(c) The condition of roads, footways, path networks and lighting has improved.

5. Consultations

- 5.1 Housing Services engaged in a programme of consultation with key stakeholders in order to understand their views of the current service provision and priorities for future service delivery. This engagement and consultation was facilitated in the main, through the Business Plan Implementation Group and the Tenants and Residents Network.
- 5.2 In addition a Consultation Newsletter (Appendix 3) was issued to 12,840 Council tenants via the Tenants Newsletter in October 2013. The consultation period ran from 21 October to 15 November 2013 and tenants were asked to provide their views on two options for rent increases.

6. Conclusion

- 6.1 The HRA Capital Programme and Revenue budget for 2014/15 will make substantial resources available for investment in the Council's housing stock, in line with the requirements of the SHQS and the Council's strategic housing plans.



LAURA FRIEL
Corporate Director (Finance and Corporate Support)

Reference :

For further information please contact Yvonne Baulk, Head of Finance & Property on 01294 324542.

Background Papers

Nil

North Ayrshire Council Draft HRA Capital Plan 2014/15						
	New Programme for approval	2014/15 Existing Budget	C/fwds approved by Cabinet during 2013/14	Total 2014/15 programme	2015/16 budget for 2014/15 projects	
Programme Description	£'000s	£'000s	£'000s	£'000s	£'000s	No. of Units
Council House Building:						
Redstone Avenue Project	0	482		482		
John Galt Project	7,296			7,296		
Stevenson Institute Project	1,346			1,346		
Kiln Court, Irvine	1,910			1,910	750	
Montgomery Court, Kilbirnie	1,931			1,931	731	
Dickson Drive	1,048			1,048		
Mortgage to Rent	565			565		
Acquisition of Houses - Open Market	0		16	16		
Improvements to Existing Stock:						
Window replacement	1,400			1,400		451
Roofing & Rendering	2,800			2,800		350
Insulated Rendering	1,500		784	2,284		240
Electrical rewiring	1,200			1,200		550
Kitchen replacement	2,500			2,500		970
Central heating	1,300			1,300		390
Bathroom replacement	2,000			2,000		808
Regeneration - Montgomery Court	1,500			1,500	617	
Regeneration - Dickson Drive	832		500	1,332		
Other capital works	400			400		
Door Entry Systems	100			100		
Energy Efficiency Standard	500			500		
Professional management charges	1,572			1,572		
Total Expenditure	31,700	482	1,300	33,482	2,098	
Funded by:-						
Capital receipts	760			760		
Revenue Contribution (CFCR)	8,252			8,252	306	
Affordable Housing Fund	2,005			2,005		
HRA House Building Fund	540	59		599		
Government Grant - House Building	6,394			6,394		
Government Grant - Mortgage to Rent	124			124		
Prudential borrowing	13,625	423	1,300	15,348	1,792	
Total Funding	31,700	482	1,300	33,482	2,098	

Draft HRA Revenue Budget 2014/15				
	Cost Type	Total (£'000s)	Core Budget (£'000s)	Homeless & Hostel (£'000s)
Income	Rents:			
	Council houses	43,716	43,716	0
	Homeless rents	2,665	0	2,665
	Other rents	323	323	0
	Housing Support Contribution from General Fund	777	0	777
	Hostels Support from General Fund	402	0	402
	Other Income:			
	External recharges	566	475	91
	Internal recharges	91	37	54
Gross Income		48,540	44,551	3,989
Expenditure	Employee Costs	6,662	4,467	2,195
	Property Costs:			
	Responsive repairs	4,240	4,240	0
	Void expenditure	2,750	2,750	0
	Cyclical maintenance	5,860	5,860	0
	Aids & adaptations	1,750	1,750	0
	Other property costs	3,978	2,659	1,319
	Supplies and Services	325	303	22
	Transport Costs	91	44	47
	Administration Costs	2,672	2,418	254
	Central Support Costs	935	935	0
	Payments to Other Agencies, Bodies and Persons	269	240	29
	Internal Services	1,305	1,305	0
	Capital Financing:			
	CFCR	8,252	8,252	0
	Principal repayments	2,903	2,833	70
	Loans Fund interest	6,620	6,568	52
	Loans Fund expenses	108	107	1
	Revenue interest	(180)	(180)	0
Gross Expenditure		48,540	44,551	3,989

The consultation on rent charges for North Ayrshire Council properties in 2014/15 is your opportunity to give feedback on the proposed changes

Tell us your views

The Council's 30 year Business Plan explains where we want to be as a Housing Service and our proposals for getting there.

