Supplementary Agenda

Meeting of West Dunbartonshire Council

Date: Thursday, 14 February 2019

Time: 14:00

Venue: Council Chamber, Town Hall, Dumbarton Road, Clydebank

Contact: Christine McCaffary
Tel: 01389 737186 – christine.mccaffary@west-dunbarton.gov.uk

Dear Member

ITEMS TO FOLLOW

I refer to the agenda for the above meeting which was issued on 1 February and now enclose copies of Items 11 and 12 which were not available for issue at that time.

Yours faithfully

JOYCE WHITE

Chief Executive

Note referred to:-

11 COUNCIL TAX SETTING 2019/20 AND BUDGET UPDATE 2019/20 **179 – 196**

Submit report by the Strategic Lead – Resources providing an update in relation to the budget process for 2019/20 to 2021/22 and seeking Members' approval to set the Council Tax for 2019/20.

12 HOUSING REVENUE ACCOUNT (HRA) ESTIMATES AND RENT SETTING 2019/20 **197 – 213**

Submit report by the Strategic Lead – Housing & Employability seeking approval of the updated HRA capital programme; the HRA revenue budget for 2019/20 and the level of weekly rent increase for 2019/20.

Distribution:-/

Distribution:-

Provost William Hendrie
Bailie Denis Agnew
Councillor Jim Bollan
Councillor Jim Brown
Councillor Gail Casey
Councillor Karen Conaghan
Councillor Ian Dickson
Councillor Diane Docherty
Councillor Jim Finn
Councillor Daniel Lennie
Councillor Caroline McAllister
Councillor Douglas McAllister
Councillor David McBride
Councillor Jonathan McColl
Councillor Iain McLaren
Councillor Marie McNair
Councillor John Millar
Councillor John Mooney
Councillor Lawrence O'Neill
Councillor Sally Page
Councillor Martin Rooney
Councillor Brian Walker

Chief Executive
Strategic Director - Transformation & Public Service Reform
Strategic Director - Regeneration, Environment & Growth
Chief Officer - West Dunbartonshire Health & Social Care Partnership

Date of issue: 8 February 2019

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WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead - Resources

Council: 14 February 2019

Subject: General Services Budget Preparation 2019/20 to 2021/22 – Budget Update and Council Tax Setting 2019/20

1. Purpose

1.1 To provide Members with an update in relation to the budget process for 2019/20 to 2021/22.

1.2 To seek Members approval to set the Council Tax for 2019/20.

2. Recommendations

2.1 Members are asked to:

(a) Note the updated projected cumulative funding gaps as: 2019/20 £4.173m; 2020/21 £11.961m; and 2021/22 £19.225m;

(b) Note the advice regarding setting the Band D Council Tax for 2019/20 in advance of the 2019/20 revenue budget;

(c) Agree to set the Band D Council Tax for 2019/20 at a percentage increase between 3% (£1,233.83) and 4.79% (£1,255.27);

(d) Note that this projected position is subject to amendment as the settlement implications for the Council and as all other assumptions are clarified and revised between now and Council on 27 March 2019;

(e) Note the range of budget options available to Council in setting the budget and closing the projected gap as detailed in Appendices 2 and 3;

(f) Note the planned budget consultation process as detailed at 4.5 below;

(g) Agree the savings options that should be included in the budget consultation process bearing in mind the medium-term projected budget position; and

(h) Commit to agreeing a balanced budget at the Council meeting on 27 March 2019.

3. Background

3.1 The following was agreed by Council on 19 December 2018:

"*Council agrees that the February Council meeting will be brought forward to 2pm on February 14th in Clydebank Town Hall, to allow Council to set the Council tax rate and agree the content and process for the public consultation. The Council plans to finalise its budget on March 27th 2019, with this meeting moving to 2pm in Church Street*."

3.2 Due to the nature of the settlement which increased the projected funding gaps to be significantly higher than expected officers have reviewed a range of approaches to assist in closing the gap for 2019/20, including options around reserves.

3.3 Following the issuing of the settlement in December 2018 the Scottish Government has been progressing its budget through the parliamentary process.

4. Main Issues

4.1 <u>Settlement and Scottish Government Budget Progress</u>

4.1.1 The Scottish Government budget process has now progressed through stages 1 and 2 on 31 January and 6 February 2019 respectively. As a result of this progress the Cabinet Secretary for Finance, Economy & Fair Work wrote to the Leaders of all Councils on 31 January 2019 advising of a package of further measures covering local taxation and local government, which revises the settlement letter provided in December 2018 (letter appended as Appendix 1).

4.1.2 The package describes the following changes to the settlement offer:

- "An increase in local government settlement for 2019/20 of £90m;

- Continue to provide an earmarked £160 million from the Scottish Government for health and social care investment to support social care and mental health services – including those under the direction of Integration Authorities– whilst, as part of this package, allowing local authorities the flexibility to offset their adult social care allocations to Integration Authorities in 2019-20 by 2.2% compared to 2018-19, i.e. by up to £50 million across all local authorities to help them manage their own budgets; and

- Provide, as you have requested, local authorities with the flexibility to increase the Council tax by 3% in real terms, which equates to 4.79% next year."

4.1.3 The letter also advises, in relation to the Teacher Pensions Fund employer contributions increase from 2019/20, that the UK Government has committed to part fund the additional costs and the Scottish Government has committed to pass on the UK Government funding to Councils. The letter also advises that Scottish Government analysts have determined that the cost increase estimated by Council as 33% is too high and should be 21%.

4.1.4 In relation to the potential for Councils to implement a change in policy in relation to a Loans Fund Review the letter states that the Cabinet Secretary:

"intend(s) to bring forward as early as I can (early in the new financial year) changes to legislation which will allow Councils to vary loans fund repayments for advances made before 1 April 2016. Changes to repayments must be based on prudent principles and we will work with COSLA and Audit Scotland to reach a solution."

4.1.5 The letter also advises that the Scottish Government has committed to:

- "subject to the successful outcome of negotiations with teachers, the Scottish Government will fully fund its contribution to the cost of the Teachers' Pay deal, providing local authorities with the additional funding required to meet our share of the pay offer";

- "consult, in 2019, on the principles of a locally determined tourist tax, prior to introducing legislation to permit local authorities to introduce a transient visitor levy, if it is appropriate for local circumstances";

- "support an agreed amendment from the Scottish Greens to the Transport (Scotland) Bill that would enable those local authorities who wish to use such a power, to introduce a workplace parking levy. Scottish Government support will be contingent on the exclusion of hospitals and NHS properties"; and

- "devolve Non-Domestic Rates Empty Property Relief to local authorities in time for the next revaluation".

4.1.6 It is also noted that the letter advises that:

"Both the Scottish Government and the Greens also supported the recommendation of the Commission on Local Tax Reform, which was co-chaired by the then COSLA President, that the present council tax system must end."

4.1.7 Of the variables detailed at 4.1.5 and 4.1.6 above; it is clear that a number of the potential changes will be effected during or after financial year 2019/20.

4.1.8 In relation to the changes in the settlement offer described at 4.1.2 above the potential impacts on the Council are as follows:

- Share of £90m for 2019/20 settlement is £1.576m;
- Change to funding rules between Councils and HSCPs would allow the Council to reduce the level of funding to HSCP by £0.850m (based on 1.7% of £50m), this figure replacing the figure provided to Council in December 2018 of £0.477m; and
- The potential change to Council Tax from 3% increase to a 4.79% real terms increase would generate an additional £0.600m.

4.1.9 In relation to teacher pension costs, since the December 2018 Council information has been received that the UK Government will not provide funding for the whole change to the pensions costs. The changes are in two parts:

- Discount rate applied reducing from 3% to 2.8% - advised that this will not be funded; and
- Discount rate further reduced to 2.4% - this is expected to be funded.

The assumptions used in generating the gap at December 2018 Council were that all such costs would be funded, therefore the non-funding of the reduction to 2.8% will increase the funding gap by £0.767m; however the advice provided by the Scottish Government regarding the cost calculation changing to 21% reduces this by £0.278m – resulting in a net increase of £0.489m.

