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# NORTH AYRSHIRE COUNCIL

16 February 2022

## North Ayrshire Council

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**Title:** Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2022/23

**Purpose:** To advise Council of the proposed HRA capital investment programme and revenue budget for 2022/23 and the consequential rent levels.

**Recommendation:** That the Council agrees to: (i) approve the HRA capital investment programme for 2022/23, as detailed in Appendix 1; (ii) approve the HRA revenue budget for 2022/23, as detailed in Appendix 2; (iii) approve a rent increase of 2.50% in 2022/23 for council houses, garage sites, lock-ups and sheltered housing service charges; and (iv) note the indicative rent increases of 4.00% for 2023/24 and 2024/25.

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### 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. An annual review of the HRA 30-year Business Plan was carried out during 2021 to assess the factors expected to impact on the HRA budget. This has resulted in capital and revenue budgets being set which deliver:
- a capital investment programme, which maintains the Scottish Housing Quality Standard incorporating the Energy Efficiency Standard for Social Housing (ESSH)
  - £48.351m investment to 2032 to work towards achieving the Energy Efficiency Standard for Social Housing 2 (ESSH2) in the Council's housing stock (or ensuring properties are as energy efficient as is practically possible where ESSH2 is not achievable) including £24.4m further investment in solar PV panels

- £50.432m investment through the Council's new housebuilding programme, with a further 196 new build houses expected by 31 March 2023. This will take the total new builds to 891 units and support the delivery of 1,625 units of new build housing by the end of the Strategic Housing Investment Plan 2022-2027
  - £19.290m of property-related revenue expenditure
  - Continuation of the £10m Estate Based Regeneration Programme, with £8.177m committed for the period 2022/23 to 2028/29
  - Continuation of the £25m Sheltered Housing Re-provisioning Programme to 2025/26
- 1.3. In order to meet these commitments, the proposed increase to housing rents is 2.50% for 2022/23. This in line with the increase indicated in the HRA 30-year Business Plan last year for 2022/23. Tenants have been consulted on the proposed rent levels included within this report.
- 1.4. A summary of the anticipated level of earmarked and unearmarked reserves is provided at paragraph 2.7.3. The HRA revenue budgetary control report to 30 November 2021, submitted to the Cabinet meeting of 25 January 2022, projected that the HRA will have reserves of £17.519m at the end of the financial year, of which £1.500m is unearmarked. This equates to 2.8% of revenue expenditure.
- 1.5. Full details of the capital and revenue budgets are contained in Appendix 1 and Appendix 2 respectively.

## **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. A Special Meeting of the Council on 16 December 2020 considered housing rent levels for the three years to 2023/24. Members approved an increase of 1.90% for 2021/22 and noted indicative rent increases of 2.5% for 2022/23 and 2.5% for 2023/24.
- 2.3. An annual review of the HRA Business Plan financial model was undertaken during 2021. 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 COVID-19 on the provision of the Council's Housing Service and its tenants:
- Asset Management
  - Revenue Expenditure
  - Rent Affordability

- Stakeholder management
- Value for Money
- Treasury Management
- Risk Management
- Financial Planning

## Asset Management

- 2.4 A strategic approach to asset management has been adopted, ensuring consistency between the 30-year HRA Business Plan and the Housing Asset Management Plan (HAMP). This ensures resources are used effectively and reduces the risk of longer-term inefficiencies.

### Capital Programme

- 2.5 The £114.507m investment in the proposed 2022/23 HRA capital Programme is detailed in Appendix 1. The programme 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.
- 2.6 The capital programme will result in major repairs and improvement works to the housing stock in 2022/23, including:

Programme	No. of properties	
	2021/22 Projected completions	2022/23
Roofing and/or rendering	280	475
Insulated rendering	42	27
Electrical rewiring	85	239
New kitchens	223	854
Heating upgrades	730	959
New bathrooms	746	195
Window replacement	6	94
Door replacement	0	1100

- 2.7 The door replacement programme was due to commence during 2021/22 but was delayed due to issues in procuring a contractor; the programme will commence in 2022/23. The window replacement programme is up to date, therefore the 94 units in the table above reflects only projected repairs.
- 2.8 The capital programme includes investment to ensure the Council continues to meet the Scottish Housing Quality Standard (SHQS), which now incorporates the Energy Efficiency Standard for Social Housing (ESSH). In addition, provision has been made within the budget to install additional sustainability measures to support our progress in achieving the Energy Efficiency Standard for Social Housing 2 (ESSH2), the newer and more progressive standard, by its December 2032 deadline. The 2022/23 budget

includes £48.4m investment by 2032 towards achieving the Energy Efficiency Standard for Social Housing 2 (EESH2) in the Council's housing stock (or ensuring properties are as energy efficient as is practically possible where EESH2 is not achievable) including £24.4m further investment in solar PV panels.