We aim to:

- Deliver over £34 million of improvements to Council housing during 2014/15
- Meet the Scottish Housing Quality Standard by 2015
- Build 50 new Council houses per year for eight years and create up to 50 apprenticeships over the next eight years
- Invest more than £5 million in our sheltered housing complexes over the next four years.

The Council understands that many tenants may be feeling the pressures caused by the current economic situation and the UK Government's Welfare Reform changes. Therefore, we aim to get the right balance between affordable rents and high-quality services.

In addition to the above priorities, the business plan also needs to take account of:

- Views of tenants
- Ongoing costs of managing and maintaining your homes
- Costs of paying for loans



- Affordability of tenants' rents
- Inflation.

How we are performing in delivering business plan objectives

We have completed 80 new-build houses:

- 23 in Castlepark, Irvine
- 40 in St Michael's Wynd, Kilwinning
- 12 amenity properties in Millport
- five in Harley Place, Saltcoats (two for particular needs).

Approval has been received for the construction of a further 145 new builds:

- 46 at Redstone, Kilwinning – scheduled completion is June 2014
- 80 at John Galt Site, Irvine – scheduled completion is March 2015
- 11 amenity flats at Stevenston Institute Site, Largs – scheduled completion is March 2015
- eight at Dickson Drive, Irvine – scheduled completion is March 2015.

Work on sheltered housing is ongoing:

- Work is nearing completion at Currie Court, Ardrossan and Woodgrove, Dregghorn
- Work is scheduled to commence on Montgomerie Court, Kilbirnie and Kiln Court, Irvine in 2014.

Housing standards are improving:

Now, 92% of North Ayrshire Council's properties meet Scottish Housing Quality Standard. □

Improving standards

Despite funding pressures, the Council is pushing ahead on raising standards

Challenges

The impact of welfare reform and changes to the housing benefit system will affect the Council's rental income. We have already made efficiency savings over the last few years and we will need to find further savings if we are to continue to provide value to money services. Plans have been put in place to help individual tenants via the dedicated Welfare Reform Advice Team.

The Scottish Housing Quality Standard

This is a set of quality measures that every home in Scotland must achieve by 2015.

To meet the Scottish Housing Quality Standard (SHQS) the Council must make sure that all its properties meet the required level.

This means that houses must:

- Be free from serious disrepair. This includes walls, floors, foundations, roof, rainwater goods, damp proof courses and doors
- Be energy efficient,

with full central heating, insulation for lofts and pipes, and have a good energy rating

- Have modern facilities in kitchens and bathrooms, with WC, bath or shower and wash-hand basin
- Kitchen fittings to meet building regulations, have a safe layout and at least six electrical sockets
- Be healthy, safe and secure, with safe electrical or gas systems, smoke detectors, lead-free water supply, lighting in common and external areas, secure back and front

doors, secure door entry systems, stairwells, lifts and bin stores in safe condition.

In addition to the above, through consultation with tenant representatives, we have agreed a North Ayrshire Housing standard.

This goes beyond the basic SHQS requirement, particularly in relation to improved standards in kitchens and bathrooms.

To achieve this we need to ensure that we are able to continue to fund the improvements required. □

Proposals for rent increases in 2014/15

We have two rent increase options for tenants to consider for 2014/15 and we now want to gather your views to help us decide which option to select.

