

Cost Inflation & Cost of Living – Impacts

November 2022



Cost Inflation & Cost of Living

- Impacts to the Housing Revenue Account
- Impacts on our tenants
- External intelligence
- What are we doing to support our tenants

WE LISTEN | WE CARE | WE ARE AMBITIOUS | WE ARE GOOD VALUE FOR MONEY



North Tyneside Council

Housing Revenue Account Current and Future Budget Issues



North Tyneside Council

Housing Revenue Account 2023-53 Business Plan

Policy priorities

- Maintaining Decent Homes standard of our existing stock
- Climate Change Emergency - installation of Solar PV etc
- Affordable Homes
- Apprenticeships – looking to ensure future business need met with proper succession planning
- Maintaining improved Empty Homes standards to meet tenant priorities
- Maximising income collection whilst supporting tenants to avoid falling into arrears

Potential risks

- Rent Increase – Government consulting on between 3–7% - well below current inflation
- Increased tabled Pay Award 2022-23 – future pay awards? Pressure on cost base
- Increase material and Sub-Contractor Costs – further pressures on the plan
- Impact on Repairs Budget and Investment Plan – less scope re Major works and likely reduced resource available for new build affordable homes
- Backlog of Disabled Adaptation OT assessed works in Council homes
- Increased energy and utility costs – potential impact on service charges faced by most vulnerable tenants ie those in North Tyneside Living PFI Accommodation
- Recruitment and retention of qualified trade staff – reliance on sub-contractors, agency etc
- Rent Collection Rates – direct impact on plan if arrears rise above budgeted bad debt provision
- Water Rates Commission issue
- Current review of Craft Agreement – potential additional costs further down the line
- White Paper responsibilities arising from Grenfell ie CO detectors and increased Electrical testing

Housing Revenue Account 2023-53 Business Plan

Current Position and Way Ahead

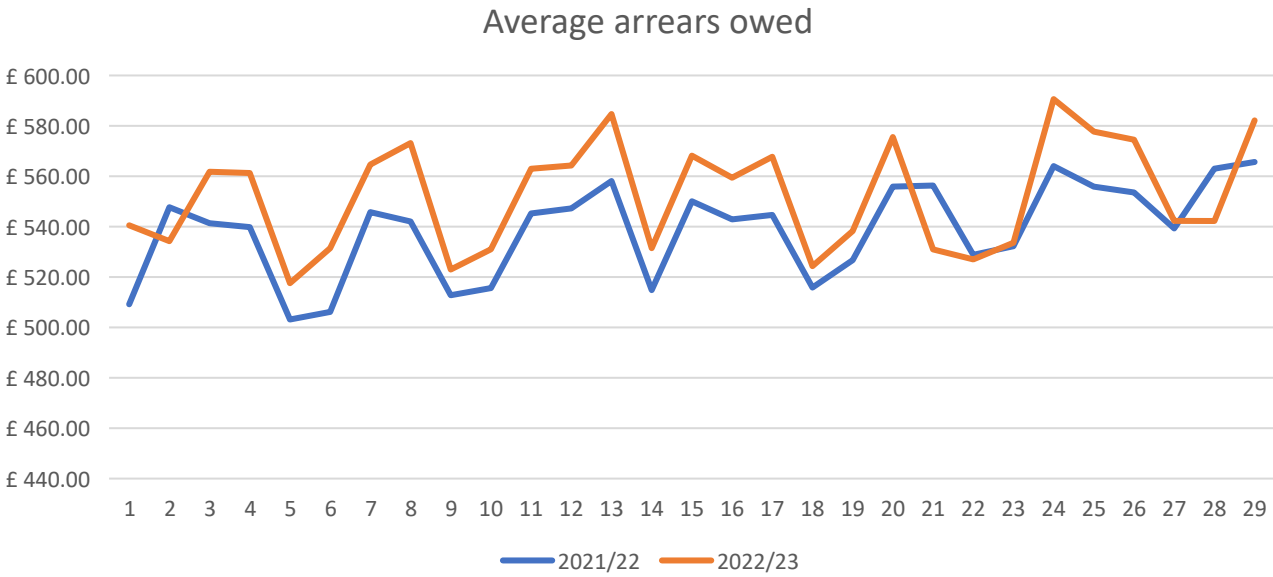
- Taking into account the above priorities and risks
- Modelling a number of scenarios
- Rent increases of 3%, 5% and 7% to model different positions
- Building in all of the known increased pressures at this stage
- Monitoring closely for further potential pressures
- Rent position – Scotland have announced will legislate to freeze social and private housing rents
- Pressure for Westminster to follow suit? Could be faced with more draconian option to model
- Hence at this stage undertaking work to develop these models
- Asset Management Plan refresh critical building block for this
- Following slide sets out current revenue Business Plan as per 2022-23 approved budget
- Refreshed plan versions and options as above currently being developed
- Waiting for Government to declare proposed rent increase and any outcomes from the Government's Fiscal Event planned for the 17th November 2022 (verbal update)
- Key decisions awaited re Pensions Triple-lock and policy re increases in benefits

