
NORTH AYRSHIRE COUNCIL

14 February 2024

North Ayrshire Council

Title: **Housing Revenue Account (HRA) Capital Investment Plan, Revenue Budget and Rent Levels for 2024/25**

Purpose: To advise Council of the proposed HRA capital investment plan, revenue budget for 2024/25 and consequential rent levels.

Recommendation: That the Council agrees to: (i) approve the HRA capital investment plan, as detailed in Appendix 1; (ii) approve the HRA revenue budget for 2024/25, as detailed in Appendix 2; (iii) approve a rent increase of 6.0% in 2024/25 for council houses, garages / lock ups and gypsy travellers site fees; (iv) note the indicative rent increases of 3.84% for the remaining 29 years of the Business Plan; and (v) approve a 5.0% increase to housing service charges.

1. Executive Summary

1.1 Section 203 of the Housing (Scotland) Act 1987 includes a requirement for local authorities to maintain a Housing Revenue Account (HRA) to record all income and expenditure related to their direct provision of housing. Councils must estimate, annually, the amounts to be debited or credited to the account, through setting a budget, which is returned to the Scottish Government and published annually.

1.2 Following the annual review of the HRA 30-year Business Plan in 2022, it was recognised that the HRA faced significant affordability challenges over the next 30 years. These challenges were as a direct result of the economic climate at that point, and included factors such as:

- significantly higher costs for maintaining and improving our stock due to higher prices for contractors and materials
- increased interest rates linked to borrowing costs to fund future capital projects
- rising inflation affecting other running costs
- reduced rental income/ increased rent arrears
- retaining the Council's commitment to deliver 1,625 new social rented homes by 31 March 2028

1.3 At the Council meeting on 15 February 2023, a 6.42% rent increase was approved for

2023/2024, which equated to an average increase of £4.99 per week and was implemented in April 2023. Council also noted an indicative rent increase of 6.03% for 2024/2025 and 4.29% for the remaining 28 years.

- 1.4 A further extensive review of the HRA 30-year Business Plan was undertaken in 2023, which assessed the factors expected to impact on the HRA budget in 2024/25 and beyond. In order to maintain the planned levels of investment in our existing homes and new build homes and current service levels, general efficiencies across all areas of the housing budget were made, with the main adjustments noted below:
- Property revenue budgets have been increased by £0.46m. This is due to increases in void repairs; planned and cyclical maintenance; Property Management and Investment (PMI) management charges; and energy charges for sheltered housing units. These increases are partly offset by decreases in Building Services' charges due to reduced pension contributions, responsive repairs and other property costs.
 - Additional capital budget of £14.84m has been allocated to the sheltered housing refurbishment programme to recognise the impact of construction inflation.
 - A review of loans fund principal repayment periods has been undertaken, releasing £6.12m over the life of the 30-year business plan.
- 1.5 This has resulted in capital and revenue budgets being proposed for 2024/25 which deliver the following priorities:
- a capital investment plan which maintains the Scottish Housing Quality Standard and includes £132.45m investment towards the future requirements of the Scottish Housing Net Zero Standard (SHNZS) in Scotland, which is currently out for consultation. The SHNZS replaces the previous Energy Efficiency Standard for Social Housing (previously known as EESSH2).
 - an increase in overall affordable housing supply from 1,650 to 1,706 homes. This has been achieved by the following:
 - the SHIP 2024 - 2029 approved by Cabinet on 7 November 2023 reduced the cumulative Council new build target from 1,625 to 1,615 homes, with the funding previously earmarked for 10 properties within the 'unallocated regeneration block' reallocated to support the buyback of an additional 40 properties by 2028, increasing the total planned buybacks over the next five years from 25 to 65 units.
 - the Council's Cabinet meeting on 7 November 2023 also approved the addition of 26 new build homes at the former St Mary's Primary in Largs to the SHIP 2024 – 2029. Due to the increased grant from the Scottish Government beyond normal benchmark levels, this project will have no financial impact on the HRA Business Plan.
 - £35.92m capital investment in the Council's new housebuilding programme in 2024/25, with a further 21 new build houses expected to be completed by 31 March 2025. This will take the total number of new builds to 906, supporting the delivery of 1,641 new homes by 2029.
 - £24.1m of property-related revenue expenditure
 - Continuation of the £10m Estate Based Regeneration Programme to 2028/29
 - Continuation of the Sheltered Housing Reprovisioning Programme, with 11 sheltered housing units expected to be fully refurbished by 2030/31. Officers are continuing to review the scheduling of projects and seek to accelerate works

wherever possible.

- 1.6 To maintain the current service provision and SHIP investment, the proposed increase to housing rents is 6.00% (an average of £4.97 per week) for 2024/25. This is slightly below the indicative increase of 6.03% outlined to Council in February 2023. Tenants have been consulted on the proposed rent levels and the results of the consultation are included in Appendix 4, with details of the proposed 2024/25 rent charges for each property size and type shown in Appendix 3.
- 1.7 It is proposed that service charges (which cover utility usage in sheltered housing units) are increased by 5.00%. The schedule included in Appendix 3 contains the proposed new charges with effect from 1 April 2024.
- 1.8 The HRA revenue budgetary control report to 30 November 2023, submitted to the Cabinet meeting of 23 January 2024, projected HRA reserves of £15.06m at 31 March 2024. Forecast unearmarked reserves are £0.78m, which equates to 1.3% of revenue expenditure, however CIPFA recommended practice - as set out in the 'Local Authority Reserves and Balances' guidance - states this should be between 2% and 4%. All earmarked and non-earmarked reserves have subsequently been reviewed to determine future requirements; this review has resulted in an increased unearmarked balance of £1.55m, which equates to 2.5% of revenue expenditure. A summary of the revised earmarked and unearmarked reserves and movements is provided at paragraph 2.41.
- 1.9 To ensure a robust and sustainable HRA Business Plan in forthcoming years, a comprehensive Housing Services Transformation programme was developed in 2023 to address the affordability challenges faced by the HRA. This programme is governed by a Housing Services Transformation Board, led by the Head of Service (Housing and Public Protection). To support delivery of the transformation programme, £2m has been earmarked as part of the review of HRA reserves.
- 1.10 Full details of the proposed capital investment plan and 2024/25 revenue budget are contained in Appendix 1 and Appendix 2 respectively. A table with the proposed rents and service charges for 2024/25 is included in Appendix 3. A copy of the consultation feedback form and outcome of the consultation are provided in Appendix 4.

2. Background

- 2.1 Section 203 of the Housing (Scotland) Act 1987 includes a requirement for local authorities to maintain a Housing Revenue Account (HRA) to record all income and expenditure related to their direct provision of housing. Councils must estimate, annually, the amounts to be debited or credited to the account, through setting a budget, which is returned to the Scottish Government and published annually.
- 2.2 The Scottish Social Housing Charter sets the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. The following outcomes and standards are relevant to this report:

2: Communication

Tenants and other customers find it easy to communicate with their landlord and get

the information they need about their landlord, how and why it makes decisions and the services it provides.

3: Participation

Tenants and other customers are offered a range of opportunities that make it easy for them to participate in and influence their landlord's decisions at a level they feel comfortable with.

13: Value for Money

Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

14/15: Rents and Service Charges

A balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them.

Tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.