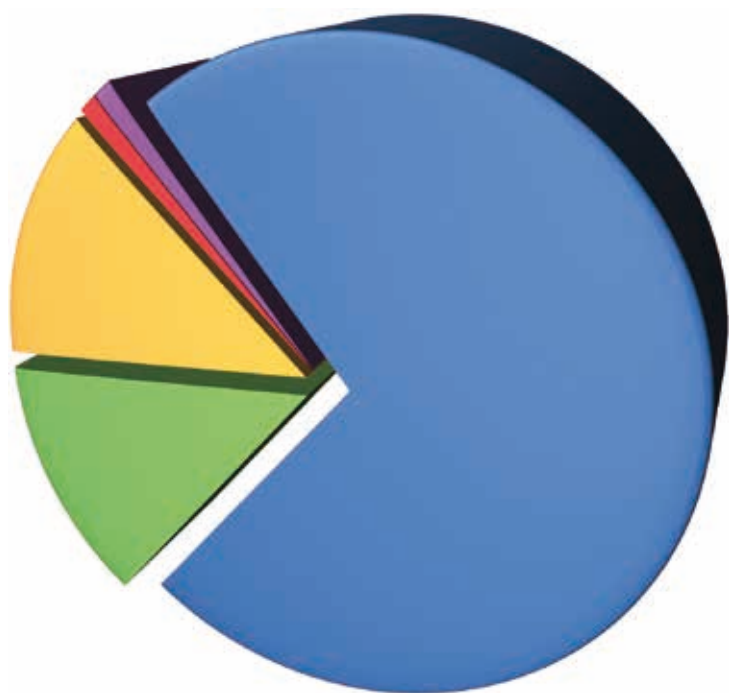
Rents for lock-ups and garage sites will

also increase by the agreed percentage. Due to the increase in charges from energy suppliers, it is proposed that the Service charge for Heating & Lighting will increase by 5.5%.



Option 1	Option 2
Increase rents by 3.5%	Increase rents by 3%
The planned improvements for 14/15 highlighted will be carried out.	This would equate to a shortfall in the projected income of £210,000 and would need to be offset by a reduction in planned expenditure, e.g. the number of new windows installed would reduce by 68 or central heating installation reduced by 64.
Average weekly rent increase £2.17*	Average weekly rent increase £1.86*

*based on a typical weekly rent (52 weeks average for all stock)



FOR EVERY £1 SPENT IN 2013/14...

- £0.72 on repairs maintenance and improvements
- £0.13 on supervision and management
- £0.13 on debt, interest and expenses
- £0.01 on other expenditure
- £0.01 on arrears written off and rent loss due to empty properties

What we are spending money on this year

You can see from this chart that the biggest slice of every pound is spent on repairs and home improvements. Over the past few years this slice has been getting bigger. The Council wishes to continue giving all tenants these home improvements and enjoy a property that goes beyond the Scottish Housing Quality Standard by 2015. □

Home improvements – what is planned for 2014/15...

We plan to install:

- 390 new central heating systems
 - 970 new kitchens
 - 808 new bathrooms
 - new windows in 451 homes
 - new roofs and render on 350 homes
 - insulated external render on 160 homes and
- In addition many communities will benefit from Estate Based Projects, with more than 68 projects planned for completion this financial year.

Help with rent payments

It is important that your rent is paid on time as it is this money that pays for the services you receive. If you have problems paying your rent, please contact us as we can help with debt and welfare rights advice. We also have a new Welfare Reform Advice team in place to help tenants affected by changes to Housing Benefit.

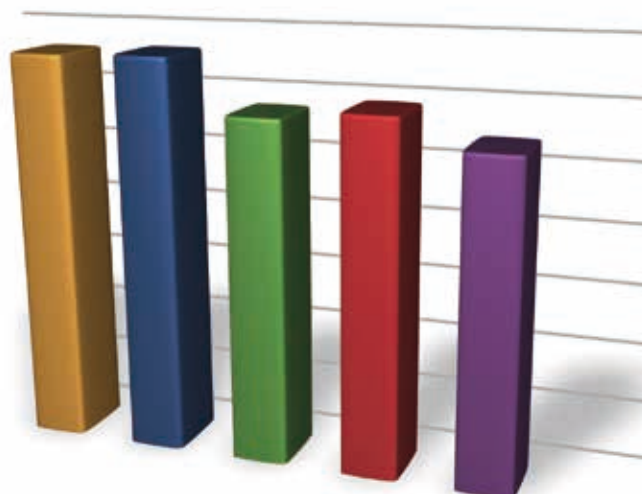
How do our rents compare?

As can be seen from this chart, North Ayrshire Council's average weekly rent across all stock compares very well against other local housing providers.