4.1.9.1 It should be noted that on 6 February 2019 a circular was received from the Scottish Government in relation to this issue which introduced further complexity. This circular appears to indicate that the contributions increase would be significantly higher than 21%, though not as high as 33%. Based on this the adjustment of £0.278m detailed above has now been removed for prudence, though clarity is currently being sought from COSLA on this issue.

It also stated that the UK Government, in its Spring Budget, had committed to providing “some” funding to assist in meeting these costs. It is not clear therefore whether the assumption currently made that the costs arising from the second change to the discount rate will be fully funded. This would be a significant difference in cost and given that “some” is unclear could – in the extreme – mean that most of the cost of this element would not be funded, so potentially up to around £1.5m. Officers have sought clarification on the circular and how it relates to the Cabinet Secretary’s letter of 31 January 2019. It is hoped that this position would be clarified by the time of setting the budget on 27 March 2019.

4.2 Development of Further Options

4.2.1 The list of savings options provided to Members at December 2018 Council was valued at £1.717m for 2019/20. Since Council officers have considered areas where cost reductions could be made that don’t reduce service provision and:

- Have agreed a further Management Adjustment which aims to manage better the costs of overtime incurred by the Council. It is expected that this would reduce overtime worked and reduce costs by £0.150m in 2019/20 and £0.300m full year effect from 2020/21; and

- Will undertake a review of terms and conditions with a focus on equality and modern working.

4.2.2 As reported to November 2018 Council, Members may wish to consider use of reserves when setting the budget. As a result of the funding gap following the December settlement being significantly higher than anticipated officers have undertaken a review of all potential options to identify "one-off" opportunities to generate and utilise reserves to close the 2019/20 budget gap, should Members wish to consider such an approach. These opportunities generally require a change in policy and had not previously been considered, other than the option in relation to the development of the Loans Fund Review.

This review has identified a number of opportunities as detailed within Appendix 2 to this report, which identifies potential such opportunities valued at £4.529m in 2018/19 and a further £3.163m in 2019/20.

It should be noted that this figure excludes the use of prudential reserves and in setting the budget in March 2019 officers will recommend that the prudential reserve is retained at the level defined in the Council's current policy (2% of net revenue budget, excluding requisitions).

4.2.3 The options around the use of reserves are described as summarised in Appendix 2; however the following provides some explanation of the most significant elements:

- <u>Loans Fund Review</u> – since the December settlement the Cabinet Secretary's letter provided clarity of the Scottish Government's approach to setting new legislation to allow this. However, as stated above this is planned for the new financial year. In the period since the last report to Council in December Audit Scotland advised their Audit Teams that in their opinion that such a change wold be contrary to remaining 1975 Act legislation and that any Councils implementing such a change should have their accounts qualified. It is understood that this position may change given the notification by the Government of the planned change in legislation; however this has not yet been clarified. Therefore there remains some uncertainty as to whether Council's can undertake this change without the risk of account qualification. In addition officers have reviewed the opportunity and currently (after an initial review) the potential benefit available is significantly lower than the £3m quoted in the December 2018 Council update. Further work is required to finalise a prudential approach for West Dunbartonshire should the position clarify between now and the March 2019 Council;

- <u>Capital Receipts</u> – Under legislation and guidance Councils are able to use capital receipts in different ways:

    - <u>As currently used in the capital plan</u> – offsetting capital expenditure in the year the capital receipts are received. This reduces the net capital spend in-year and therefore reduces the level of borrowing required in-year and to be funded in future;

- Use to pay debt – this allows Councils to use capital receipts to pay debt early thereby reducing the effect on loan charges in the years when the debt would have been budgeted to have been paid over, e.g. a £1m capital receipt paying back a debt of £1m that had 4 years left to run would reduce loan charges by £0.250m for the 4 year period. Changing this approach in-year allows an in-year benefit to be achieved as well as ongoing benefits, however has an ongoing cost as the in-year capital borrowing would be higher than planned within the capital plan; and

- Use to fund debt repayments – this allows Councils to use capital receipts to pay annual debt payments. This can be used in-year to fund principal repayments that are charged to the budget as part of loan charges costs. Changing this approach in-year allows an in-year benefit to be achieved as well as ongoing benefits, however has an ongoing cost as the in-year capital borrowing would be higher than planned within the capital plan.

Of the three options above, the third option has the largest immediate revenue impact and if this was agreed by Council allows £1.7m in 2018/19 (which would be added to reserves and able to be used in setting the 2019/20 budget). Based on the capital plan agreed on 5 March 2018 (to be updated at Council on 27 March 2019) capital receipts of around £13m are scheduled to be achieved in 2019/20. However officers would recommend a prudential expectation of capital receipts which could be safely assumed to be received in 2019/20 of £3m which could be used as described above to reduce loan charges in 2019/20 thereby reducing the gap;

- PPP Sinking Fund – the PPP Sinking Fund was created a number of years ago with insurance receipts arising from the Vale of Leven Academy fire and was agreed to be used to part fund the costs of the PPP schools revenue costs over a number of years. Currently there is £2.829m held within this capital reserve and is budgeted to fund revenue costs at a rate of around £0.450m per year. Council could decide to use this fund as a one-off contribution to revenue, thereby generating an underspend in 2018/19. However this would use the fund and remove the annual funding to the revenue account by the £0.450m over the remainder of the time that the Sinking Fund would operate thereby increasing future funding gaps over that period. Another option would be to accelerate the funding into the revenue account to provide a smaller and medium term revenue cost reductions, e.g. using the funding equally over 3 years would increase the revenue funding from around £0.450m to around £0.900m per year for three years; and

- Change Fund – as at 31 March 2018 the fund held £2.038m, and based on commitments made during 2018/19 and potential costs arising from staffing changes linked to management adjustments and savings options, £0.506m remains. This value is subject to change, for example if some of the savings options are not agreed then the cost expectations from that would reduce. However, given the significant financial challenges over the next three financial years it is clear that there is an ongoing requirement for a Change Fund. On that basis officers recommend that this fund should not be used to close the 2019/20 gap and, ideally, the Change Fund should be increased to allow funding to be in position for likely changes required in future years. Members should consider this issue in setting the budget in March 2019.

4.3 Updated Gap Projections to 2021/22

4.3.1 In the period since the December 2018 Council officers have continued to review the budget projections for the next three years which, together with the effects of the various changes detailed above, updates the cumulative gap projections as follows:

UPDATE DETAIL	2019/20 £m's	2020/21 £m's	2021/22 £m's
GAP AS REPORTED TO DECEMBER 2018 COUNCIL	**5.140**	**11.669**	**18.957**
SETTLEMENT UPDATE (31/1/19)	-1.576	0	0
CHANGES ARISING FROM REVIEW OF DRAFT BUDGET	-0.105	-0.272	-0.296
NON-DOMESTIC RATES - INCREASE IN RATES POUNDAGE FROM 48p TO 49p IN THE POUND	0.097	0.097	0.097
TEACHERS PENSIONS - PER 4.1.9	0.767	0.767	0.767
MANAGEMENT ADJUSTMENT – PER 4.2.1	-0.150	-0.300	-0.300
CUMULATIVE REMAINING GAPS	**4.173**	**11.961**	**19.225**

4.4 Council Tax Setting

4.4.1 The Local Government Finance Act (The Act) 1992 Section 93 states that the Council Tax set should be sufficient to meet the total estimated expenses including contingencies for the forthcoming year. As stated above the letter received from the Cabinet Secretary on 31 January 2019 provided Councils with the ability to increase Council Tax by up to 4.79%.

4.4.2 At the time of preparing this report, the estimated funding gap in 2019/20 includes the expectation that the Council Tax will increase by 3%. Based on the letter received on 31 January 2019 and the potential to increase Council Tax by 4.79% rather than 3%, Members now have the option to set the Council Tax by anything up to 4.79% for 2019/20. Should the Council Tax be increased by 4.79% this would reduce the gap by £0.600m. Whatever level the Council Tax is set at within the new limit set by the Scottish Government there remains a sizeable funding gap to be closed by the Council when it meets on 27 March 2019.