- 2.3 At the Council meeting on 15 February 2023, members approved a rent increase of 6.42% for 2023/24 and noted indicative rent increases of 6.03% for 2024/25 and 4.29% for the remaining 28 years of the Business Plan.
- 2.4 An annual review of the HRA Business Plan financial model was undertaken during 2023. The Plan provides assurance of the financial sustainability of the management of the Council's housing stock over a 30-year period. The following factors were included in the review, taking into consideration the continued impact of the current economic climate - noted in paragraph 1.2 above - on the provision of the Council's Housing Service and our tenants:
- National context
 - Asset management
 - Revenue expenditure
 - Rent affordability and stakeholder engagement
 - Value for money
 - Housing Services' transformation programme
 - Treasury management
 - Risk management

National Context

- 2.5 In their Annual Risk Assessment published in November 2023, the Scottish Housing Regulator noted the challenges faced by landlords in keeping rents as affordable as possible, while at the same time funding services for tenants and others and investing in their homes.
- 2.6 The October 2022 Consumer Price Index (CPI) inflation rate was 11.1%. Concerns were consequently raised at a national level about rent affordability, which resulted in CoSLA issuing a statement on 25 November 2022 committing to rent increases for 2023/2024

being limited to at an average of no more than £5 a week. In order to meet this rent limit, North Ayrshire Council made significant changes to future spending plans. At the Council meeting on 15 February 2023, a rent increase of 6.42% - an average of £4.99 per week - was approved for 2023/2024. It was noted that the indicative rent increase for 2024/2025 was 6.03%, reducing to 4.29% for the remaining 28 years.

- 2.7 The September 2023 Consumer Price Index (CPI) inflation rate was 6.7%. Scottish Government recognise the continuing challenges faced by landlords in keeping rents as affordable as possible, while at the same time funding services for tenants and others and investing in their homes. No decisions regarding controls or restrictions on social rents have been taken nationally for 2024/25. As noted above, following a review of the 30-year Business Plan the Council's proposed rent increase has been reduced to 6.0% for 2024/2025 and 3.84% for future years. It is proposed that service charges which cover utility usage in sheltered housing units be increased by 5.00%. The schedule included in Appendix 4 contains details of the proposed charges with effect from 1 April 2024.

Asset Management

- 2.8 A strategic approach to asset management has been adopted, with a refresh of the Housing Assessment Management Plan (HAMP) during 2023 informing the review of 30-year HRA Business Plan. This ensures the appropriate alignment between our asset management requirements and the financial resources available. The HAMP focuses on the current economic challenges being faced, prioritises the need to meet statutory compliance obligations, and sets the foundations for the future approach to asset management in the context of our evolving sustainability commitments and delivery of the Scottish Government's Housing to 2040 strategy.
- 2.9 A pathfinder project is underway to understand the financial, technical and customer implications associated with the emerging Social Housing Net Zero Standard, which is currently being consulted on as a replacement for the Energy Efficiency Standard for Social Housing 2 (EESH2) following a review led by the Scottish Government. The new standard will require increased fabric performance and replacement of 'polluting' heating systems with 'clean' heating systems in our housing stock. The proposals have significant implications for the housing asset management approach, including cyclical replacement of heating systems and other fabric elements e.g., window, roof and insulation programmes.
- 2.10 The pathfinder project focuses on our traditional housing stock built between 1945 and 1960, which makes up approximately 75% of our stock profile. A sample of properties will be selected from within this group and will be subject to detailed assessment, survey, application of a range of fabric and replacement heating solutions, engagement with tenants, and then post-completion monitoring, including in relation to thermal comfort in the property, ease of use of heating controls and utility costs.
- 2.11 A separate strategic assessment of our housing stock to identify the measures required to comply with EESH2 will also be updated to reflect the proposed new SHNZS so that we can understand the emerging implications across our full stock profile.
- 2.12 All of this work will inform the future housing stock investment requirements for the Housing Revenue Account Business Plan, as well as the technical considerations and

tenant implications arising from the fundamental change to our asset management approach that compliance with the new SHNZS is expected to bring.

2.13 A total of £0.250m has been allocated to the pathfinder project, which will commence implementation in 2024/2025.

Capital Investment Plan

2.14 The capital investment plan is detailed in Appendix 1, with proposed expenditure of £52.78m in 2024/25. The plan will be funded by a combination of Capital Funded from Current Revenue (CFCR), government grants, prudential borrowing, reserves, and contributions towards the new build programme from the Affordable Housing Account.

2.15 The capital investment plan will result in major repairs and improvement works to the housing stock in 2024/25, including:

Programme	2023/24 Projected completions	2024/25 Budget (Units)	2024/25 Budget (£m)	30-Year Investment Total (£m)
Standard components			8.67	1,076.94
Bathroom programme	101	234	1.15	251.32
Central heating	900	508	1.37	110.84
Electrical re-wiring	285	79	0.18	50.56
Kitchen programme	320	494	2.43	228.03
Roofing	218	57	0.49	135.58
Smoke detection	437	340	0.24	42.21
Traditional rendering	20	24	0.29	110.65
Windows	82	58	0.48	109.64
Lift replacement			0.40	2.10
Sheltered housing unit refurbishment			1.63	36.02
Investment to tackle climate change			4.42	132.45
Insulated rendering (EWI)	220	22	0.40	39.46
Solar panels	962	417	2.60	53.71
Energy Efficiency (Sustainability Fund and provision for SHNZS)			1.17	39.03
Pathfinder project			0.25	0.25
Total investment			13.09	1,209.39

2.16 The proposed capital investment plan maintains the Scottish Housing Quality Standard and includes £132.45m investment towards the future requirements of the Scottish Housing Net Zero Standard (SHNZS) in Scotland which is currently out for consultation. The SHNZS replaces the previous Energy Efficiency in Scottish Social Housing (previously known as EESH2). The table shows the totals for standard components and those supporting the tackling of climate change.

Strategic Housing Investment Plan

- 2.17 The updated Business Plan reflects the Council's ongoing commitment to deliver an ambitious new build programme. Details of the full Council house build programme can be found in the Strategic Housing Investment Plan 2024-2029, which was approved by Cabinet on 7 November 2023. This latest SHIP provides an increase in overall affordable housing supply from 1,650 to 1,706 units by reducing the cumulative Council new build target from 1,625 to 1,615 homes, utilising the funding previously earmarked for 10 properties within the 'unallocated regeneration block' to support the buyback of an additional 40 properties by 2028, increasing the total planned buybacks over the next five years from 25 to 65 homes. Government funding has also been secured to enable the delivery of 26 new homes on the former St Mary's Primary site in Largs.
- 2.18 A total of 1,641 new homes are targeted for completion by the Council by winter 2028, of which 885 were completed by 31 December 2023.
- 2.19 The Council is experiencing significant affordability challenges due to changes in the rate of inflation, higher than budgeted interest rates for borrowing, and increasing housing standards and specifications compared to the level of grant funding available to offset these pressures. For the second consecutive year, reflecting the current issues with new build affordability, no new build sites have been nominated for the Strategic Housing Investment Plan by registered social landlord partners. The Council added one site at the former St Mary's Primary site in Largs.
- 2.20 In the Housing Revenue Account budget approved at the Council meeting in February 2023, the Council increased the SHIP programme budget by £32.76m, with an assumption of an additional £13.94m of grant funding to be able to retain the existing committed development programme. This was required to offset rising rates of inflation and ensure that the costs associated with the introduction of new legislation relating to installation of zero direct emissions heating systems and electrical vehicle charging points could be met. The Council also included provision to enhance the building fabric for all new homes to reduce the need for heating and address fuel poverty.
- 2.21 The Scottish Government published revised grant funding benchmark rates in June 2023 and, whilst funding is now being made available to offset some of the costs of installing zero direct emissions heating systems, fire suppression systems and electrical vehicle charge points, this is considerably less than anticipated installation costs. The new benchmark grants are a total of £0.46m less than the Council's grant assumptions (a shortfall of around £624 per affected unit). In accordance with Scottish Government guidance, the Council will seek grant funding above benchmark levels to offset any funding shortfall, on a site-by-site basis, as required.
- 2.22 Technical guidance published in June 2023, which sets out Building Standards requirements to provide electrical vehicle charging points, and revised roads design guidance which includes the requirement for increased parking provision for new build housing, have resulted in design revisions to existing plans and additional costs. Project budgets have been updated to reflect these legislative requirements. The Scottish Government is currently undertaking revisions to their Housing for Varying Needs standard, and further changes to building standards are planned to enhance the