Current 4 year plan for HRA 2022-26

	2021/22 Forecast Outturn	2022/23 Draft Budget	2023/24 Draft Budget	2024/25 Draft Budget	2025/26 Draft Budget
	£m	£m	£m	£m	£m
Rent, Garages and Service Charge Income	(61.091)	(62.891)	(64.498)	(66.191)	(67.982)
PFI Credits - North Tyneside Living	(7.693)	(7.693)	(7.693)	(7.693)	(7.693)
Rent from Shops, Offices etc.	(0.403)	(0.355)	(0.355)	(0.362)	(0.362)
Interest on Balances	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Contribution from Balances	(1.562)	(0.371)	(0.232)	(0.270)	0.000
Total Income	(70.799)	(71.360)	(72.828)	(74.566)	(76.087)
Capital Financing Charges	12.969	12.514	12.262	10.628	10.756
Management Costs	10.829	11.251	11.470	11.593	11.570
Repair and Maintenance	12.345	12.799	12.998	13.220	13.449
PFI Contract Costs – North Tyneside Living	10.037	9.786	9.836	9.887	9.941
Revenue Support to Strategic Investment	10.551	10.281	10.185	12.632	13.160
Depreciation / Major Repairs Account (MRA)	13.276	13.739	14.220	14.719	15.232
Bad Debt Provision	0.728	0.750	0.773	0.796	0.820
Transitional Protection	0.050	0.040	0.030	0.020	0.010
Management Contingency	0.015	0.200	0.200	0.200	0.200
Pension Fund Deficit Funding	0.000	0.000	0.855	0.871	0.890
Contribution to Balances	0.000	0.000	0.000	0.000	0.059
Total Expenditure	70.799	71.360	72.828	74.566	76.087
HRA Balances B/Fwd	(5.002)	(3.440)	(3.069)	(2.837)	(2.568)
Contribution To/From Balances	1.562	0.371	0.232	0.270	(0.059)
HRA Balances C/Fwd	(3.440)	(3.069)	(2.837)	(2.568)	(2.627)

Impact on Council Tenancies

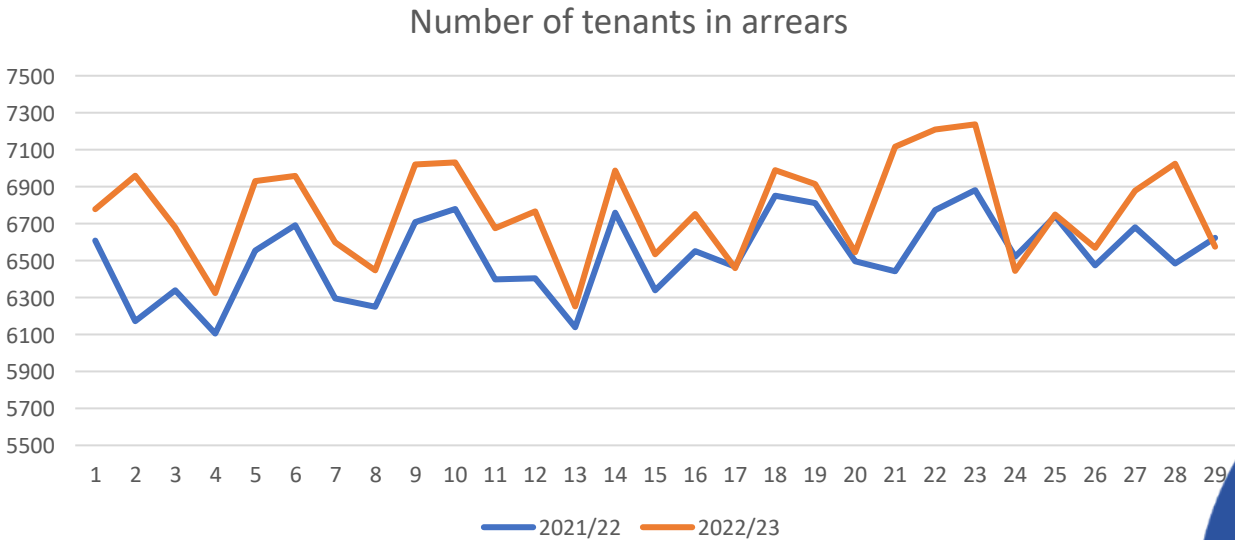
No significant increase in overall arrears or in the number of tenants in arrears...