4.4.3 In order to close the gap, the Corporate Management Team (CMT) has provided Members with cost reduction options totaling £1.717m in 2019/20 in addition to the availability of a range of reserves and policy options as described at 4.2.2 and 4.2.3 above and Appendix 2 valued at £4.529m in 2018/19 – which could be used to close the 2019/20 gap - and a further £3.163m in 2019/20.

Appendix 3 provides an update of the draft revenue budget position, the updated gaps and the options available to close the gap in 2019/20.

4.4.4 Based on the above there is enough flexibility for the Council to set the Council Tax at today's meeting and balance the 2018/19 Budget on 27 March 2019. As such the Council can satisfy the requirements of the Local Government Finance Act 1992.

4.4.5 Having considered the Council's current estimated 2019/20 budget projection and the requirements of the 1992 Act, Members require to agree to set the Band D Council Tax for 2019/20. Officer would recommend that this should be set at a percentage increase between:

- the already assumed 3% (Band D equivalent of £1,233.83); and
- the new maximum advised by Scottish Government of 4.79% (Band D equivalent of £1,255.27).

Current year is £1,197.89 at Band D. Setting at lower than 3% would increase the gap indicated above.

4.4.6 It is clear from the funding gap projections over the next three years that it is expected that significant gaps will be encountered, on this basis Members will wish to consider – when setting the budget in March 2019 – cost reduction options that manage this position over the next three years.

4.5 Public Consultation

4.5.1 As noted at 3.1 above the planned public consultation of options to close the gap was delayed by Council until after this Council meeting in order that any changes to the financial settlement to Councils arising from the Scottish Government budget process through Parliament could be considered; and appropriate consultation take place informed by the updated information. Members will therefore require to confirm which options, drawn from those provided by CMT to Council in December 2018 will be subject to public consultation.

4.5.2 The Administration has indicated that it plans to consult on its approach to closing the budget gap between15 February 2019 and 10 March 2019, based on the following approach:

- An online consultation on savings options using a budget simulation tool (promoted through website and social media channels, direct emailing to community contacts and employees);

- A series of six focus groups on options and impact with representative community bodies and organisations (for example Community Alliance, Community Councils, Tenants & Residents Organisations, Equality Forum, Parent Councils) on the following schedule:

    - Tuesday 26 February at 1pm, Dalmuir Centre;
    - Tuesday 26 February at 6:30pm, Concord Centre;
    - Wednesday 27 February at 10am, Alexandria Centre;
    - Wednesday 27 February at 1pm, Concord Centre;
    - Thursday 28 February at 6:30pm, Hub Centre; and
    - Friday 1 March at 1pm, Alexandria Centre;

- Drop in support for residents who need help getting online or filling in the online survey available in all Council libraries;

- Direct support from the Performance and Strategy team to any individual who is having additional challenges or requires further information;

- Consultation by senior officers and Elected Members with trade union representatives on internal Council options not suitable for public consultation; and

- Report to Council budget setting meeting in March 2019 on the results of the consultation process.

4.6 Other than the major variables remaining as described above, there are two other significant variables and these continue to be monitored and will be subject to review between now and the March 2019 Council, the main variables being as follows:

- Pay assumptions – the 2018/19 pay award has not yet been agreed and this position along with assumptions for future years will continue to be subject to revision between now and March 2019 report to Council; and

- Brexit implications – there remains significant uncertainty as to how Brexit progresses and how this affects the UK economy and whether the UK budget requires to be revisited, as was stated to be a potential outcome by the Chancellor when making his recent budget statement.

4.7 There is a legal requirement arising from paragraph 93 of the Local Government Finance Act 1992 for the Council to determine its level of Council Tax for the following financial year no later than 11 March each financial year. Council Tax must be set in relation to the total estimated expenses to be incurred by the Council for 2019/20 and this report along with the appendices specifies the key financial information required by the 1993 Act. The report recommends a commitment to meet the legal requirement of agreeing a balanced budget at the 27 March Council and specifies the relevant current issues affecting the timescales for the Council's financial planning and the relevant information that is awaited. Reasonable provision in terms of savings options and other approaches around reserves, etc. as detailed in this report has been made to deal with these circumstances.

5. People Implications

5.1 The potential staffing implications are shown within the savings options appended to this report and will be subject to consultation processes where appropriate and managed in accordance with the Council's Switch Policy (Organisational Change).

6. Financial and Procurement Implications

6.1 The main variables within the current projections will be refined throughout the budgeting process as more information becomes available.

6.2 Financial implications arising from the budget process are detailed in the report and appendices. There are no direct procurement implications arising from this report.

7. Risk Analysis

7.1 There are a number of assumptions within the gap projections reported. The gaps could vary if the Council identifies further burdens, or mitigates some. Due to the nature of some of the variables at play in setting this year's budget it is likely that some further changes to assumptions will be made between now and the March 2019 Council meeting. That said it is considered that Council has been provided with a sufficient total value of savings options and other means of closing the 2019/20 gap and setting the revenue budget, as is required by the 1992 Act which would allow the Council Tax to be set ahead of Council finalising and agreeing the budget.

7.2 There remains a significant risk around how the UK exits the European Union - the current budget assumptions are based on the UK budget announced in the Autumn of 2018 which stated that in the event of a "no deal" Brexit it was likely that the UK Government would require to reset the county's finances. Such a move or any other impact of Brexit could have a significant impact on the Council and its financial position for 2019/20 and subsequent years.

8. Equalities Impact Assessment (EIA)

8.1 Equality impact screening or assessment of each savings option are carried out within the relevant services and will be made available to Members as part of the background papers for the Council decision on setting the budget in February 2019.

9. Consultation

9.1 The development of the reserves options and management adjustment were considered by the Corporate Management Team during January

2019. The views of Legal Services have been requested on this report and feedback incorporated herein. The public consultation process is defined within the detail of this report.

10. Strategic Assessment

10.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan.

10.2 The General Services revenue budget contributes to all categories by providing funding in specific areas to help the Council achieve and develop these priorities.

………………………………………………….

Stephen West
Strategic Lead - Resources
Date: 8 February 2019

Person to Contact: Stephen West, Strategic Lead - Resources, Church Street Offices, Dumbarton
Telephone (01389) 737191.
E-mail: stephen.west@west-dunbarton.gov.uk

Appendices:
1: Letter from Cabinet Secretary of 31 January 2019;
2: Reserves options; and
3: Summary of Budget position and options

Background Papers:

1. Long Term Finance Strategy and Budget Update Report – 28 November 2018;
2. Minute of Council meeting – 28 November 2018;
3. Council Draft Budget Book 2019/20 to 2021/22;
4. Budget Update Report – 19 December 2018;
5. Minute of Council meeting – 19 December 2018; and
6. Equalities Impact Screening.

Wards Affected: All

Cabinet Secretary for Finance, Economy & Fair Work
Derek Mackay MSP

Scottish Government
Riaghaltas na h-Alba
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Councillor Alison Evison,
COSLA President
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Copy to: Leaders of all Scottish local authorities

31 January 2019

Dear Alison,

I have listened carefully to the points you and other Leaders have raised with me following our consultation, and most recently in our meeting on 30 January, on the terms of the local government settlement and the issues you have sought to resolve as being important to you. The Scottish Greens have also raised many similar points in my discussions with them to secure support for the Budget.

In the Budget Bill Stage 1 debate in Parliament today I announced a package of further measures covering local taxation and local government finance which I consider will be the biggest empowerment of local authorities since devolution. I write now to confirm the details.