accessibility and adaptability of housing stock. These changes are likely to impact upon the Council's standard house types and construction costs, resulting in programme delays and increased costs. Many of the design amendments will have cost implications. Once the revisions are published, we will review the impact of the final proposals on our remaining programme.

- 2.23 The updated HRA 30-year Business Plan includes additional funding of £0.73m for the Kings Arms project in Irvine, increasing the gross budget to £2.90m to reflect the outcome of the recent tender exercise. £0.60m of external funding has been secured from the Vacant and Derelict Land Investment Programme, £0.54m will be funded from the Scottish Government Affordable Housing Supply Programme, and the remaining balance of £1.76m is being funded through the HRA budget. The unit cost of this site is significantly higher than any previous development, however it is recognised that the project makes a significant contribution towards the Council's Regeneration Delivery Plan priorities: Strengthening Communities - supporting town centre living; and Placemaking - empty town properties are brought into positive use.

Other Capital Projects

- 2.24 The sheltered housing reprovisioning programme, which includes the major refurbishment of 11 sheltered housing units, continues to be implemented. The total budget requirement is £39.84m, which is an increase of £14.84m from the £25m previously allocated. The programme was initially scheduled for completion in 2026, however Covid and other issues experienced within the construction market have delayed the programme's completion to 2030/31, with a significant impact on costs. The refurbishment of Barnett Court, Saltcoats (23 units) commenced on site during April 2023. In August 2023 works also commenced to refurbish Cheviot Court, Irvine (22 units). Consultation is underway with residents regarding the refurbishment of Vineburgh Court, Irvine (22 units) and Laigh Court, Beith (21 units), which are the next two units in the programme. We continue to review the scheduling of works and seek to accelerate works wherever possible. In addition to the reprovisioning programme, during April 2023 a new 28-unit sheltered housing unit was completed - through the SHIP - at Irvine Harbourside.

Revenue Expenditure

- 2.25 The proposed 2024/25 HRA revenue budget is outlined in Appendix 2. Planned expenditure of £61.70m will predominantly be funded by tenants' rental income and charges for services.
- 2.26 The revenue budget includes £24.08m for property-related expenditure, which will assist the Council in maintaining its cyclical and responsive maintenance requirements.

Rent affordability and stakeholder management

- 2.27 It is proposed to increase rents for 2024/2025 by 6.00% (an average of £4.97 per week), and 3.84% for the remaining 29 years of the Business Plan. This proposed increase protects investment in existing stock and current service delivery and also supports the delivery of the SHIP. It should again be noted that the proposed rent increases are less than the indicative rent increases of 6.03% for 2024/2025 and 4.29% for the remaining

28 years which were outlined to Council in February 2023.

2.28 Whilst the final national rent figures for 2023/2024 are not available, the published indicative figures show an average weekly rent for North Ayrshire Council of £82.77 compared to the Scottish local authority average weekly rent of £84.07, as detailed in the table below.

Landlord/average	Average rent 2023/24 (indicative)
East Ayrshire Council	£79.79
North Ayrshire Council	£82.77
South Ayrshire Council	£80.05
Scottish average: Local Authorities	£84.07
ANCHO	£94.72
Cunninghame Housing Association	£101.84
Riverside Scotland (formerly Irvine Housing Association)	£97.60
Scottish average: Registered Social Landlords	£99.69
Scottish average: All landlords	£92.09

Note: The Scottish Housing Regulator changed the method used to collect the data for average weekly rents in 2020, therefore figures may not match other data sources due to differing methods of data collection. Indicative figures for landlords/averages are calculated by applying their stated average weekly rent increase to their 2022/23 average weekly rent.

2.29 Support for housing costs is available to households with lower incomes, through Housing Benefit and Universal Credit. Immediately prior to the consultation commencing in November 2023, 45% of tenants were in receipt of full benefit entitlement for housing costs; 16% were in receipt of partial benefit entitlement and therefore paying some rent; and 39% of tenants had no benefit entitlement and were therefore due to pay full rent. Housing staff offer advice and assistance to any tenants who are experiencing financial difficulties. Staff also signpost or refer tenants for other services such as welfare benefits advice, income maximisation, budgeting, debt advice, tenancy support and other support services.

2.30 The Housing (Scotland) Act 2001 requires councils to consult with tenants, and have regard to the views expressed, prior to setting rents.

2.31 In preparing the HRA budget for 2024/25, two options for rent increases were identified by Officers and presented to Elected Members, the Housing Business Plan Group and the Tenants and Residents Network in November 2023. The options were subsequently included in the tenant consultation which took place between 27 November 2023 and 7 January 2024, namely, to increase rents by 6.0% (an average increase of £4.97 per week) or 6.5% (an average increase of £5.38 per week).

2.32 The lower increase option maintains HRA service provision and approved SHIP investment. The higher increase option maintains the HRA service provision and approved SHIP investment, while also increasing the Council's housing stock by buying back a further 35 properties by March 2027. Further information on the options presented to tenants is included at Appendix 4.

- 2.33 A total of 1,316 responses were received from tenants - a response rate of 10.2%. This is the highest response to a North Ayrshire Council rent consultation to date. Responses received from the tenants' consultation indicated a 71.7% preference for 'Option 1' - a rent increase of 6.0% for 2024/25.
- 2.34 Tenants were invited to respond by completing an electronic form. A letter was issued to all tenants, emails and SMS messages were sent, posts were added social media channels, adverts were placed in the local press, posters were placed in key locations and tenants were supported to complete the consultation if calling or visiting offices. Housing Services staff also held local drop-in events to assist tenants to complete the consultation.
- 2.35 Through the consultation process tenants had the ability to provide comments on the proposed rent increase options. Common response themes are noted below:
- Concerns about applying rent increases in current economic climate
 - Support for rent increases to support new build and buy backs
 - General comments about the repairs and maintenance service
 - Lack of availability of affordable housing
 - General comments about the conditions of properties and estates

Value for Money

- 2.36 During the tenant satisfaction survey completed in summer 2021, 89.47% of tenants agreed that the rent charge for their property represented good value for money. A further survey will be carried out in 2024/2025.
- 2.37 The Council continues to explore opportunities for operational and management efficiencies and reflect any savings identified in the HRA budget, to ensure future years' rent level increases are kept as low as possible.