RENTS ACROSS NORTH AYRSHIRE

Based on a typical weekly rent (52 weeks average for all stock) for 2013/14.

■ Cunninghame Housing Association	£75.11
■ Irvine Housing Association	£75.56
■ West of Scotland Housing Association	£65.61
■ ANCHO	£67.26
■ North Ayrshire Council	£62.02



Rent Consultation

We would like to hear your views on the proposed rent increase please complete and return the comments form on the back of this leaflet, to the address indicated, by 15 November 2013. All comments are valued and will be considered during the rent-setting process in December 2013, when the Council will decide its budget for the following year.

If you would like to be in with a chance of winning of £50 of shopping vouchers, please complete and return this form by 15 November 2013.

Have a say on setting rents

Please complete and return this comments form to the address below by Friday 15 November. All comments are valued and will be considered during the rent-setting process in December when the Council will decide its budget for the following year.

Please return this form to:

Tenant Participation Team
FREEPOST RRUH-BAUB-AYLJ
North Ayrshire Council
Housing Services
1 Main Street
Stevenston
KA20 3AB

Alternatively, you can hand the form in to your local housing office or complete the online survey at www.north-ayrshire.gov.uk

✉ Email tenantparticipation@north-ayrshire.gov.uk for more information.

THE QUESTIONNAIRE

We have outlined in this newsletter two options for rent increases which we want to gather your opinions and feedback on...

Option 1	Option 2
Increase rents by 3.5%	Increase rents by 3%
The planned improvements for 2014/15 detailed will be carried out.	This would equate to a shortfall in the projected income of £210,000 and would need to be offset by a reduction in planned expenditure, e.g. the number of new windows installed would reduce by 68 or central heating installation reduced by 64.
Average weekly rent increase £2.17*	Average weekly rent increase £1.86*

*based on a typical weekly rent (52 weeks average for all stock)

Please tick the option you prefer:

OPTION 1 ☐

OPTION 2 ☐

Do you have any comments on the options?

Do you think that the rent you pay is good value for money?

YES ☐

NO ☐

Are you happy with the level of consultation that the Housing Service provide over proposed rent?

Name:

Address:

Telephone (daytime):

(evening):

Email:

REPORT ON THE COUNCIL'S RENT CONSULTATION FOR 2014/15

Consultation Arrangements

Housing Services engaged in a programme of consultation with key stakeholders in order to understand their views of the current service provision and priorities for future service delivery. This engagement and consultation was facilitated in the main, through the Business Plan Implementation Group and the Tenants and Residents Network.

In addition a Consultation Newsletter (Appendix 1) was issued to 12,840 Council tenants via the Tenants Newsletter in October 2013. The consultation period ran from 21st October 2013 to 15th November 2013 and tenants were asked to provide their views on two options for rent increase.

The options put forward to tenants are shown in table 1 below

Table 1

Option1	Option 2
Increase rents by 3.5%	Increase rents by 3%
The planned improvements for 2014/2015 detailed will be carried out	This would equate to a shortfall in the projected income of £210,000 and would need to be offset by a reduction in planned expenditure, e.g., the number of new windows installed would reduce by 68 or central heating installation reduced by 64.
Average weekly rent increase £2.17	Average weekly rent increase £1.86

Comments Received

The Consultation Newsletter was issued to 12,840 tenants and a total of 146 responded, 114 tenants replied to the postal survey and 32 tenants responded on-line via the website. The results are summarised in Table 2 below

Table 2

	Replies	%
Option 1 (3.5%)	91	62.3%
Option 2 (3%)	54	37%
No preference	1	0.7%
Total	146	100

It is clear from the above that the majority of those who responded to the survey are in favour of a rent increase in line with option 1.

We also asked tenants if they thought the rent they paid was good value for money. 121 (82.9) % of tenant responses felt that the rent they were paying was good value for money, 24 (16.4%) stated they didn't feel they were getting good value for money and 1 tenant (0.7%) had no view on this question.

103 tenants (70.5%) were happy with the level of consultation over the proposed rent increase. 15 tenants (10.3%) were not happy and 28 tenants (19.2%) did not respond to this question.

Members wishing further information should contact Marianne McManus Divisional Manager (West Division), Telephone 602611