The Scottish Government has committed to make a number of changes to local government taxation between now and the end of this Parliament and clearly COSLA will have a key role as that works unfolds. These potential changes include:

- To consult, in 2019, on the principles of a locally determined tourist tax, prior to introducing legislation to permit local authorities to introduce a **transient visitor levy,** if it is appropriate for local circumstances;
- To support an agreed amendment from the Scottish Greens to the Transport (Scotland) Bill that would enable those local authorities who wish to use such a power, to introduce a **workplace parking levy.** Scottish Government support will be contingent on the exclusion of hospitals and NHS properties; and
- To devolve Non-Domestic Rates **Empty Property Relief** to local authorities in time for the next revaluation.

Both the Scottish Government and the Greens also supported the recommendation of the Commission on Local Tax Reform, which was co-chaired by the then COSLA President, that the present council tax system must end.

In order to make progress the Scottish Government will convene cross-party talks on its replacement with a view to publishing legislation, should cross-party agreement on a replacement be reached, by the end of this Parliament, with that legislation taken forward in the following Parliament.

While the Scottish Government maintains the position that money for education, social care and early learning and child care are core functions of local government, we have listened to the arguments that local government requires increased funding and flexibility for the 'core' local government settlement.

I have, therefore, agreed to make the following changes:

- An increase in the core resource local government settlement of £90 million;
- Continue to provide an earmarked £160 million from the Scottish Government for health and social care investment to support social care and mental health services – including those under the direction of Integration Authorities– whilst, as part of this package, allowing local authorities the flexibility to offset their adult social care allocations to Integration Authorities in 2019-20 by 2.2% compared to 2018-19, i.e. by up to £50 million across all local authorities to help them manage their own budgets
- Provide, as you have requested, local authorities with the flexibility to increase the Council tax by 3% in real terms, which equates to 4.79% next year.
- Bringing forward a three year funding settlement for local government from 2020-21 budget onwards; and to develop a rules based framework for local government funding in partnership with COSLA that would be introduced for the next Parliament.

Taken together, this enhanced package offers up to £187 million of increased funding and flexibility to local authorities.

In addition to this, and subject to the successful outcome of negotiations with teachers, the Scottish Government will fully fund its contribution to the cost of the Teachers' Pay deal, providing local authorities with the additional funding required to meet our share of the pay offer.

At our meeting on 30 January I also undertook to follow up and confirm the position on two further points.

Firstly, Local authorities, along with other public bodies, will face increased costs as a result of changes made by the UK Government to employer contributions for public sector pensions, including for Teacher pensions. The UK Government has committed to part fund these costs.

Local authorities were assuming a shortfall of 33% in the funding for these costs. Scottish Government analysis is that this shortfall is likely to be closer to 21%. This difference amounts to around £15 million for local authorities which they should no longer have to budget fort.

We will not have formal confirmation of the impact of these changes to the Scottish Budget until the UK Spring Statement on 13 March 2019. However, we are committed to continue to press the UK Government to meet the full cost of these changes to avoid damaging impacts on the delivery of public services across Scotland. The Scottish Government will, however, commit to pass on to local government the consequentials that we receive towards the employers' cost increase for local government Teachers' Pension schemes.

Secondly, I can confirm that I intend to bring forward as early as I can (early in the new financial year) changes to legislation which will allow Councils to vary loans fund repayments for advances made before 1 April 2016. Changes to repayments must be based on prudent principles and we will work with COSLA and Audit Scotland to reach a solution.

Throughout the Budget negotiations, I have endeavoured to engage constructively and openly with COSLA. As a result of the continuing UK austerity cuts forced upon us I know local authorities, along with the rest of the public sector, are still facing some difficult financial challenges, but I hope that you can recognise and welcome the significant package of additional measures I have confirmed today, which I truly do consider will be the biggest empowerment of local authorities since devolution.

Set out in the Appendix to this letter are details of the additional allocations to individual local authorities, through the normal formula distribution for the additional £90 million, to be spent at the discretion of individual councils. Subject to Parliamentary approval in the final stages of the Budget Bill, these sums will be added to the Local Government Finance (Scotland) Order 2019 to be presented to Parliament later in February.

Yours

DJ Mackay

DEREK MACKAY

Local Authority	Additional Stage 1 Allocation: Core Grant
	£m
Aberdeen City	3.161
Aberdeenshire	4.352
Angus	1.967
Argyll & Bute	1.626
Clackmannanshire	0.834
Dumfries & Galloway	2.678
Dundee City	2.503
East Ayrshire	2.051
East Dunbartonshire	1.874
East Lothian	1.719
East Renfrewshire	1.787
Edinburgh, City of	7.038
Eilean Siar	0.691
Falkirk	2.600
Fife	6.165
Glasgow City	9.969
Highland	4.228
Inverclyde	1.355
Midlothian	1.493
Moray	1.543
North Ayrshire	2.398
North Lanarkshire	5.702
Orkney	0.637
Perth & Kinross	2.477
Renfrewshire	2.941
Scottish Borders	1.990
Shetland	0.719
South Ayrshire	1.890
South Lanarkshire	5.388
Stirling	1.585
West Dunbartonshire	1.576
West Lothian	3.063
Scotland	**90.000**

APPENDIX 2

ONE-OFF POTENTIAL OPTIONS - RESERVES

OPTION	2018/19	2019/20	2020/21	2021/22	COMMENTS
CHANGE POLICY ON TREATMENT OF CAPITAL RECEIPTS	£1,700,000	£3,000,000	£0	£0	2018/19 BASED ON ACTUAL RECEIPTS RECEIVED TO DATE, 2019/20 BASED ON CONSERVATIVE ESTIMATE OF EXPECTED CAPITAL RECEIPTS, 2020/21 ASSUMED CAPITAL RECEPTS REMAIN AS PER CAPITAL PLAN AS PRUDENT APPROACH
USE OF PREVIOUSLY EARMARKED RESERVES	£0	£426,000	£0	£0	ONE-OFF IN 19/20, COMPRISES: £300,000 SILVERTON FLAT ROOFS - CAN NOW CHARGE ANY COSTS TO CAPITAL; COMMUNITY LOANS FUND - NOT ACCESSED SINCE STARTING £101,000; AND £25,000 CONTINGENCY HELD FOR BUSINESS GATEWAY
USE OF FREE UNEARMARKED RESERVES	£0	£182,000	£0	£0	THIS VALUE IS THE CLOSING FREE RESERVE BALANCE AT 31/3/18 AND BASED UPON CURRENT BUDGETARY CONTROL POSITION THIS WOULD BE ABLE TO BE USED TO CLOSE THE GAP
SINKING FUND	£2,829,000	-£445,000	-£451,000	-£456,000	USE AS ONE-OFF TO OFFSET PRINCIPAL REPAYMENTS, REVENUE IMPACT SHOWN 19/20 ONWARDS
TOTALS - EXCLUDING LOANS FUND REVIEW	**£4,529,000**	**£3,163,000**	**-£451,000**	**-£456,000**	
LOANS FUND REVIEW	£2,000,000	£2,000,000	£2,000,000	£2,000,000	CURRENT ASSUMPTION BASED ON INITIAL REVIEW BY OFFICERS. THIS WILL CERTAINLY CHANGE BY 27 MARCH COUNCIL
TOTALS - INCLUDING LOANS FUND REVIEW	**£6,529,000**	**£5,163,000**	**£1,549,000**	**£1,544,000**	