### Strategic Housing Investment Plan

- 2.9 The revised Business Plan reflects the Council's commitment to deliver a comprehensive new build programme - with a variety of house types - as well as significant investment in housing for older people and tenants with additional needs. The Council and its RSL partners have been monitoring the impact of both COVID-19 and Brexit on the SHIP. There is clear evidence of both time and financial impacts, due to national labour and material shortages and an increase in material costs. Details of Council developments completing during 2021/22, including those delayed due to COVID-19, are shown below:

<b>Project</b>	<b>Number of Units</b>	<b>Status in 2021/22</b>
<b>Refurbishments:</b>		
Kinnear Road, Saltcoats	2	Completed
Friars Lawn, Kilwinning	22	Completion due by 31 March 2022
<b>Total refurbishments</b> ( <i>not included in 1,625 new build commitment</i> )	<b>24</b>	
<b>New build:</b>		
St Beya Gardens, Cumbernauld	18	Completed
Dalrymple Place, Irvine	33	Completed
Springvale Depot, Saltcoats	14	Completed
Flatt Road, Largs	123	Completed (122 homes plus staff base)
Towerlands, Irvine	50	Completion due by 31 March 2022
Brathwic Terrace, Arran	34	Completion due by 31 March 2022 (development has been subject to significant delays related to COVID-19)
St Michael's Wynd, Kilwinning	23	23 of 79 units expected to complete by 31 March 2022
<b>Total new build</b>	<b>295</b>	

Details of the full Council house build programme can be found in the Strategic Housing Investment Plan 2022-2027, which was approved by Cabinet on 2 November 2021. A total of 1,625 new homes are targeted for completion by the Council by 31 March 2027, of which 632 were completed at 20 January 2022, with the total expected to increase to 695 by 31 March 2022.

- 2.10 Following the success of previous years, funding will be available to continue investment in purchasing ex-local authority houses and empty homes. Acquiring these types of properties will help to address both asset management and estate management issues as well as increasing the Council's stock numbers.

#### Other Capital Projects

- 2.11 The Sheltered Housing Reprovisioning Programme continues to be implemented. Refurbishment work is complete at Garrier Court, Springside (19 units) and Friars Lawn, Kilwinning (22 units) is due for completion during the 2021/22 financial year. The sheltered complex at St Colms Place, Largs has been demolished, with construction underway on a new 29-unit complex. Completion of these projects will mean that over 50% of the Council's sheltered housing complexes are new build or have been modernised. The approved budget for 2021/22 identified a further £25m over five years to update a further 11 sheltered units. Works will commence in Summer 2022 to refurbish Barnett Court, Saltcoats and Cheviot Court, Irvine in the next phase of the programme. Two completely new units are currently under construction at Harbourside, Irvine and St Michaels Wynd, Kilwinning.

#### **Revenue Expenditure**

- 2.12 The proposed 2022/23 HRA Revenue Budget is outlined in Appendix 2. Planned expenditure of £54.404m will predominantly be funded by tenants' rental income and charges for services.
- 2.13 The Revenue Budget includes funding of £19.290m for property related expenditure in 2022/23. This expenditure will assist the Council in maintaining its efficient and sector-leading performance in respect of the management of void properties and planned and responsive maintenance. Additionally, provision has been made for tenant-led budgets and other areas of estate management, such as rear sub-divisional fencing and infrastructure improvements.