Overall arrears for Council Tenants is currently £88,651 higher than this time last year.
This is less than the projected target figure

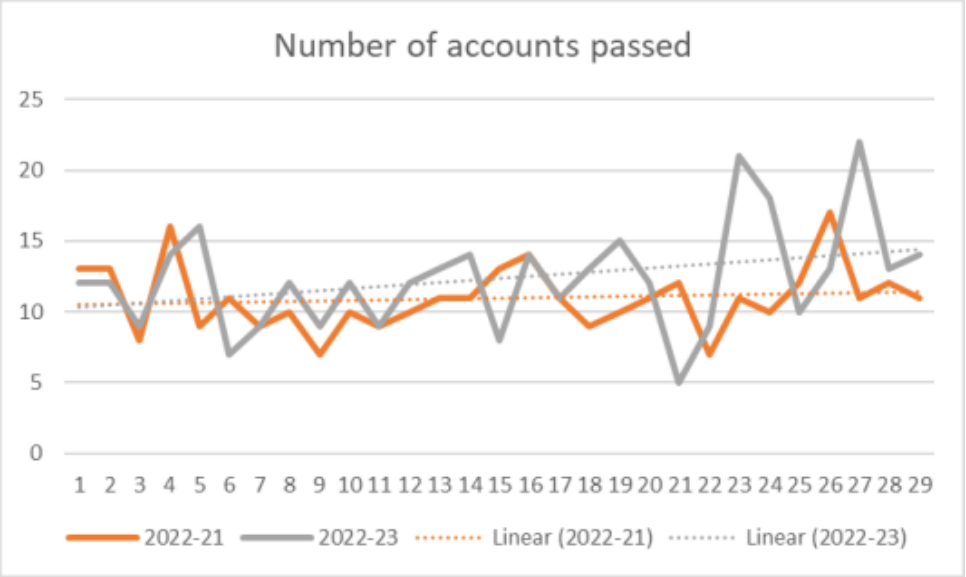
There are 48 less tenants in arrears now than there were this time last year.

The average arrears per tenant is £16.50 higher than it was last year.



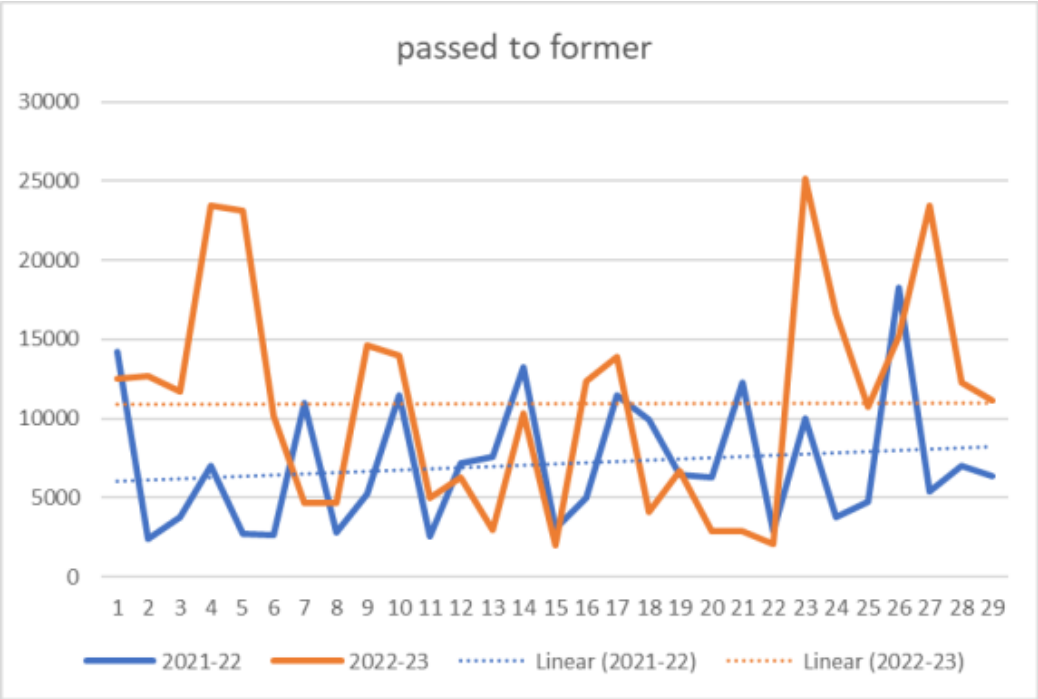
Impact on Council Tenancies

However, we are seeing an increase in the number of tenants who are ending their tenancy...