PRUDENTIAL RESERVE RETAINED	**£4,122,000**

West Dunbartonshire Council **APPENDIX 3**

Summary of Position and Options

DESCRIPTION	**2018/19 £**	**DRAFT BUDGET 2019/20 £**	**INDICATIVE BUDGET 2020/21 £**	**INDICATIVE BUDGET 2021/22 £**
NET COST OF SERVICES BEFORE MANAGEMENT ADJUSTMENTS		217,899,332	225,292,330	230,960,902
MANAGEMENT ADJUSTMENTS - NOVEMBER 2018		(2,239,062)	(2,928,762)	(2,957,593)
MANAGEMENT ADJUSTMENT - FEBRUARY 2019		(150,000)	(300,000)	(300,000)
NET COST OF SERVICES AFTER MANAGEMENT ADJUSTMENTS		**215,510,270**	**222,063,568**	**227,703,309**
SCOTTISH GOVERNMENT FUNDING		(176,540,500)	(174,193,000)	(171,342,000)
COUNCIL TAX		(34,796,500)	(35,910,000)	(37,136,000)
TOTAL FUNDING		**(211,337,000)**	**(210,103,000)**	**(208,478,000)**
SAVINGS REQUIRED		**4,173,270**	**11,960,568**	**19,225,309**
POTENTIAL MEANS OF CLOSING THE GAP - EXCLUDING LOANS FUND REVIEW				
INCREASE COUNCIL TAX BY UP TO 4.87%		600,000	600,000	600,000
REDUCE FUNDING TO HSCP BY UP TO MAXIMUM ALLOWED BY SCOTTISH GOVERNMENT		850,000	850,000	850,000
VALUE OF SAVINGS OPTIONS - DECEMBER 2018		1,717,000	2,482,000	2,679,000
VALUE OF RESERVES OPTIONS	4,529,000	3,163,000	(451,000)	(456,000)
IN YEAR POTENTIAL USE	**4,529,000**	**6,330,000**	**3,481,000**	**3,673,000**
POTENTIAL FOR 2019/20 BUDGET PROCESS		**10,859,000**		
POTENTIAL MEANS OF CLOSING THE GAP - INCLUDING LOANS FUND REVIEW	**6,529,000**	**8,330,000**	**5,481,000**	**5,673,000**
		14,859,000		

WEST DUNBARTONSHIRE COUNCIL

Report by the Strategic Lead Housing and Employability

Council: 14 February 2019

Subject: Housing Revenue Account (HRA) Estimates 2019/2020

1. Purpose

1.1 The purpose of this report is to seek Council approval of the updated HRA capital programme; the HRA revenue budget for 2019/20 and the level of weekly rent increase for 2019/20 which is sufficient to fund the revenue budget for 2019/20 and the associated capital investment programme.

2. Recommendations

2.1 It is recommended that Council:

i) Notes the outcome of the tenant consultation process, detailed in Appendix 1;

ii) Notes the progress made, per Appendix 2, in the HRA capital programme for 2018/19 as approved by Members at the Council meeting of 5 March 2018;

iii) Agrees the updated five year capital programme of work set out in Appendix 3 to this report inclusive of the Council's new house building programme and the overall resources to fund the programme;

iv) Agrees the revenue budget for 2019/20 as detailed in Appendix 4;

v) Agrees the weekly rent increase for 2019/20 at an average £1.56 on a 52 week basis (£1.73 on a 47 week basis), equating to 2% to meet the planned revenue HRA budget as detailed in Appendix 4;

vi) Agrees to increase rents at the Gypsy Travellers site by the 2%;

vii) Agrees to maintain the existing level of lock-up rent levels at £5.55 per week on a 52 week basis (£6.14 on a 47 week basis) at the same levels as for 2018/19; and

viii) Notes the increase in the prudential reserve target for 2018/19 (from £0.864m to £0.850m).

3. Background

3.1 In June 2012 the Council took the decision to halt the partial stock transfer process and retain the housing stock and to address the challenges of improving homes and meeting housing need by:

- Investing approximately £85 million to improve homes;
- Embarking on a programme of demolition and regeneration of sites; and
- Progress on a council house building programme.

3.2 In considering the structure of the budget consideration has been given to:

- Increasing revenues and reducing costs by:
  - improving void performance;
  - improving estate management generally; and
  - improved asset management.

- Financial Impact – ongoing implementation of various welfare reform changes;

- Financing the investment required to maintain Scottish Housing Quality Standard (SHQS), the Energy Efficiency Standard for Social Housing (EESSH); and

- Managing the interface with owners/sold property.

3.3 In preparing these estimates the following factors have been taken into account:

- Nil inflation has been assumed on all non-protected budget lines;
- Provision has been made for a pay increase in line with Scottish Government's commitments on public sector pay; and
- A 4% turnover expectation has been applied to employee costs.

3.4 For financial year 2018/19 West Dunbartonshire's average weekly rent of £76.82 was third highest of Scotland's 29 housing authorities. This equates to £6.46 (9%) above the national average for local authorities of £70.36. In comparison with the overall Scottish average including Registered Social Landlords of £76.23, West Dunbartonshire's average weekly rent was £0.59 above this average.

4. Main Issues

4.1 HRA Capital Investment

4.1.1 At Council on 5 March 2018, a 5 year programme of HRA capital work to 2022/23 was reported and approved. Progress on 2018/19 work is shown in Appendix 2, information on variances is provided in the HRA Budgetary Control report which is included in the papers for this Council meeting. The overall slippage in 2018/19 is projected to be £8.637m (25.9%).

4.1.2 The HRA capital programme is derived from data from the current stock condition survey and, where appropriate, technical assessment of staff. The main drivers for the programme are for the Council to meet the requirements of the SHQS, the EESSH and meet its landlord obligations and health and safety responsibilities. In addition to the core stock, the programme includes the Council's new house build programme.

4.1.3 The Council's new house build and housing supply programme 'More Homes West Dunbartonshire' will see significant resources invested in the creation and acquisition of new homes. The Council's commitment to increasing the housing supply, as evidenced within the Local Housing Strategy, is further reinforced through planned open market acquisitions and is incorporated into the future programme. The Council will also continue to support applications under the Scottish Government Mortgage to Rent Scheme. An expenditure budget of £95.770m for the affordable supply programme is factored into the 5 year capital plan, together with a projected minimum of £26.878m of Scottish Government Grant Funding available through the Affordable Housing Supply Programme. Therefore, there is a net capital cost to the HRA of £68.892m.

4.1.4 The new build programme will include the continuation of the current new build programme approved by the Housing and Communities Committee on 6 February 2019. It reflects the delivery of around 420 new Council homes in West Dunbartonshire under the 'More Homes West Dunbartonshire' strategic approach and quarterly updates on progress including changes in programme will continue to be reported to the Housing and Communities Committee

4.1.5 The 5 year plan has now been rolled forward a year to 2023/24 and recognises progress made and any re-phasings of projects and anticipated funding that have been necessary. The result of this review is shown as Appendix 3 and results in the expected level of loan charges to be the following:

Year	Amount
2019/20	£12.607m
2020/21	£14.341m
2021/22	£16.493m
2022/23	£17.690m
2023/24	£18.753m

4.1.6 It should be noted that the 30 year HRA business model has been prepared on the basis that there will be fluctuations in inflation over the period of the plan. These assumptions would need to be revised in the event of long-term inflation forecasts being above target (the planning assumption for long-term inflation in the business model is 2.5%) or additional pressures on the revenue account becoming apparent. The other key variable within the business model is the capital expenditure requirements which can alter depending on circumstances and priorities. The HRA business model is updated annually to recognise the most up-to-date information.

4.1.7 In considering affordability, a key output from the HRA business model is the percentage of rental stream that is required to fund debt charges. This is an indicator for the amount of prudential borrowing that can be undertaken without putting undue stress on the remainder of the revenue budget. When the decision was taken to retain all the housing stock in WDC the investment requirements needed to achieve the SHQS coupled with the historic debt structure of HRA debt suggested that the "debt affordability" percentage in West Dunbartonshire should not exceed 50%.The most recent update for 2019/20 has an average percentage of 44% with a peak of 49% in 2044/45.

4.1.8 Over the 30 year period of the business model, the additional rental income stream from the new properties will offset the additional loan charges outlined in 4.1.5 above.

4.1.9 The Council's external auditors have raised concerns around the level of borrowing which the Council currently holds in general and analysis (which indicates that the Council has amongst the highest levels of borrowing in Scotland) includes the significant HRA investment in achieving SHQS. The annual debt affordability percentages under the most recent HRA business model update as outlined in 4.1.7 above continues to be within acceptable range and the model therefore remains robust and viable in terms of debt affordability.