Housing Services' transformation programme

- 2.38 In order to maximise efficiency, ensure value for money and keep any future rent increases as low as possible, a range of transformation projects have been identified. These projects form the Housing Services Transformation Programme, which is governed by a multi-disciplinary Transformation Board. Key transformation projects are outlined below:
- Aids & adaptations – enhanced joint working with the Health and Social Care Partnership to ensure value for money and improved customer waiting times, through smarter work practices and reduced wastage
 - Office accommodation review – continue to review Housing Services' office accommodation, aligned to the work of the corporate Land and Property Review
 - Rent arrears – Reduce rent arrears to pre-covid performance

- Repairs & maintenance (Repairs Policy) – review of tenant/ landlord responsibilities, repair timescales and void work practices, whilst maintaining customer satisfaction
- Housing Services service review - reshaping of the Housing Service to provide an enhanced, community-based service to our tenants. Providing a multi-disciplinary approach to service delivery, the key areas of focus of the service review are: income maximisation; homeless prevention; property management; ASB; estate management; and rent arrears
- Asset Management – ensuring our approach to asset management is in line with the Scottish Housing Regulator’s recommended practice for integrated asset management
- Gypsy travellers – developing future improvement proposals and costings for the Redburn Grove, Irvine site, reflecting feedback gathered in relation to preferences for future housing. A full options appraisal will be developed for the site, which will include consideration of all available funding streams and the potential to transfer the site from the General Fund to the Housing Revenue Account
- Local Housing Strategy – monitoring the delivery of the Local Housing Strategy
- SHIP house type costs – undertaking a benchmarking exercise on the cost of building new homes in comparison to other social housing landlords and private developers, to ensure value for money is being achieved
- Homelessness prevention – delivery of the new homeless prevention duty once it is implemented.
- Budget setting and management – ensuring that a robust HRA 30-year Business Plan financial model and rent-setting requirements continue to be in place. Ensuring effective systems are in place for monitoring delivery of in-year budgets
- Service charges – review all HRA service charges and how they compare with the cost of the service being provided/ received
- Performance management – re-launch and digitalisation of the Housing Services Performance Management Framework, ensuring accurate and real-time performance information at appropriate levels to support effective management and delivery of the service

2.39 Following a review of the earmarked reserves, £2m has been earmarked to support delivery of the transformation programme. This will allow for investment in areas such as ICT, digitalisation and resourcing to achieve long-term efficiencies and service improvement.

Treasury Management

2.40 The Prudential Code for Capital Finance in Local Authorities requires councils to demonstrate that capital investment plan and the level required to be funded by borrowing are affordable, prudent, and sustainable. The Key Performance Indicator which demonstrates this is the ratio of financing costs to the net revenue stream. For 2022/23 the Council’s ratio was 20.1% compared to the Scottish average of 21.4%. The estimated

indicators for the next 3 years are shown below. The rising ratio is indicative of the significant capital investment plan as outlined in the Strategic Housing Investment Plan and work to maintain SHQS and achieve the Scottish Housing Net Zero Standard (SHNZS). The financing costs are considered prudent and affordable within the 30-year HRA Business Plan.

Proportion of financing costs to net revenue stream	2023/24	2024/25	2025/26
	Estimate	Estimate	Estimate
	%	%	%
HRA	20.2%	36.8%	39.9%

Revenue and Capital Balances

2.41 The HRA revenue budgetary control report to 30 November 2023 presented at the Cabinet meeting of 23 January 2024 advised Members of a projected HRA balance of £15.06m at 31 March 2024. Each fund balance has been reviewed and resources reallocated where appropriate, as part of the 2023 review of the Business Plan. An unearmarked balance of £1.55m remains, which equates to 2.5% of revenue expenditure. Analysis of the HRA balances is shown in the table below.

	Balance at 31 March 2023	Funding of Capital Projects	Earmarking of in year surplus	Projected Balance at 31 March 2024	Re-Allocation	Projected Balance at 1 April 2024	Comment
	£m	£m	£m	£m	£m	£m	
HRA Not Earmarked	0.78	-	-	0.78	0.77	1.55	Unearmarked Reserves are 2.5%, which is in the recommended range of 2-4%.
HRA Earmarked							
Council House Building Fund	4.71	(2.65)	5.44	7.50	-	7.50	The fund balance has been profiled for use throughout the Business Plan
Housing Services' transformation programme	-	-	-	-	2.00	2.00	Creation of a transformation fund to support Housing Services' transformation programme.
Welfare Reform	1.50	-	-	1.50	(1.50)	-	Impact of Welfare Reform now better understood. The HRA bad debt provision has been reviewed, allowing this reserve to be released and re-allocated.
Major refurbishment works	0.05	-	-	0.05	(0.05)	-	Provision now included within the Business Plan, allowing balance to be released and re-allocated.
Sustainability Fund	5.00	(1.42)	-	3.58	-	3.58	The fund balance has been profiled for use throughout the Business Plan
Infrastructure improvements	0.42	-	-	0.42	(0.42)	-	Annual provision now included within the Business Plan (£0.28m for 2024/25), allowing balance to be released and re-allocated.
Tenant led budget	0.64	-	-	0.64	(0.34)	0.30	Tenant led budget removed from 2023/24 onwards. Remaining projects costed at £0.30m, allowing balance to be released and re-allocated.
Voids - non programmed works	0.20	-	-	0.20	(0.20)	-	Provision now included within the Business Plan, allowing balance to be released and re-allocated.
Software licences	0.12	-	-	0.12	-	0.12	Provision for replacement / renewal of software licencing
Electrical testing	0.27	-	-	0.27	(0.27)	-	Provision now included within the Business Plan, allowing balance to be released and re-allocated.
Total Earmarked Fund	12.90	(4.07)	5.44	14.28	(0.77)	13.51	
Total HRA Balance	13.69	(4.07)	5.44	15.06	-	15.06	

Risk Management

2.42 In developing the HRA Business Plan, the risk landscape was reviewed to determine major/strategic risks and ensure effective mitigation is in place. The Council has an

effective system of internal control which is subject to regular review by our internal and external audit functions and regulatory authorities. The following major/strategic risks were considered:

Access to expertise and materials

- 2.43 The challenges faced due to the current economic climate have resulted in increased difficulty for landlords accessing the materials and expertise required to perform some landlord functions, particularly in relation to property construction and maintenance. The impact on the Council's Housing Asset Management Plan, Strategic Housing Investment Plan and repairs service provision is continually assessed to ensure delivery remains viable and any mitigation required is actioned at the earliest opportunity.