The number of accounts passed from current to former tenancies has increased by 12.58% over the last year.

The value of the debt for former tenancies has increased by 53.73% over the same period.
Average former tenant debt has increased by £237.57 to £887.49



Housing Data

- The number of terminations where the reason the tenant has given us is 'financial difficulties' has doubled from 2020/21 to 2021/22. This year the number has remained relatively steady
- Bankruptcy amongst council tenants is increasing significantly – already more this year than whole of the previous 2 years.
- Projecting an increase of 77% compared the average number over the last 3 years
- Average bankruptcy debt has increased 16.06% since last year

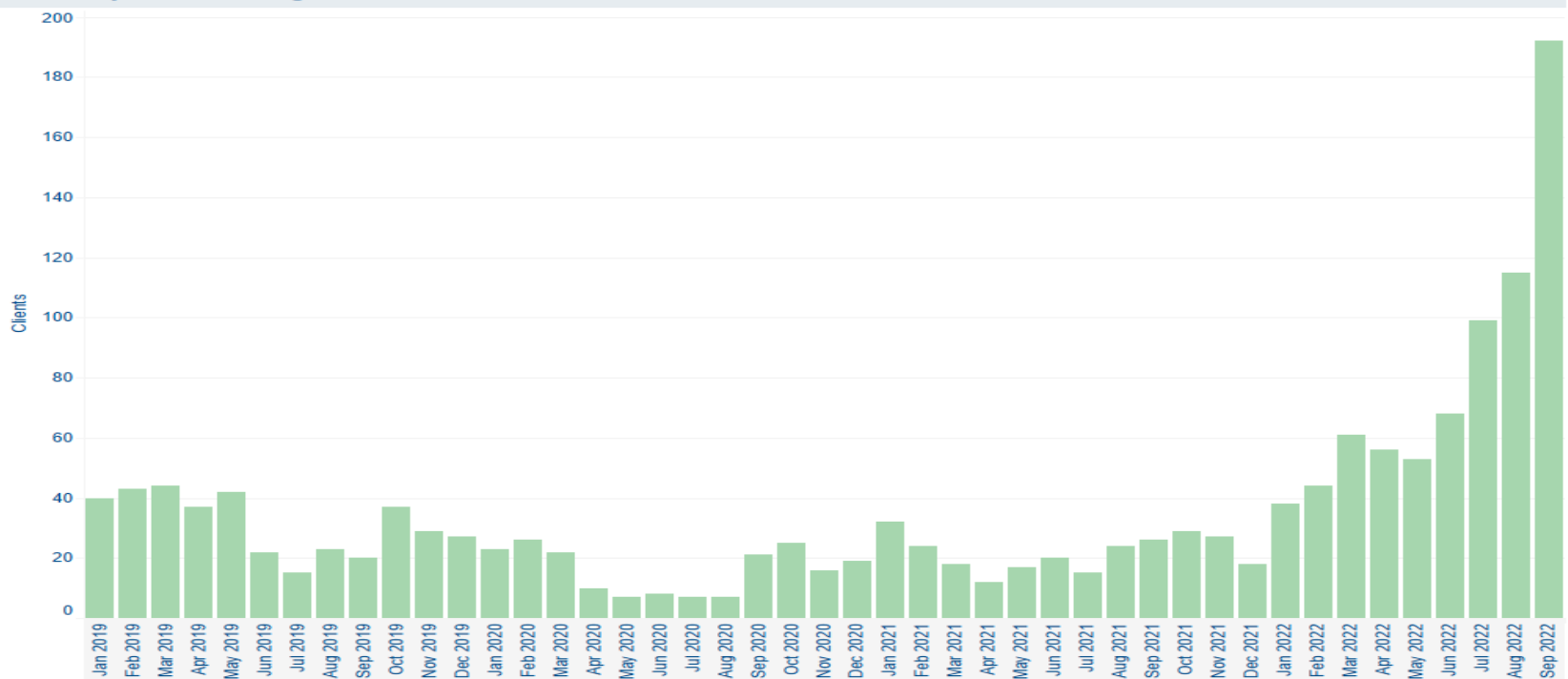
Data from Citizens Advice

1) Five key cost of living Issues

citizens
advice

Energy

Five Key cost of living issues



This report is to show the number of clients per month with the selected issue/s

Filters

Date
01/01/2019 00:00:00 to 30/09/2022

Government Region
All

Member
All

Funder
All

Local Authority
North Tyneside

Select Issue

- ☐ Charitable support & Food ..
- ☐ Council tax arrears
- ☒ Energy
- ☐ Energy debts
- ☐ Personal independence pay..