4.2 HRA Revenue Estimates 2019/20

The revenue estimates for 2019/20 are attached as Appendix 4 showing an increase in net expenditure, since 2018/19, of £0.814m. This is the amount which needs to be recovered via the proposed rent increase and equates to 2% based on expected housing stock and occupancy levels. Appendix 4 provides information on the breakdown of the budget and provides explanations for the main year on year variances.

4.3 Reserves

4.3.1 At March 2018, the HRA reserve was £7.422m, consisting of:

Reserves	**£m**
Regeneration of housing stock	6.072
Welfare Reform Reserve	0.500
2018/19 prudential reserve	0.850
Total	**7.422**

4.3.2 Council policy is that an HRA Prudential Reserve of 2% of gross expenditure should be maintained. Based upon the recommended budget for 2019/20, this equates to £0.864m for 2019/20 (previously £0.850m). The increase in the prudential reserve of £0.014m for 2019/20 is anticipated to come from the forecast annual surplus for 2018/19. It is prudent to recommend that the budget for 2019/20 retains reserves at this level.

4.3.3 It is currently forecast (per the probable outturn identified in the Budgetary Control report for Period 9 which is subject of another report to this meeting) that there will be an in-year surplus on the HRA revenue account at the end of 2018/19 of £0.061m which, adjusting for the increase in the prudential target noted above, results in a net surplus of £0.047m.

4.3.4 It is anticipated that all of the £6.072m reserve held at March 2018 in respect of regeneration of stock will be utilised during 2018/19. Council policy established a number of years ago is that any surpluses will be earmarked for the purpose of regeneration of the housing stock. Therefore by 31 March 2019 the above would result in the reserves being as follows:

	£m
Regeneration of Housing Stock (from in-year projected surplus within the revenue account)	0.047
Funds retained from previous earmarked reserves to fund Welfare Reform Reserve	0.500
Projected Earmarked Reserves at 31/03/2019	**0.547**
Prudential reserve	0.864
Total Projected Reserves	**1.411**

4.3.5 In terms of the adequacy of reserves, the prudential level of reserves is viewed as being at an adequate level to deal with any financial shocks to the budget, based on previous experience and future expectations specifically in relation to income streams. As can be seen, the level of reserve remains planned to meet the prudential level and is therefore judged as being adequate.

4.3.6 The Councils long term finance strategy (reported to Council in November 2018) provides a longer term view of the potential cost of loan charges. Currently a review of options for the management of the Loans Fund and annual loans charges is underway which has the potential to reduce annual costs charged and discussions are ongoing with Scottish Government and Audit Scotland regarding this. On 31 January 2019, following a statement made to the Scottish Parliament, the Secretary of State for Finance, Economy and Fair Work wrote to all Council Leaders advising that the Scottish Government intends to pass legislation in the new financial year which would clarify the position on this opportunity. At present it is unclear as to whether this will allow Councils to make these potential changes during 2018/19 or in setting budgets for 2019/20. At present it is therefore assumed that this is not possible. In addition Officers are continuing in their review of the Loans Fund in anticipation of such a change potentially becoming possible. Initial review indicates a prudential position for the HRA which does not generate significant opportunity. It is anticipated that any opportunity that does arise from this after the HRA budget is set will be reported to Council in March 2019 with any potential financial impact being retained in HRA reserves for future use.

4.4 Rent Increase

4.4.1 The Council is required to consider the level of weekly rent increase for the financial year 2019/20 and agree an appropriate rent rate which meets the estimated costs of providing the Housing Service in 2019/20 as identified in the Appendix 4.

4.4.2 In determining the level of weekly rent increase, due cognisance must be taken in terms of changing service demands, as well as the requirements for investment as detailed in the Standard Delivery Plan and the need for robust financial planning and management to ensure that the Council delivers on its investment commitments. In addition the decision of the Council in June 2012 regarding its policy on stock retention, which set out clearly the rent increase requirements to support the Council's investment needs, must be recognised.

4.4.3 The required weekly percentage rent increase contained within the attached HRA estimate is an average £1.56 on a 52 week basis (£1.73 on a 47 week basis) which equates to 2%.

4.4.4 The recommended budget attached, sets a rent level that satisfies best practice in maintaining a prudential balance, ensuring that all reasonable contingencies are taken into account and is sufficient to support the Council's HRA investment programme.

4.4.5 At the rent consultation meetings held in November 2018, the draft HRA Estimates for 2019/20 and the department's plans to expand the Council's new build programme and to achieve and exceed the SHQS were discussed.

4.4.6 A survey of tenants was undertaken regarding options for setting the rent and tenants were asked to select from 3 options:

<u>Option 1</u>
2% increase which would deliver an enhanced level of service and investment including the delivery of new homes and a refreshed Housing Investment programme with an additional 800 showers funded through 50% of the Tenant Priority Budget (£0.400m);

<u>Option 2</u>
2.25% increase which would deliver an enhanced level of service and investment including the delivery of new homes and a refreshed Housing Investment programme plus Tenant Priority Budget of £0.800m plus an expanded shower programme (+1,000 showers); or

<u>Option 3</u>
2.5% increase which would deliver an enhanced level of service and investment including the delivery of new homes and a refreshed Housing Investment programme plus Tenant Priority Budget of £0.800m plus an expanded shower programme (+2000 showers).

There were 250 respondents to the survey with the majority opting for option 1, as follows:

- Option 1 54.8%;
- Option 2 22.0%; and
- Option 3 23.2%.

Further information from the survey is provided in Appendix 1.

4.4.7 It is recommended that Council increase rents at the Gypsy Travellers site by the same percentage as the housing rents at 2%.

5. People Implications

5.1 There are no personnel issues.

6. Financial and Procurement Implications

6.1 The financial implications are as detailed within the report and appendices.

6.2 All procurement activity carried out by the Council in excess of £50,000 is subject to a contract strategy. The contract strategy for the HRA Capital Programme will be developed by the Corporate Procurement Unit in consultation with Housing officers. The contract strategy will include, but is not limited to; contract scope, service forward plan, the market, procurement model and routes – including existing delivery vehicles, roles and responsibilities, risks, issues and opportunities and on-going contract management. Opportunities to maximise the positive social, economic and environmental impact for the Council through the relevant procurement processes will be developed in line with procurement policy.

7. Risk Analysis

7.1 The key driver for determining rents for Council properties is the HRA investment plan. Failure to set rents consistent with the delivery of this plan will potentially result in insufficient funding being available to meet the aspirations highlighted above.

7.2 In producing the budget a number of assumptions have been made in relation to performance around rent recovery, voids and the impact of welfare reform. These issues will be closely monitored during 2019/20 and members advised of any significant variations that will impact materially on the sufficiency of the budget as proposed.

7.3 The Council's new house build programme is supported by Scottish Government's Affordable Housing Supply Programme (AHSP) funding, which resource allocations are only known up to end of March 2021. There is therefore a risk that if any Council projects are not completed by March 2021, then the full level of grant funding may not be able to be drawn down. To mitigate this risk the Council has programmed accordingly and is developing a procurement approach which aims to ensure delivery by this key date.

7.4 In terms of the capital programme, the main financial risks relate to:

i) whether inflation increases costs, resulting in plans requiring to be reviewed upwards;
ii) longer-term affordability requires to be considered in determining appropriate levels of capital funding.
iii) The cost of work to be carried out on high rise properties following fire risk assessment is still uncertain and may be higher than the £0.5m currently budgeted in 2021 in respect of this.

Ongoing budgetary control processes will monitor the above issues and any issues will be reported to a future Council meeting for consideration.

8. Equalities Impact Assessment (EIA)

8.1 An EIA screening has been undertaken by officers and no issues were identified.

9. Consultation

9.1 The Council has a statutory requirement to carry out a rent consultation exercise. Details of the consultation can be seen in Appendix 1.

9.2 A HRA budget scrutiny group (Joint Rent Group) is now well established involving tenant representatives. This group meet with Officers and the Convenor monthly and examines the HRA to ensure increased transparency and demonstrate Value for Money to tenants.