#### **Rent Affordability**

##### Rent Increase

- 2.14 In order to meet the investment requirements of the 30-year Business Plan, including maintaining the Scottish Housing Quality Standard (SHQS) which now incorporates the Efficiency Standard for Social Housing (ESSH), working towards the new Energy Efficiency Standard for Social Housing 2 (ESSH2), delivering the Council house building programme and continuing to deliver customer-focused services, it is proposed to increase housing rents by 2.5% for 2022/23. The Business Plan indicates anticipated rent increases of 4.00% for both 2023/24 and 2024/25.
- 2.15 The Council's average weekly rent is below the Scottish average local authority rent for 2021/22 (Council average is £75.85 compared to Scottish average of £79.26). The proposed rent increase for 2022/23 is expected to

maintain the Council's position compared with the Scottish average. The Council's current average rent is also significantly lower than the average for registered social landlords within North Ayrshire, as detailed in the table below.

	Average Rent 2020/21
East Ayrshire Council	£75.30
North Ayrshire Council	£75.85
South Ayrshire Council	£78.21
Scottish local authority average	£79.26
ANCHO	£85.01
Riverside Scotland (formerly Irvine Housing Association)	£90.17
Cunninghame Housing Association	£94.18

*N.B. 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.*

## Stakeholder Management

- 2.16 The Housing (Scotland) Act 2001 requires councils to consult with tenants and have regard to the views expressed prior to setting rents.
- 2.17 In preparing the HRA budget for 2022/23, two options for rent increases were identified by Officers and considered at an elected member briefing and the Housing Business Plan Group in November 2021. The options were subsequently included in the tenant consultation exercise that took place during November and December 2021, namely, to increase rents by either 2.5% or 2.75%. The higher increase option reflected additional investment of £0.130m in tenant led budgets. Further information on the options considered is included within the Rent Matters Newsletter at Appendix 4.
- 2.18 A total of 980 responses were received - a response rate of 7.5%. This is the highest response to a rent consultation by North Ayrshire Council to date. Responses received from the tenants' consultation indicated an 80.1% preference for 'Option 1', a rent increase of 2.5% for 2022/23. Tenants responded on-line via the website, social media and telephone calls with Housing Services staff.

## Value for Money

- 2.19 Scotland's Housing Network benchmarks the Scottish Social Housing Charter outcome results of Scottish councils, including areas such as housing management performance, repairs and customer satisfaction and value for money. The Network recently confirmed that the Service remains a top performer amongst local authority members, both in terms of level of service and value for money.

- 2.20 During the tenant satisfaction survey completed in summer 2018, 92.1% of tenants agreed that the rent charge for their property represented good value for money.
- 2.21 The Council continues to explore opportunities for operational and management efficiencies and reflect any savings identified in the HRA budget.

### Treasury Management

- 2.22 The Prudential Code for Capital Finance in Local Authorities requires Councils to demonstrate that capital investment programmes 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 2020/21 the Council's ratio was 17.7% compared to the Scottish average of 21.6%. The estimated indicators for the next 3 years are shown below. The rising ratio is indicative of the significant capital investment programme as outlined in the Strategic Housing Investment Plan and work to achieve the Energy Efficiency Standard for Social Housing 2 (EESH2). The financing costs are considered prudent and affordable within the 30-year HRA Business Plan.

Proportion of financing costs to net revenue stream	2021/22	2022/23	2023/24
	Estimate	Estimate	Estimate
	%	%	%
HRA	18.6%	25.7%	27.6%

### Revenue and Capital Balances

- 2.23 The HRA revenue budgetary control report to 30 November 2021 submitted to the Cabinet meeting of 25 January 2022 advised Members of a projected HRA balance of £17.519m at 31 March 2022. This includes an unearmarked balance of £1.500m, which equates to 2.8% of revenue expenditure. Analysis of the HRA balances is shown in the table below.

	Balance at 31 March 2021	Transfer between reserves	Earmarking of in year surplus	Projected Balance at 31 March 2022
	£m	£m		£m
<b>HRA Not Earmarked</b>	<b>1.500</b>	<b>-</b>	<b>-</b>	<b>1.500</b>
<b>HRA Earmarked</b>				
Council House Building Fund	5.580	1.000	-	6.580
Welfare Reform	1.500	-	-	1.500
Major Refurbishment Works	0.052	-	-	0.052
Sustainability Fund	3.174	0.318	1.508	5.000
Infrastructure Improvements	0.305	-	0.111	0.416
Additional CFCR	1.000	(1.000)	-	-
Tenant led budget	0.520			0.520