Tenant safety

- 2.44 The Council has established procedures to ensure compliance with statutory duties and responsibilities in relation to tenant safety. Regular assessments and assurance are undertaken to ensure the necessary training, skills, experience, and knowledge are in place.
- 2.45 Compliance with tenant safety responsibilities is a high priority for the Council. Following the pandemic and cost of living crisis, we have experienced a significant increase in the number of tenants who are reluctant to grant access to their homes. This has adversely affected our ability to achieve 100% compliance. During the previous reporting year - 2022/2023 - we reported the following: 99.16% compliance with gas safety; 99.30% compliance with smoke detection; and 65.57% compliance with electrical testing.
- 2.46 To assist with improving performance in this area officers have reviewed end-to-end processes, had a higher application of our forced entry process, and recruited additional temporary staff. As a result of these measures, we have seen an improvement in 2023/2024 and as at 31 December 2023 we are reporting: 99.80% compliance with gas safety; 99.99% compliance with smoke detection; and 72.97% compliance with electrical testing.

We continue to report to the Scottish Housing Regulator monthly on electrical testing compliance and will continue to prioritise our efforts in this area.

Rent affordability

- 2.47 The current economic climate presents an increased challenge to keep rents affordable, with notable risks including rapidly increasing energy costs, inflation, revised building regulations and the risk of reduced grant funding from the Scottish Government.
- 2.48 Benchmarking of rent levels is undertaken annually, alongside national conversations regarding proposed increases. Rent levels are monitored to assure they are in line with the Scottish local authority average. Housing staff offer advice and assistance to any tenants who are experiencing financial difficulties. Housing Services also invest in resources specifically focused on welfare reforms and welfare/benefits and debt advice, to maximise tenants' income and support households experiencing financial difficulties.

Achieving value for money

2.49 Within the review of the HRA Business Plan, inflation has been estimated using forecasts for the appropriate indices. Alongside this, service delivery costs are benchmarked, and a competitive tendering process is undertaken for fixed term contracts.

Income management

2.50 Income collected, rent arrears and voids are monitored through a performance management framework, and in the context of changes in the welfare system. Stress testing against falls in rental income is undertaken to identify mitigations necessary. All social landlords are required to report performance to the Scottish Housing Regulator on an annual basis. These financial and value for money indicators are noted below for information.

2.51 The percentage of 'total rent due collected in the previous year' was 97.76% for 2022/23, which was lower than 2021/22 (99.0%) and lower than the Scottish average of 99.03%.

		2019/20	2020/21	2021/22	2022/23
Percentage of total rent due collected in the previous year	North Ayrshire Council	99.18%	97.34%	99.00%	97.76%
	Scottish average	99.30%	99.06%	99.28%	99.03%

2.52 The Scottish Housing Regulator has acknowledged that rent arrears across the sector have increased. This is in part due to the continuing impact of Covid-19 pandemic, some tenants not paying rent due to emergency legislation that prevented evictions, and the current economic environment. North Ayrshire Council, like other landlords, have been impacted by rent arrears increasing. The 'percentage gross rent arrears of rent due' was 7.14%, which was higher than 2021/22 (6.63%) and higher than the Scottish average of 6.86%.

		2019/20	2020/21	2021/22	2022/23
Percentage gross rent arrears of rent due	North Ayrshire Council	3.65%	5.46%	6.63%	7.14%
	Scottish average	5.81%	6.14%	6.34%	6.86%

2.53 The 'percentage of rent due not collected through homes being empty' in the last year was 0.56% for 2022/23, which was slightly higher than 2021/22 (0.53%) but lower than the Scottish average of 1.40%.

		2019/20	2020/21	2021/22	2022/23
Percentage of rent due not collected through homes being empty in the last year	North Ayrshire Council	0.61%	0.47%	0.53%	0.56%
	Scottish average	0.92%	1.37%	1.42%	1.40%

2.54 Universal Credit full migration is due to conclude by 2028. Of the tenants claiming Universal Credit in 2022/23, 79.2% were in arrears, with an average debt of £681.54. The updated HRA Business Plan continues to include investment to support tenants in accessing benefits, maximising income, and minimising arrears. In addition to this, the bad debt provision has been increased to minimise the risk of the 'managed migration' that commenced in November 2023.

Data accuracy

- 2.55 Robust processes are in place to ensure data accuracy. The Housing Business Improvement Team provides system expertise to the Service, and improved system housekeeping measures are in development. A review of the Housing Performance Management System is currently underway and includes scrutiny of arrangements around data validation and auditing. The Council's internal and external auditing arrangements are also utilised to review data accuracy. This ensures decisions are based on good quality data.

Treasury Management

- 2.56 The Council has a clear treasury management strategy, reflecting risk management and the wider operating environment. Paragraph 2.40 details the financing costs, which are considered prudent and affordable within the 30-year HRA Business Plan.

Fraud

- 2.57 There are effective risk management arrangements and procedures in place to minimise the risks of any attempts at fraud from being successful. The Council also takes part in the National Fraud Initiative to prevent and detect fraud.
- 2.58 Delivery of the HRA Business Plan supports the Council Plan strategic priorities: 'Wellbeing'; 'Climate Change'; 'A Sustainable Council': and 'Communities and Local Democracy'. It supports the ambitions of the Council's Regeneration Delivery Plan to drive forward development on strategic regeneration sites, including town centres. There is also evidence that children and young people can benefit from improved cognitive development and a reduction in behavioural issues through living in a more attractive, warmer, and better ventilated environment and the provision of new affordable housing also supports the Council Plan priority that children and young people experience the best start in life. New housing will also support our island communities and their economies.

Wellbeing

Through our housebuilding programme and wider Housing Investment we are providing homes for life that meet the needs of our residents. We are increasing the number of homes in the area through by bringing empty buildings back in to use and maximising access to and uptake of benefits, entitlements, and financial advice.

- £1,216m funding for improvements to existing homes, including our £39.84m Sheltered Housing Re-provisioning Programme and £10m Estate Based Regeneration Projects
- £35.92m investment in the housebuilding programme in 2024/2025, completing 21 homes and supporting the delivery of 1,641 new build homes in our Strategic Housing Investment Plan by 2029
- £5.74m buyback programme - 65 homes by 2029

Communities and Local Democracy

We continue to develop strong relationships with communities and partners based on trust and shared aspirations using their experiences to inform service provision. We have a participation and engagement framework which ensures opportunities and

support for all residents to take part in influencing local democracy and Council and partner strategies. Our services are accessible, both digitally and locally.

- New community-based housing service delivery model, ensuring a 'No Wrong Door' approach
- Tenant and resident engagement

Climate Change

We are committed to reducing the carbon footprint of our housing estate through rationalisation utilising a locality-based approach and taking a fabric first and low carbon energy generation approach to homes and buildings. We are improving communities' preparedness to deal with the impacts of climate change already locked-in. Working with communities we are seeking to adopt low carbon behaviour change and encourage climate-based volunteering activities.

- £132.45m investment over the next 30 years to tackle climate change and achieve a net-zero housing stock
- Solar panels installed on new homes and retrofitting to existing homes
- New homes with sustainability features including air source heat pumps, electric vehicle charging points, solar panels etc

A Sustainable Council

We have robust governance arrangements in place to fulfil the Council's statutory duties, manage risk and support delivery of key priorities. Using dynamic data and lived experiences, we are better able to inform decision-making. We are focussed on change and transformation, using technology where appropriate, to deliver efficient and effective services and support delivery of priorities. We seek to maximising value from the use of our assets and focus our investment on priorities.