10. Strategic Assessment

10.1 The proposals contained in this report directly address four of the Councils five strategic priorities as agreed at 26 September 2012, Members agreed five strategic priorities, namely Life Chances for Children and Young People, Care and Promotion of Independence with Older People, Local Housing and Environmentally Sustainable Infrastructure and Wellbeing of Communities and Protection of Welfare of Vulnerable People. The investment in, and provision of attractive affordable housing will also indirectly support the objective of economic growth and employability through supporting employment and improving place attractiveness.

10.2 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and Officers to pursue the five strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council.

Peter Barry
Strategic Lead – Housing and Employability
Date: 1 February 2019

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Appendices:	Appendix 1:	Consultation information
	Appendix 2:	HRA Capital Projects Forecast Outturn and Slippage 2018/19
	Appendix 3:	HRA Capital programme Financial Year 2019/24
	Appendix 4:	2019/20 Housing Revenue Account Draft Revenue Estimate

Background Papers: EIA screening
Consultation Planning Sheet

Wards Affected: All

Housing Services **Appendix 1**

Consultation Recording Sheet

Housing Service …Housing Development & Homelessness

Person responsible: Janice Rainey and Jane Mack

Consultation Start date: 14/11/18 End Date 22/1/19

1.	The name of consultation / participation exercise?	Rent setting consultation 2019/20
2.	Its aims and objectives?	Discuss and get agreement from tenants on HRA Budget estimates and vote on subsequent rent increase options for 2019/20.
3.	Who did you invite/include? (e.g. all tenants, tenant from the interested tenants register, RTOs, staff)	Public meeting arranged for 27/11/18 and advertised through the WDC website. Specific invites were also sent to, • TRA members • Register of Interested tenants • Scrutiny Panel members • Sheltered Housing Forum Aim of public meeting was to agree options for wider consultation. All tenants then had the opportunity to vote through freepost voting cards included with the Winter Housing News which is delivered to all WDC tenants. Voting could also be done via online survey.
4.	What methods did you use to promote/invite stakeholders to get involved? (e.g. letters, posters, website)	The consultation process included a public meeting (27/11/18) and a public survey. Specific invites to all members of the above groups inviting them to the public meeting were sent. The Council's website and social media was also used to advertise the public meeting. The winter edition of the Housing News was used to advise tenants of the outcome of discussions with the Joint Rent Group and the rent increase options they could vote on. The edition included a front page article and an A3 insert which outlined details of the rent increase options and a freepost voting card. The survey was also promoted through The Council's web pages and social media, as well as on our Tenant

		Participation Facebook account. The survey could be completed online or by returning the postage pre-paid voting card. Housing officers and One Stop Shop staff were also utilised to promote the survey and encourage the tenants they engaged with to use their vote. Reminders about the survey were also emailed to staff in January 2019 and a supply of voting cards provided to both housing offices and One Stop Shops.
5.	Who actually took part? (Number of individuals and or number of tenant organisations represented)	16 tenants attended the public meeting on 27/11/18 which included representatives from 4 TRA's as well as 6 individual tenants. 250 tenants voted for their preferred option in the survey – 171 using the pre-paid voting card and 79 online votes.
6.	What method(s) did you use to obtain their views? (e.g. focus/working group, newsletter, survey) Why did you choose this method(s)?	A presentation was given at the public meeting which outlined performance of Housing Services and a breakdown of proposed spending for 2019/20. The HRA estimates were presented using the good practice model developed by the Scottish Housing Network and our own Joint Rent Group. A survey was developed to collect views on the 3 proposed options that the Council's Business Plan could afford and from the discussion at the public meeting. These methods were chosen to gather the views of as many tenants as possible in a clear and most accessible way as possible. The survey also ensured that tenant's views are taken into account as part of the Council committee decision -making process. The information provided was presented in as clear and understandable way as possible and made available online for any tenant to refer to. Using staff to promote the survey also allowed for dialogue with tenants about wider issues or to explain more the options being considered.
7.	What good practice or minimum standards can you evidence as part of your consultation?	An 8 week consultation period was used to collect views. Paper voting cards were made available to all tenants through the Housing News as well as the on line option.

		The Public meeting was arranged for 6pm to accommodate as many people as possible. The meeting room had a loop system and was in an accessible building. Transport was also arranged for any tenant that required it to assist them getting to the meeting and this was all emphasized in the invite. All financial information (meeting notes and HRA budget estimates) were made as clear and understandable as possible as well as being available on-line for public scrutiny.
8.	What was the outcome of the consultation?	The tenant views expressed at the public meeting were used to finalise the rent options that all tenants could vote on. The survey results were put forward as the proposed rent increase going for Council approval.
9.	How did you feedback to participants the outcome?	A survey report will be sent to all respondents and results will be made available on Council webpages and in the Spring Housing News. All rent increases must be notified to tenants in writing with 28 days notice so all tenants will be advised of the rent increase and how much the increase means for their own weekly and annual rent charge.
10.	How did tenant involvement influence your consultation? We have continued to increase tenants understanding and opportunity to scrutinise the the HRA through our Joint Rent Group which includes tenant volunteer members. Our Joint Rent Group also reviewed the financial information being presented to try to make it as clear and understandable as possible. The West Dunbartonshire Tenants & Residents Organistaion also used their regular column in the Housing News to encourage tenants to use their voice and vote for their preferred option.	
11.	Are you able to demonstrate this?	YES
12.	How have you demonstrated to tenants that involvement made a difference?	The preferred option for a 2% rent increase from the public survey is being put forward as the rent proposal to be considered by Councillors.

13.	Did you check with participants that they were happy with the opportunities given to make their views known and that they felt that we listened and acted upon them?	The WDTRO and tenant volunteers on the Joint Rent Group have stated that they were happy with the continuing improvements being made to the rent setting process. Tenant understanding of the HRA has continued to increase through the Joint Rent Group and the discussion at the public meeting was very informed and constructive.

What worked well, what didn't work well – or any other comments you have.

Comments: We had a small increase in the number of attendees at the public meeting – last year 14, this year 16 and more individual tenants attended. The survey responses decreased from 303 responses last year to 250 this year, which was disappointing as it had been hoped that voting numbers would increase year on year as tenants see that they can influence the outcome.

The continuing work of the Joint Rent Group has increased transparency and discussion around how the HRA is spent but response rate indicates that more needs to be done to inform a wider audience of tenants.

The timing of the rent setting process also needs to be prioritised earlier in the year so that tenant discussions start earlier. The Housing News is a valuable vehicle to reach all tenants but the timing of the winter edition was a week later than last year which meant most tenants received their copy on 21/22 of December which is too near Christmas for many people to engage or respond. Facebook reminders about the survey got far greater reaches later in January than for the survey launch so the timing does have a critical effect.

WEST DUNBARTONSHIRE COUNCIL **APPENDIX 2**
HRA CAPITAL PROGRAMME
CAPITAL PROJECTS FORECAST OUTTURN AND SLIPPAGE 2018/19

CAPITAL EXPENDITURE	Budget £000	Forecast Outturn £000	Slippage £000	Over / (Under) Spend £000
OTHER CAPITAL EXPENDITURE				
Special Needs	400	400	0	0
CCTV Projects	24	24	0	0
Priority Projects as advised by Housing Management	-	10	0	10
Capitalised Minor Works	600	600	0	0
Housing Asset Management	94	94	0	0
Community Safety	98	98	0	0
Integrated Housing Asset Management	460	460	0	0
Projects to deliver housing policies/strategies	1,086	702	384	0
MAJOR COMPONENT REPLACEMENTS				
Targeted SHQS compliance works	719	719	0	0
Targeted EESSH compliance works	5,150	5,150	0	0
Building external component renewals	3,134	3,134	0	0
Doors/window component renewals	1,500	1,000	500	0
External stores/garages/bin stores/drainage renewals	114	114	0	0
Secure entry component renewals	130	130	0	0
Statutory/regulatory compliance works	131	131	0	0
Heating improvement works	600	600	0	0
Energy improvements/energy efficiency works	79	79	0	0
Modern facilities and services	380	380	0	0
Non Traditional and Traditional Improvement Works	1,200	700	500	0
VOID CAPITAL				
Void house strategy programme	2,500	3,150	0	650
DEMOLITIONS				
Clydebank East demolition/homeloss & disturbance	87	20	0	(67)
Regeneration/Demolition of Surplus Stock	306	306	0	0
CONTINGENCIES				
Contingencies	100	100	0	0
STRUCTURAL & ENVIRONMENTAL				
Defective structures/component renewals	563	563	0	0
Environmental renewal: paths/fences/walls/parking	1,505	1,505	0	0
Asbestos management works	200	200	0	0
SUPPORT COSTS				
Direct Project Support	1,800	1,800	0	0
NEW BUILD				
New house build	10,446	3,193	7,253	0
TOTAL EXPENDITURE	**33,406**	**25,362**	**8,637**	**593**