Cyclical Planned Maintenance	0.055	(0.055)		-
Disturbance Allowance	0.385	(0.385)		-
Responsive Repairs	0.150	(0.150)		-
Voids - non programmed works	-	0.272	1.286	1.558
Software Licenses	-		0.123	0.123
Electrical Testing	-		0.270	0.270
<b>Total Earmarked Fund</b>	<b>12.720</b>	<b>-</b>	<b>3.298</b>	<b>16.018</b>
<b>Total HRA Balance</b>	<b>14.221</b>	<b>-</b>	<b>3.298</b>	<b>17.519</b>

## Risk Management

2.24 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

2.25 The COVID-19 pandemic, alongside Brexit, has resulted in increased difficulty for landlords accessing the materials and expertise required to perform landlord functions. 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 can be actioned at the earliest opportunity.

### Stock quality and decarbonisation

2.26 The Scottish Government's 'Housing to 2040' strategy sets out their ambitions for housing's contribution in tackling climate change. This includes standards such as EESSH2, and ambitions for zero emissions new build housing.

2.27 Provision has been made within the HRA Business Plan for investment to achieve EESSH2 within the Council's housing stock, or make properties as energy efficient as practically possible, by the 2032 deadline. Proposals for investment were approved by the Council's Cabinet on 25 January 2022. Emerging technology is also under constant review to ensure the Council can maximise benefits from constantly evolving new technology and improvements to energy efficiency.

2.28 In addition, measures have now been put in place to develop an 'Energy Strategy' for each new build Council housing development to maximise sustainability measures and minimise carbon emissions and fuel poverty.

### Tenant Safety

2.29 The Council has established procedures to ensure compliance with statutory duties and responsibilities in relation to tenant safety. Regular assessment



and assurance is undertaken to ensure the necessary training, skills, experience and knowledge are in place.

- 2.30 In 2020/21 the Council did not comply with gas safety requirements for 1,228 properties as a direct result of the COVID-19 pandemic. Whilst this situation was quickly resolved and reported via the Council's Annual Assurance Statement, work is ongoing to ensure business continuity measures are in place around areas of statutory compliance moving forward.
- 2.31 The HRA Business Plan incorporates investment required to comply with the new fire and smoke alarm standard which apply from February 2022, and the reduction in electrical safety monitoring cycles.

#### Rent Affordability

- 2.32 The current economic climate presents an increased challenge to keep rents affordable. Removal of the Universal Credit uplift, the ongoing impact of the COVID-19 pandemic and rapidly increasing energy costs are amongst current notable risks.
- 2.33 Benchmarking of rent levels is undertaken annually, alongside national conversations regarding proposed increases. Rent levels are monitored to assure they are within Local Housing Allowance rates. 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.

#### Cost Control

- 2.34 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

- 2.35 The percentage of total rent collected compared to rent due has reduced in recent years (2018/19 – 100.3%, 2019/20 - 99.2%, 2020/21 - 97.3%). The percentage of rent due not collected through homes being empty in the last year has remained relatively static (2018/19 – 0.5%, 2019/20 – 0.6%, 2020/21 – 0.5%).
- 2.36 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.
- 2.37 Universal Credit full migration, which commenced as a pilot in 2019, is expected to conclude in 2023. In 2020/21 the number of tenants claiming Universal Credit increased by 920 compared to the previous year. 3,090 (70.8%) of the 4,363 tenants claiming Universal Credit at 2020/21 year end were in arrears, with an average debt of £381.85, an increase of 70.3% in average debt from 2019/20. The updated HRA Business Plan continues to

include investment in a Welfare Reform Advice Team to support tenants in accessing benefits, maximising income and minimising arrears. In addition, £1.5m continues to be earmarked within the HRA as a contingency to manage the impact of Welfare Reform.

#### Data Accuracy

- 2.38 Robust processes are in place to ensure data accuracy. The recently established Business Improvement Team introduces system expertise to the Service, and more in-depth system housekeeping measures are in development. A review of the Housing Performance Management System is planned for 2022/23, which will include 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

- 2.39 The Council has a clear strategy reflecting risk management and the wider operating environment. Section 2.21 details the financing costs, which are considered prudent and affordable within the 30-year HRA Business Plan.

#### Fraud

- 2.40 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.