- Robust business planning processes ensuring affordable, prudent and sustainable management of the Housing Revenue Account
- Housing transformation projects focussing on maximising efficiencies and value for money for our tenants
- Maximising value from the use of our assets and focusing our investment on priorities through a robust Housing Asset Management Plan

3. Proposals

3.1 That the Council:

- (i) approves the HRA capital investment plan, as detailed in Appendix 1
- (ii) approves the HRA revenue budget for 2024/25, as detailed in Appendix 2
- (iii) approves a rent increase of 6.00% in 2024/25 for council houses, garage sites / lock ups and gypsy traveller site fees
- (iv) notes the indicative rent increases of 3.84% for the remaining 29 years of the Business Plan
- (v) approves 5.00% increase in service charges

4. Implications/Socio-economic Duty:

Financial

- 4.1 The proposed rent increase of 6.0% in 2024/25 will support significant investment in the Council's housing stock, with total planned revenue expenditure of £61.704m. This includes CFCR of £11.492m to support the capital investment plan, with £52.78m planned spend in 2024/2025.

Human Resources

- 4.2 None

Legal

- 4.3 The Council has consulted with tenants on the proposed rent increases, in line with the legal requirement to do so.

Equality/Socio-economic

- 4.4 The investment proposals outlined in the report will ensure the housing stock continues to support the needs of our tenants, including those with accessibility issues due to age or disability.
- 4.5 The investment in our properties to provide safer, warmer, and more fuel-efficient homes will support improvements in the health and wellbeing of all our tenants, including young people and families.

Climate Change and Carbon

- 4.6 The budget proposals include substantial investment which will directly support the delivery of the Council's Environmental Sustainability and Climate Change strategy.

Key Priorities

- 4.7 Investment through the HRA capital investment plan and revenue budget supports and links to the following Council Plan priorities as detailed in paragraph 2.58 above.
- Wellbeing
 - Communities and Local Democracy
 - Climate Change
 - A Sustainable Council

Community Wealth Building

4.8 Through delivery of the SHIP, contractors are required to participate in the Council's Community Benefits Programme. Development projects aim to deliver new employment opportunities for the area, including jobs and apprenticeships. Work is undertaken in partnership with Procurement and Economic Regeneration to maximise community wealth benefits in procuring fixed term contracts.

5. Consultation

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

5.2 A total of 1,316 responses were received - a response rate of 10.2%. This is the highest response to a rent consultation by North Ayrshire Council to date. Responses received from the tenants' consultation indicated an 71.7% preference for 'Option 1' - a rent increase of 6.0% for 2024/25. Tenants were invited to respond by completing an electronic form. A letter was issued to all tenants, emails and SMS messages were sent, posts were added social media channels, adverts were placed in the local press, posters were placed in key locations and tenants were supported to complete the consultation if calling or visiting offices. Housing Services staff also held local drop in events to assist tenants to complete the consultation.

RUSSELL McCUTCHEON
Executive Director (Place)

For further information please contact Yvonne Baulk, Head of Housing & Public Protection, on 01294 324542.

Background Papers

- Report to North Ayrshire Council on 15 February 2023 - [Housing Revenue Account \(HRA\) Capital Investment Programme, Revenue Budget and Rent Levels for 2023/24](#)
- Report to Cabinet on 26 September 2023 - [North Ayrshire Asset Management Strategy & Plans](#)
- Report to Cabinet on 7 November 2023 - [Strategic Housing Investment Plan 2024 – 2029](#)

North Ayrshire Council Draft HRA Capital plan 2024/25 to 2033/34															
Programme Description	Project Budget	Prior Year Spend	2023/24 Projected Spend	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	Total	Indicative Spend Years 11-30 of Business Plan
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Council House Building															
Bourtreshill Village, Irvine (Redev 7)	9,925	66	85	140	182	1,176	5,373	2,903	0	0	0	0	0	9,774	0
James MacFarlane, Ardrossan (Redev 8a)	4,784	377	450	2,141	1,272	545	0	0	0	0	0	0	0	3,958	0
James Reid, Saltcoats (Redev 8b)	11,821	863	0	2,934	5,617	2,407	0	0	0	0	0	0	0	10,958	0
Garnock Academy, Kilbirnie (Redev 9)	12,093	595	138	5,714	3,951	1,693	0	0	0	0	0	0	0	11,358	0
Corsehillhead, Kilwinning	2,033	213	0	0	1,274	546	0	0	0	0	0	0	0	1,820	0
Ayrshire Central, Irvine (Redev 12)	51,236	2,559	600	5,739	14,978	12,514	10,391	4,454	0	0	0	0	0	48,076	0
Montgomerie Park, Irvine	46,323	4,679	352	4,274	11,201	10,238	10,905	4,673	0	0	0	0	0	41,291	0
Stanecastle, Irvine (Redev 11a)	7,769	605	450	4,070	1,851	793	0	0	0	0	0	0	0	6,714	0
Fullarton Street, Irvine	12,074	26	50	140	6,143	3,429	2,286	0	0	0	0	0	0	11,998	0
Glebe Place, Saltcoats	2,076	0	0	0	0	0	1,246	830	0	0	0	0	0	2,076	0
Nursery Place, Ardrossan (Regen 1e)	1,758	0	0	0	0	660	659	439	0	0	0	0	0	1,758	0
Grange Court, Stevenston	1,507	0	0	0	30	612	519	346	0	0	0	0	0	1,507	0
Unallocated Regeneration Block Laburnum Ave, Beith /Newhouse Drive, Kilbirnie	7,239	0	479	0	0	0	4,056	2,704	0	0	0	0	0	6,760	0
	3,274	0	250	2,419	484	73	48	0	0	0	0	0	0	3,024	0
King's Arms, Irvine (Regen 1c)	2,905	307	182	1,481	654	281	0	0	0	0	0	0	0	2,416	0
St Mary's, Largs	6,093	0	676	4,334	866	130	87	0	0	0	0	0	0	5,417	0
Regeneration Project 1d	9,966	3	0	0	598	5,019	2,608	1,738	0	0	0	0	0	9,963	0
Contingency and Fees	15,091	0	0	2,533	3,187	3,449	3,553	2,369	0	0	0	0	0	15,091	0
Refurbishment Schemes															
Refurbishment Project 8	637	0	0	3	380	152	102	0	0	0	0	0	0	637	0
Nelson Street , Largs	622	0	50	265	215	55	37	0	0	0	0	0	0	572	0
Acquisition of Houses - Open Market	5,738		412	1,273	1,311	1,351	1,391	0	0	0	0	0	0	5,326	0
Improvements to Existing Stock															
Bathroom Programme				1,154	1,418	1,138	2,358	1,674	2,955	3,069	3,180	3,291	3,452	23,689	227,632
Kitchen Programme				2,434	3,766	2,514	5,045	3,492	4,547	4,706	4,871	5,048	5,225	41,648	186,384
Central Heating				1,371	1,697	1,359	2,814	1,975	3,266	3,386	3,497	3,626	3,753	26,744	84,091
Windows				484	437	329	675	471	2,402	2,492	2,579	2,670	2,763	15,302	94,336
Electrical re-wiring				178	577	229	399	255	328	339	351	364	379	3,399	47,158
Roofing				494	631	524	1,091	799	673	712	752	778	816	7,270	128,312
Traditional Rendering				286	367	316	671	496	1,395	1,494	1,546	1,600	1,704	9,875	100,778
Insulated Rendering (EWI)				396	488	391	827	587	506	448	539	557	601	5,340	34,118
Smoke Detectors				241	249	258	267	276	1,504	1,556	1,611	1,668	1,726	9,356	32,852
Energy Efficiency (Sustainability Fund)				189	0	0	0	0	0	0	0	0	0	189	0
Pathfinder Project				250	0	0	0	0	0	0	0	0	0	250	0
Energy Efficiency (Provision for SHNZS)				982	1,167	853	1,801	1,276	1,320	1,367	1,414	1,464	1,515	13,159	25,686
Solar Panels				2,603	3,313	2,465	5,207	3,689	2,913	3,015	3,128	3,237	3,351	32,921	20,789
Estates Based Regeneration Programme	7,667		826	734	1,517	1,310	1,803	1,477	0	0	0	0	0	6,841	0
Lift Replacement				404	0	0	0	0	0	0	0	0	0	404	1,698
Sheltered Housing Unit Refurbs	39,842		3,827	1,628	4,498	7,080	12,123	8,259	2,060	367	0	0	0	36,015	0
Professional Management Charges				1,489	1,534	1,721	1,756	1,376	1,403	1,431	1,460	1,489	1,519	15,178	37,640
TOTAL EXPENDITURE				52,777	75,853	65,610	80,098	46,558	25,272	24,382	24,928	25,792	26,804	448,074	1,021,474
Funded By:-															
CFCR				(11,492)	(9,010)	(7,422)	(9,585)	(10,978)	(12,803)	(12,943)	(14,668)	(15,426)	(17,593)	(121,920)	(835,023)
Council House Build Fund				(140)	(391)	(1,134)	(1,175)	0	0	0	0	0	0	(2,840)	0
Sustainability Fund				(404)	(495)	(923)	(618)	(551)	(588)	(4)	0	0	0	(3,583)	0
Affordable Housing Fund				(394)	(1,051)	(1,899)	(1,977)	0	0	0	0	0	0	(5,321)	0
Other Capital Income				(600)	0	0	0	0	0	0	0	0	0	(600)	0
Capital Grants -House Building				(15,871)	(21,483)	(16,868)	(4,696)	(1,015)	0	0	0	0	0	(59,933)	0
Prudential Borrowing				(23,876)	(43,423)	(37,364)	(62,047)	(34,014)	(11,881)	(11,435)	(10,260)	(10,366)	(9,211)	(253,877)	(186,451)
TOTAL INCOME				(52,777)	(75,853)	(65,610)	(80,098)	(46,558)	(25,272)	(24,382)	(24,928)	(25,792)	(26,804)	(448,074)	(1,021,474)