RESOURCES	Budget £000	Forecast Outturn £000	Slippage £000	Over / (Under) Recovery £000
New Build Grant	6,093	4,982	1,111	0
Prudential Borrowing	19,117	12,189	7,521	598
Capital Receipts	-	-	0	0
Other Grants/Contributions	753	753	0	0
Loan Repayments	14	9	5	(5)
CFCR	7,429	7,429	0	0
TOTAL RESOURCES	**33,406**	**25,362**	**8,637**	**593**

APPENDIX 3

WEST DUNBARTONSHIRE COUNCIL
HRA CAPITAL PROGRAMME
FINANCIAL YEAR 2019-24 DRAFT

CAPITAL EXPENDITURE	2019-20 Annual Budget £000	2020-21 Annual Budget £000	2021-22 Annual Budget £000	2022-23 Annual Budget £000	2023-24 Annual Budget £000
OTHER CAPITAL EXPENDITURE	**1,050**	**1,100**	**950**	**950**	**950**
Special needs adaptations	400	400	400	400	400
Capitalised minor works	600	600	400	400	400
Housing asset management	50	100	150	150	150
MAJOR COMPONENT REPLACEMENTS	**14,702**	**12,860**	**9,480**	**9,240**	**9,240**
Targeted SHQS compliance works	200	200	200	200	200
Targeted EESSH compliance works	5,150	5,100	3,450	3,450	3,450
Building external component renewals, roofs/chimneys/flashings/fascias/gutters/svp	3,000	3,000	3,000	2,760	2,760
Doors/window component renewals	2,000	1,500	1,500	1,500	1,500
External stores/garages/bin stores/drainage component re	70	70	40	40	40
Secure entry component renewals	70	70	40	40	40
Statutory/regulatorycompliance works (lifts/electrical/legionnella/fire etc)	1,500	1,500	100	100	100
Heating improvement works	600	600	500	500	500
Energy improvements/energy efficiency works	50	50	50	50	50
Modern facilities and services	690	690	600	600	600
Improvement works (Risk St)	1,372	80	0	0	0
VOID CAPITAL	**2,500**	**2,000**	**1,500**	**1,500**	**1,500**
Void house strategy programme	2,500	2,000	1,500	1,500	1,500
CONTINGENCIES	**100**	**100**	**100**	**100**	**100**
Contingencies	100	100	100	100	100
STRUCTURAL & ENVIRONMENTAL	**1,980**	**2,100**	**1,600**	**1,600**	**1,600**
Defective structures/component renewals	500	500	500	500	500
Environmental renewal works, paths/fences/walls/parking area's	1,280	900	900	900	900
Asbestos management works	200	200	200	200	200
MSF Fire Risk Assesment Works	0	500	0	0	0
AFFORDABLE SUPPLY PROGRAMME	**35,770**	**32,300**	**10,900**	**8,400**	**8,400**
Buy Backs	1,384	1,000	0	0	0
St Andrews School	4,717	14,725	100	0	0
Haldane Primary School	7,774	2,885	200	0	0
Aitkenbar Primary School	7,915	1,800	200	0	0
Clydebank East	4,455	6,140	1,000	0	0
Creveul Court	2,739	500	200	0	0
Dumbarton Harbour Ph 3	5,085	500	0	0	0
Queens Quay	1,000	4,050	500	0	0
Future Developments	0	0	8,000	8,000	8,000
Fees and Staffing Costs	700	700	700	400	400
SUPPORT COSTS	**1,800**	**1,800**	**1,800**	**1,800**	**1,800**
Salaries/central support/offices	1,800	1,800	1,800	1,800	1,800
ANNUAL TOTAL EXPENDITURE	**57,902**	**52,260**	**26,330**	**23,590**	**23,590**

ANTICIPATED RESOURCES	2019-20 Annual Budget £000	2020-21 Annual Budget £000	2021-22 Annual Budget £000	2022-23 Annual Budget £000	2023-24 Annual Budget £000
New Build Grant	15,204	4,594	2,360	2,360	2,360
Prudential Borrowing	35,441	41,549	18,397	16,953	17,653
CFCR	7,257	6,117	5,573	4,277	3,577
TOTAL ANTICIPATED RESOURCES	**57,902**	**52,260**	**26,330**	**23,590**	**23,590**

DRAFT HRA ESTIMATES 2019/20

2017/18 Outturn £000	EXPENDITURE	2018/19 Estimate £000	Probable Outturn £000	2019/20 Estimate £000	Movement year on year £000	Comments on Movement >£50,000
4,075	Employee Costs	4,409	4,435	5,232	823	Provision for anticipated employee pay award and cost of new staffing model.
1,783	Property Costs	1,795	1,623	1,776	(19)	
95	Transport Costs	101	83	83	(18)	
347	Supplies, Services and Admin	379	336	308	(71)	Reduction in the cost of computer software (£0.065m) due to the savings associated with the new IHMS system.
2,533	Support Services	2,668	2,596	2,557	(111)	A review of the support services allocation across all services was undertaken during 17/18 to reflect the revised current service structures. This reduced the amount being recharged to the HRA. Further savings identified for the 19/20 estimate will also result in an even lower amount being recharged in 19/20.
400	Other Expenditure	291	403	404	113	Increase in the costs of legal expenses in relation to summon costs/monthly court fees and an increase in rent abatements due to void initiatives.
10,947	Repairs & Maintenance	11,693	11,764	12,088	395	Inflation attributes to approximately £0.294m, while a new budget line has been added specifically for High Rise Fire Safety (0.075m)
883	Bad Debt Provision	1,060	1,060	1,060	0	
1,155	Void Loss (Council Tax/Lost Rents)	1,084	993	870	(214)	There has been an improvement in lost rental due to management action to improve processes around voids to achieve faster turnaround and improve the appeal of harder to let properties. Further improvement target has been built into the 19/20 budget.
18,800	Loan Charges	19,028	19,028	18,826	(202)	The principal determinants of loan charges are the average pool interest rate and the level of borrowing. Net capital expenditure planned to support the department's investment priorities will continue at a high level. The loan charges on the 2018/19 expenditure will start to become repayable in 2019/20. All borrowing will be accommodated within the authorised prudential limits that will be presented to Council for approval within the Annual Treasury Strategy and is consistent with the projections contained within the HRA 30 year business plan.
41,018	**Total Expenditure**	**42,508**	**42,321**	**43,204**	**696**	
39,816	House Rents	40,822	40,705	40,703	119	Updated for information around expected stock numbers
229	Lockup Rents	230	232	231	(1)	
1,112	Factoring/Insurance Charges	1,114	1,158	1,170	(56)	
132	Other rents	132	123	123	9	
62	Interest on Revenue Balance	70	62	62	8	
126	Miscellaneous Income	140	102	101	39	
41,477	**Total Income**	**42,508**	**42,382**	**42,390**	**118**	
(459)	**Net Expenditure**	**-**	**(61)**	**814**	**814**	

Rent % Increase required (Net expenditure/19/20 estimated Rental Income at current rent level)	2.00%
Required rent increase (52 weeks)	£1.56
Average rent 2018/19 (52 weeks)	£78.09
Revised average rent (52 weeks)	£79.65

Prudential reserve	£0.850m