### **3 Proposals**

- 3.1 Council is invited to: (a) approve the HRA capital investment programme for 2022/23, as detailed in Appendix 1; (b) approve the HRA revenue budget for 2022/23, as detailed in Appendix 2; (c) approve a rent increase of 2.50% in 2022/23 for council houses, garage sites, lock-ups and sheltered housing service charges; and (d) note the indicative rent increases of 4.00% for both 2023/24 and 2024/25.

### **4. Implications/Socio-economic Duty**

#### Financial

- 4.1 The proposed rent increase of 2.50% in 2022/23 will provide the required resources to invest in the Council's housing stock, with total planned revenue expenditure of £54.404m. This includes CFCR of £12.209m to support a capital programme totaling £114.507m in 2022/23.

#### 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.

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.

## **Environmental and Sustainability**

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

## **Key Priorities**

- 4.6 Investment through the HRA capital programme and revenue budget supports and links to the following Council Plan priorities:
- Affordable, modern and well-designed homes that meets residents' needs
  - Vibrant, welcoming and attractive places
  - A sustainable environment.

## **Community Wealth Building**

- 4.7 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 Development and Regeneration to maximise community wealth benefits in procuring fixed term contracts.

## **5. Consultation**

- 5.1 A programme of consultation with key stakeholders has been carried out 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 and the Tenants and Residents Network.
- 5.2 In addition, a consultation on the proposed rent increases (Appendix 4) was launched on the Council's website and social media pages and emailed to tenants (where email addresses were available). The

consultation period ran during November and December 2021 and tenants were asked to provide their views on two options for rent increases. Responses received from the tenant consultation indicated an 80.1% preference for Option 1: a rent increase of 2.5% for 2022/23. A total of 980 responses were received, which is a response rate of 7.5%. This is the highest response to a rent consultation to date. Tenants responded on-line via the website, social media and through calls with Housing staff.

RUSSELL McCUTCHEON  
Executive Director (Place)

For further information please contact Yvonne Baulk, Head of Housing and Public Protection on 01294 324398.

### **Background Papers**

None.

## Appendix 1

North Ayrshire Council Draft HRA Capital plan 2022/23			
Pogramme Description	2022/23	Future Years House Building	Total
	£000	£000	£000
<b>Council House Building</b>			
Flatt Road (Phase 1)	1,712	0	1,712
Brathwic Terrace	18	0	18
Harbourside (Phase 1)	6,460	128	6,588
St Beya Gardens	6	0	6
Towerlands Primary School	25	0	25
St Colms Pl	1,896	66	1,962
Bourtreeshill Village	2,000	5,293	7,293
James MacFarlane	3,050	257	3,307
James Reid	6,050	2,673	8,723
Caley Court	1,769	86	1,854
Garnock Academy Site	7,950	1,923	9,873
Afton Court	910	25	935
Corsehillhead	1,450	25	1,475
Ayrshire Central Site	9,498	24,536	34,033
Montgomerie Park (Phase 1)	10,900	22,403	33,303
Stanecastle ASN School	3,300	2,247	5,547
Largs Police Station	1,908	29	1,936
Fullarton Street	1,090	9,637	10,727
Glebe Place	10	1,823	1,833
Regeneration Project 1e	15	1,593	1,608
Unallocated Regeneration Block 1	55	11,209	11,264
Regeneration Project 1a	160	1,033	1,193
Regeneration Project 1b	175	1,217	1,392
King's Arms Project (Regen Project 1c)	265	821	1,086
Regeneration Project 1d	360	7,912	8,272
Council House Build General	1,542	0	1,542
Contingency	1,163	3,132	4,294
<b>Refurbishment Schemes</b>			
Saltcoats MSF Investment	1,881	191	2,071
Kinnear Road	3	0	3
Fullarton Regeneration	3,000	0	3,000
<b>Acquisition of Houses - Open Market</b>	720	0	720
<b>Improvements to Existing Stock</b>			
Bathroom	75	0	75
Electrical	698	0	698
Heating	2,524	0	2,524
Kitchen	2,610	0	2,610
Roofing & Rendering	4,450	0	4,450
Insulated Rendering	421	0	421
Window	325	0	325
Smoke Detectors	458	0	458
Energy Efficiency	5,362	0	5,362
Solar Panels	3,862	0	3,862
Regeneration Programme	1,287	0	1,287
Nelson Street Regeneration	442	0	442
Door Replacement	2,191	0	2,191
Sheltered Housing	8,531	0	8,531
Management Charge	1,326	0	1,326
Other Capital Works	726	0	726
Health and Safety Works	207	0	207
Window Replacement - Saltcoats High Flats	2,886	0	2,886
Major Improvements	6	0	6
High Flats - Irvine	6,780	0	6,780
<b>TOTAL EXPENDITURE</b>	<b>114,507</b>	<b>98,259</b>	<b>212,766</b>
<b>Funded By:-</b>			
CFCR	(12,209)	0	(12,209)
Council House Build Fund	(1,151)	(2,673)	(3,824)
Affordable Housing Fund	(1,596)	(4,158)	(5,754)
Capital Grants - House Building	(14,175)	(29,147)	(43,322)
Prudential Borrowing	(85,375)	(62,281)	(147,656)
<b>TOTAL INCOME</b>	<b>(114,507)</b>	<b>(98,259)</b>	<b>(212,766)</b>