Draft HRA Revenue Budget 2024/25		
	Cost Type	2024/25 (£'000s)
<u>Income</u>	Rents: Council houses Other rents Utilities credit billing / Feed-in Tariff / RHI income	 (60,201) (624) (151)
	Other Income: External recharges Internal recharges Health resource funding	 (494) (225) (9)
Gross Income		(61,704)
<u>Expenditure</u>	Employee Costs	5,171
	Property Costs: Responsive repairs Void expenditure Planned & cyclical maintenance Infrastructure improvements Aids & adaptations Other property costs	 7,973 3,414 5,778 282 1,617 5,019
	Supplies and Services	382
	Transport Costs	21
	Administration Costs	384
	Central Support Costs	1,767
	Payments to Other Agencies, Bodies and Persons	1
	Internal Services	3,369
	Capital Financing: CFCR Principal repayments Loans Fund interest Loans Fund expenses Revenue interest	 11,492 6,110 8,973 126 (175)
Gross Expenditure		61,704

PROPOSED 2024/25 WEEKLY CHARGES

Appendix 3

Element/ Attribute	Description	VAT (%)	2023/24 weekly (excl vat)	% uplift applied	2024/25 weekly (excl vat)
RENT0F	Rent for 0 bed flat	0%	64.20	6.0%	68.05
RENT0H	Rent for 0 bed house	0%	64.20	6.0%	68.05
RENT1F	Rent for 1 bed flat	0%	81.12	6.0%	85.99
RENT1H	Rent for 1 bed house	0%	81.59	6.0%	86.49
RENT2F	Rent for 2 bed flat	0%	82.36	6.0%	87.30
RENT2H	Rent for 2 bed house	0%	82.87	6.0%	87.84
RENT3F	Rent for 3 bed flat	0%	83.59	6.0%	88.61
RENT3H	Rent for 3 bed house	0%	84.04	6.0%	89.08
RENT4F	Rent for 4 bed flat	0%	84.74	6.0%	89.82
RENT4H	Rent for 4 bed house	0%	85.21	6.0%	90.32
RENT5H	Rent for 5 bed house	0%	86.47	6.0%	91.66
RENT6H	Rent for 6 bed house	0%	87.65	6.0%	92.91
HEAT / H9	Heating Charge (H9)	0%	13.97	5.0%	14.67
SHEL / S1	Amenity Charge (S1)	0%	10.08	5.0%	10.58
SHEL / S2	Amenity Charge (S2)	0%	10.68	5.0%	11.21
SHEL / S3	Amenity Charge (S3)	0%	11.71	5.0%	12.30
SHEL / S4	Amenity Charge (S4)	0%	12.39	5.0%	13.01
SHEL / S7	Amenity Charge (S7)	0%	14.92	5.0%	15.67
SHEL / S8	Amenity Charge (S8)	0%	15.50	5.0%	16.28
SHEL / WARD	Amenity Charge (Ward)	0%	30.77	5.0%	32.31
GARGCOUN	Garage Site Council	0%	3.33	6.0%	3.53
GARGVAT	Garage Site With Vat	20%	3.33	6.0%	3.53
LUPRENT	Lockup Council	0%	6.59	6.0%	6.99
LUPRENTVAT	Lockup With Vat	20%	6.59	6.0%	6.99
RENT	Rent	0%	99.86	6.0%	105.85

Rent Level Options for 2024/25

The survey will take approximately 4 minutes to complete.



Introduction

North Ayrshire Council consults annually with tenants on proposals relating to rent setting. This is your opportunity to have a say on how much rent you pay.

We remain committed to keeping your rent as affordable as possible, whilst continuing to deliver on your priorities as a tenant and ours as your landlord and ensuring high levels of tenant satisfaction.

Our rent levels are currently amongst the lowest in Scotland and remain the most affordable housing option for residents in North Ayrshire. Our average rent is lower than the average rent of Scottish Local Authorities and Scottish Social landlords.

Here is a comparison of average rents in North Ayrshire by landlord in March 2023:

North Ayrshire Council - £77.78

Scottish Average: Local Authorities - £81.02

ANCHO - £88.52

Cunninghame Housing Association - £96.99

Riverside Scotland - £92.95

Scottish Average: Registered Social Landlords: £94.55

Scottish Average: All landlords: £87.59

This year's rent setting consultation period will run from 27 November 2023 to 7 January 2024. We will use your feedback to prepare a report for a meeting of the Council on 14 February 2024, when elected members will consider the proposed rent increase for Council tenants for 2024/25.

We will write to inform you what your new rent charge will be at least four weeks in advance of any changes being implemented in April 2024.

If you're experiencing financial difficulties there is a cost of living support section on the North Ayrshire Council website that you may find useful (<https://www.north-ayrshire.gov.uk/cost-of-living/cost-of-living.aspx>).