## Appendix 2

Draft HRA Revenue Budget 2022/23		
	Cost Type	2022/23 (£'000s)
<b><u>Income</u></b>	<b>Rents:</b>	
	Council houses	(53,310)
	Other rents	(403)
	Utilities Credit Billing	(14)
	<b>Other Income:</b>	
	External recharges	(565)
	Internal recharges	(103)
	Health Resource Funding	(9)
<b>Gross Income</b>		<b>(54,404)</b>
<b><u>Expenditure</u></b>	<b>Employee Costs</b>	5,300
	<b>Property Costs:</b>	
	Responsive repairs	5,603
	Void expenditure	3,133
	Planned & Cyclical maintenance	4,627
	Tenant Led Budgets	216
	Infrastructure Improvements	337
	Aids & adaptations	1,617
	Other property costs	3,757
	<b>Supplies and Services</b>	319
	<b>Transport Costs</b>	34
	<b>Administration Costs</b>	506
	<b>Insurances</b>	143
	<b>Central Support Costs</b>	1,578
	<b>Payments to Other Agencies, Bodies and Persons</b>	11
	<b>Internal Services</b>	2,531
	<b>Capital Financing:</b>	
	CFCR	12,209
	Principal repayments	5,422
	Loans Fund interest	6,961
	Loans Fund expenses	136
	Revenue interest	(36)
<b>Gross Expenditure</b>		<b>54,404</b>

## Appendix 3

### RENT CONSULTATION 2022/23 – RESULTS

Total number of responses: 980

Stock at Dec 2021: 13,114

Percentage of tenant responses: 7.47%

Option 1: Increase rents by 2.5% Increase of £1.90 pw	Delivers base budget	785 responses 80.10%
Option 2: Increase rents by 2.75% Increase by £2.09 pw	Delivers base budget plus an additional £0.13m in tenant led budgets	195 responses 19.90%

# RENT MATTERS

**WIN**  
£100 shopping  
vouchers

Information for North Ayrshire Council Tenants

Winter 2021

**PLEASE READ – It's important you have your say**

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

This year's rent setting consultation period will run from 19 November to 17 December 2021. We will use your feedback to prepare a report for a meeting of the Council in February 2022, where members will consider the proposed rent increase for Council tenants for 2022/23.

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 2022.

**Details of the two options can be found on page 3 of this leaflet, along with ways to give your feedback.**



## Struggling to pay your rent?

It is important that you pay your rent on time and in full. Contact your Housing Officer immediately if you are in arrears and have not made an arrangement to clear them.

The Welfare Reform Advice Team can help if you are experiencing financial difficulties, but you must get in touch quickly.

**Call them on  
0300 999 4606.**



**Pay your  
rent first**  
Don't risk losing your home

Complete the rent consultation to be entered into our prize draw to win £100 in shopping vouchers.

**Good luck!**

**WIN**  
£100 shopping  
vouchers

**Everyone pays rent, even if you receive housing benefit or your Universal Credit is being paid directly to us. It is important that we receive feedback from as many tenants as possible.**



## How do our rents compare?

Landlord	2019/20 (Actual) in £	2020/21 (Actual) in £	2021/22 £
North Ayrshire Council	72.23	74.44	75.85
Scottish LA Average	75.44	78.09	79.26
East Ayrshire Council	73.17	74.19	75.30
South Ayrshire Council	75.55	77.05	78.21
ANCHO	83.20	84.59	85.01
Cunninghame Housing Association	90.90	93.06	94.18
Riverside Scotland (formerly Irvine Housing Association)	88.86	88.84	90.17

Source: Scottish Housing Regulator. Indicative rent levels for 2021/22 have been calculated using actual average rents for 2020/21 and applying the approved rent increases for each landlord.

### Capital Programme 2021/22

Due to the COVID-19 pandemic, we were unable to carry out some of the works in our Capital Programme planned for 2021/22. We continue to prioritise tenant safety. We have reviewed our Capital Programme to ensure any outstanding works **which were** planned are being incorporated in future years' plans. We appreciate your patience during this time.

### Future Challenges

One of the major challenges we will face as a landlord in the next few years is meeting the new Energy Efficiency Standard for Social Housing (ESSH2), which has a deadline of December 2032. In order to ensure our housing stock meets this standard, we need to significantly invest in our homes to improve their energy efficiency. We have included this investment in our latest 30-year Business Plan which helps us determine future rent levels.



# Your Views Matter



We want to consult with you on the proposed annual rent increase for North Ayrshire Council's houses in 2022/23.

## We have outlined two options for rent charges for 2022/23:

### Option 1

Increase rents by **2.5%**  
Average increase of **£1.90 per week**

- **£48.4m** investment to achieve EESSH2 by 2032 deadline, including **£24.4m** further investment in solar PV panels
- Commitment to build **1,625 new homes**
- Continuation of **£10m** Estate Based Regeneration Programme
- Continuation of **£25m** Sheltered Housing Reprovisioning Programme
- **£0.216m** tenant led budget, with new proposals being launched for its use

### Option 2

Increase rents by **2.75%**  
Average increase of **£2.09 per week**

- **£48.4m** investment to achieve EESSH2 by 2032 deadline, including **£24.4m** further investment in solar PV panels
- Commitment to build **1,625 new homes**
- Continuation of **£10m** Estate Based Regeneration Programme
- Continuation of **£25m** Sheltered Housing Reprovisioning Programme
- **£0.346m** tenant led budget, with new proposals being launched for its use

## What are Tenant Led Budgets?

This is an annual budget which will be influenced by tenants for community based projects. The additional investment included in Option 2 provides the opportunity to further support our communities to create vibrant, welcoming and attractive places. We are currently reviewing our approach to tenant led budgeting, and will consult with tenants representatives on our proposals. We will provide an update on this in our next Tenancy Matters edition.

Both options include circa £26.2m of improvements to existing stock for 2022/23, including:



215  
bathrooms



874 kitchens



2000 external  
doors



115 heating  
systems



844 boilers



239 rewires



475 roof /  
renders



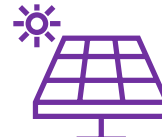
94 windows



27 external wall  
insulations

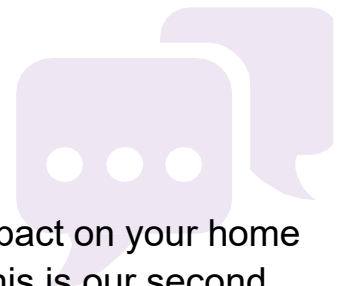


800 smoke  
detectors



894 solar PV  
panels

# Have Your Say



Our plans and how we spend the budget will have an impact on your home and your community. We want to hear what you think. This is our second 'fully digital' consultation, making it as easy as possible to gather your views. All you need to do is select one of the following options:



Telephone or Text: [Option 1](#) or [Option 2](#) to 07385 383318  
(Number will close at the end of the consultation)



Complete our [online form](#).



Email [tenantparticipation@north-ayrshire.gov.uk](mailto:tenantparticipation@north-ayrshire.gov.uk)



Private message us on social media [@nachousingservices](#)  
[@NAC\\_Housing](#)

## Your 2022/23 rent options:

### Option 1

Increase rents by **2.5%**  
Average increase of **£1.90 per week**

### Option 2

Increase rents by **2.75%**  
Average increase of **£2.09 per week**

**An additional £130k** tenant led budget to Option 1, with new proposals being launched for its use