All information provided will be processed in line with our published Privacy Policy Statement for more information, please refer to our website (<https://www.north-ayrshire.gov.uk/privacy-policy.aspx>).

Challenges facing our Housing Revenue Account (HRA)

We are fully committed to keeping rent increases as low and affordable as possible for our tenants.



However, our Housing Revenue Account (HRA), the ring-fenced fund which uses the rent you pay to provide all of your housing services has experienced some significant challenges, such as;

- Significantly higher costs for maintaining and improving our houses due to higher prices for contractors and materials
- Increased interest rates linked to borrowing costs to fund future capital projects
- Rising inflation affecting other running costs
- Increasing requirements on quality of homes
- Increased demand for support from tenants who are facing genuine financial hardship

These pressures have been reflected in the proposed rent options for next year.

Ensuring value for money for our tenants

We realise these are very financially challenging times for our tenants.

We have carried out a comprehensive budget review of the HRA and implemented a number of sustainable efficiencies, with further transformation work to be undertaken over the next year.



All these measures will help to keep the rent increase for 2024/25 and future years as low as possible, minimising the financial impact on our tenants while protecting investment in maintenance, energy efficiency, refurbishment and new build council housing.

Investment and Improvement

Two rent increase options have been developed for your consideration. Both options include investment in priority areas such as:

- Continuing our house building programme, with 1,641 new homes planned by March 2029
- Buying back 105 properties from the open market by March 2029
- Continued investment in repairs and maintenance to your existing homes
- Funding of £132m over the next 30 years to tackle climate change and achieve a net-zero housing stock and supporting our tenants with new energy efficient technologies
- Continued investment in our £38m Sheltered Housing Reprovisioning Programme
- Delivery of our £10m Estate Based Regeneration Programme



In 2024/25 we plan to spend the following on planned capital improvements:

- Kitchen upgrades (£3.05m)
- Bathroom upgrades (£1.44m)
- Central heating (£1.72m)
- Smoke detection (£0.24m)
- Rewiring (£0.22m)
- Solar PV (£3.22m)
- Energy efficiency (£1.30m)

- Sustainability pathfinder project (£0.25m)
- Roofing & rendering (£0.98m)
- Insulated render (0.50m)
- Windows (£0.41m)
- Estate based projects (£1.73m)

What are the rent level options for 2024/25?

The two proposed options are set out below, along with information on what each option will allow us to do.



Option 1

Increase rents by 6.0%, an average increase of **£4.97** per week

- This maintains the current levels of investment in homes, in new build homes and our current service levels.

Option 2

Increase rents by 6.5%, an average increase of **£5.38** per week

- This maintains the current levels of investment in homes, in new build homes and our current service levels; and
- allows us to buy back additional properties from the open market (a minimum of 35 additional buy backs by March 2027)

The indicative average rent increase for each of the remaining 29 years of our 30-year plan is currently 3.84%.

Affordability and weekly rent charges

It is important that we recognise the impact of rents and proposed rent increases on tenants' household income.



We have to consider affordability to tenants alongside our obligations as a landlord to maintain the quality of your home.

The weekly rent charge for 2024/25 for each proposed option, based on property size, would be:

Option 1 - Increase rents by 6.0%, an average increase of £4.97 per week

- Bedsit flat: £68.05
- Bedsit house: £68.05
- 1-bedroom flat: £85.99
- 1-bedroom house: £86.49
- 2-bedroom flat: £87.30
- 2-bedroom house: £87.84
- 3-bedroom flat: £88.61
- 3-bedroom house: £89.08
- 4-bedroom flat: £89.82
- 4-bedroom house: £90.32
- 5-bedroom house: £91.66
- 6-bedroom house: £92.91

Option 2 - Increase rents by 6.5%, an average increase of £5.38 per week

- Bedsit flat: £68.37
- Bedsit house: £68.37
- 1-bedroom flat: £86.39
- 1-bedroom house: £86.89
- 2-bedroom flat: £87.71
- 2-bedroom house: £88.26
- 3-bedroom flat: £89.02
- 3-bedroom house: £89.50
- 4-bedroom flat: £90.25
- 4-bedroom house: £90.75
- 5-bedroom house: £92.09
- 6-bedroom house: £93.35

It's important that we continue to consider the impact of any increase on our average rent levels and how affordable these are for current and future tenants.

Vote for your preferred rent increase option

Please choose your preferred option below:



Option1

Increase rents by 6.0%, an average increase of **£4.97** per week

- This maintains the current levels of investment in homes, in new build homes and our current service levels.

Option 2

Increase rents by 6.5%, an average increase of **£5.38** per week

- This maintains the current levels of investment in homes, in new build homes and our current service levels; and
- allows us to buy back additional properties from the open market (a minimum of 35 additional buy backs by March 2027)

* Required fields

1. What is your preferred rent increase for 2024/25? *

- Option 1 – Increase rents by 6.0%, an average increase of £4.97 per week
- Option 2 - Increase rents by 6.5%, an average increase of £5.38 per week

2. Please provide any comments that you may have in the box below

Enter your answer

Enter the prize draw or request housing support

Each tenant who takes part in this consultation has the option to enter a prize draw to win **one of two £50 high street shopping vouchers**.



You can also tell us if you would like any extra support to help pay your rent or feel like you could benefit from some extra help with your tenancy.

3. Please tick the boxes that apply to you.

- I would like some information on support available to help pay my rent
- I would like some extra support to help keep my tenancy
- I would like some information on the scheme that provides house contents insurance for tenants
- I would like to join the Tenants' Panel
- I would like to be entered into the prize draw for a £50 shopping voucher

Please provide your contact details

Please leave your details below so that we can contact you if we need to.



4. I confirm that I am a North Ayrshire Council tenant *

- Yes
- No

5. Name *

6. Address *

7. Postcode *

8. Telephone number *

9. Email address (optional)

10. Did receive support from a Council staff member to complete this survey? *

- Yes
- No

11. Please provide the staff member's name

12. Please select the staff member's team

- Dalry Housing Office
- Irvine Housing Office
- Kilbirnie Housing Office
- Kilwinning Housing Office
- Largs Housing Office
- Three Towns Housing Office
- Common Housing Register Team
- Customer Call Centre
- Housing Support
- HQ
- Refugee Support Team
- TP Team
- Welfare Reform Team

Almost done...

You are about to submit your response. By clicking 'Submit' you give us permission to analyse and include your response in our results. After you click Submit, you will no longer be able to go back and change any of your answers.

RENT CONSULTATION 2024/25 – RESULTS

Appendix 4

Total number of responses = 1316

Letters issued December 2023 -12860

Percentage of tenant responses = 10.23%

<p>Option 1.</p> <p>Increase rents by 6.0%, an average increase of £4.97 per week This maintains the current levels of investment in homes, in new build homes and our current service levels.</p>	<p>Percentage of Responses</p> <p>Actual responses</p> <p>= 943</p>
<p>Option 2.</p> <p>Increase rents by 6.5%, an average increase of £5.38 per week This maintains the current levels of investment in homes, in new build homes and our current service levels; and allows us to buy back additional properties from the open market (a minimum of 35 additional buy backs by March 2027)</p>	<p>Percentage of Responses</p> <p>Actual responses</p> <p>= 373</p>