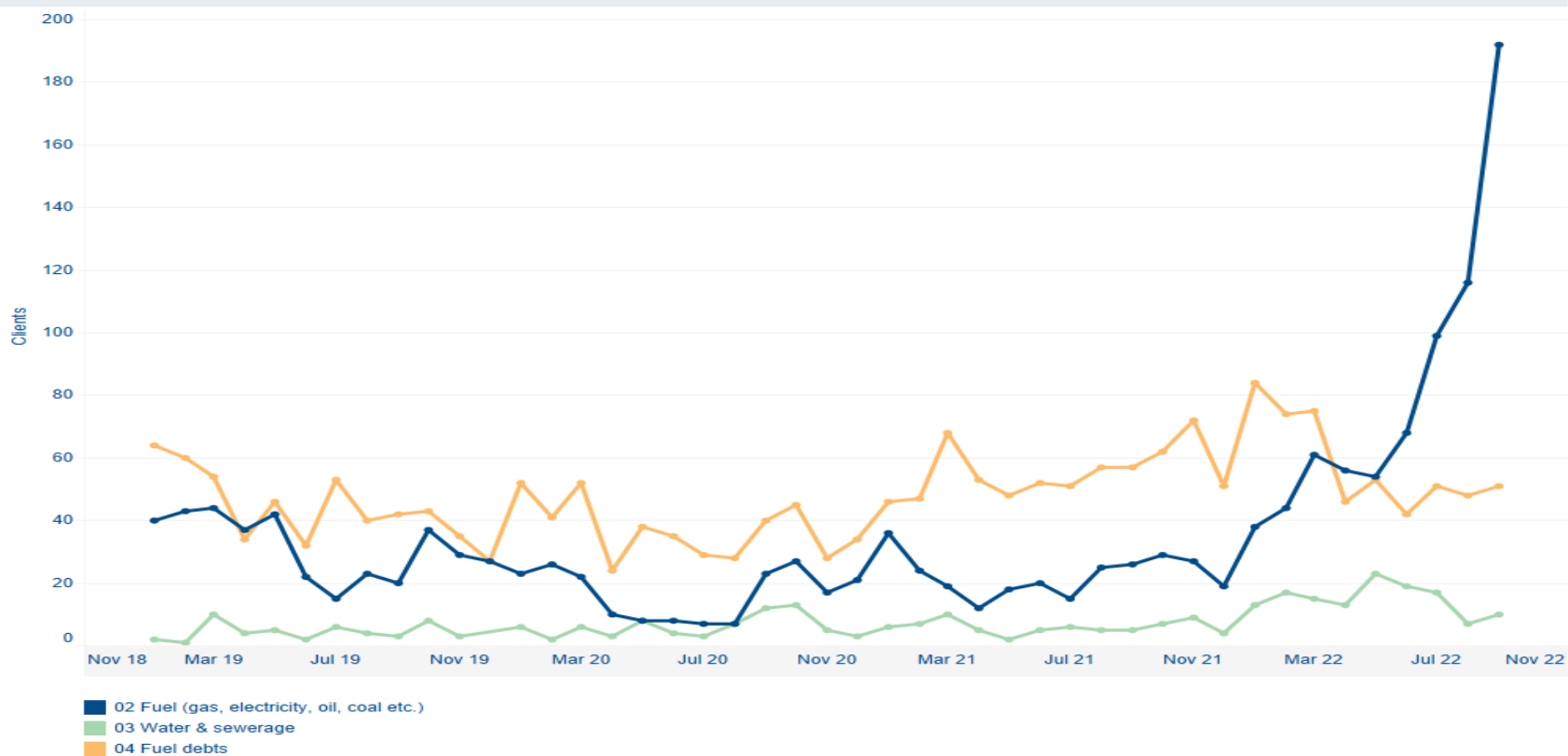
Select an issue above, if all issues is selected the graph will be stacked and the same client may be counted in more than one issue



3c) Utilities & Debt



Water, Energy and Energy debts



Filters

Date
01/01/2019 00:00:00 to 30/0..

Government Region
All

Member
All

Local Authority
North Tyneside

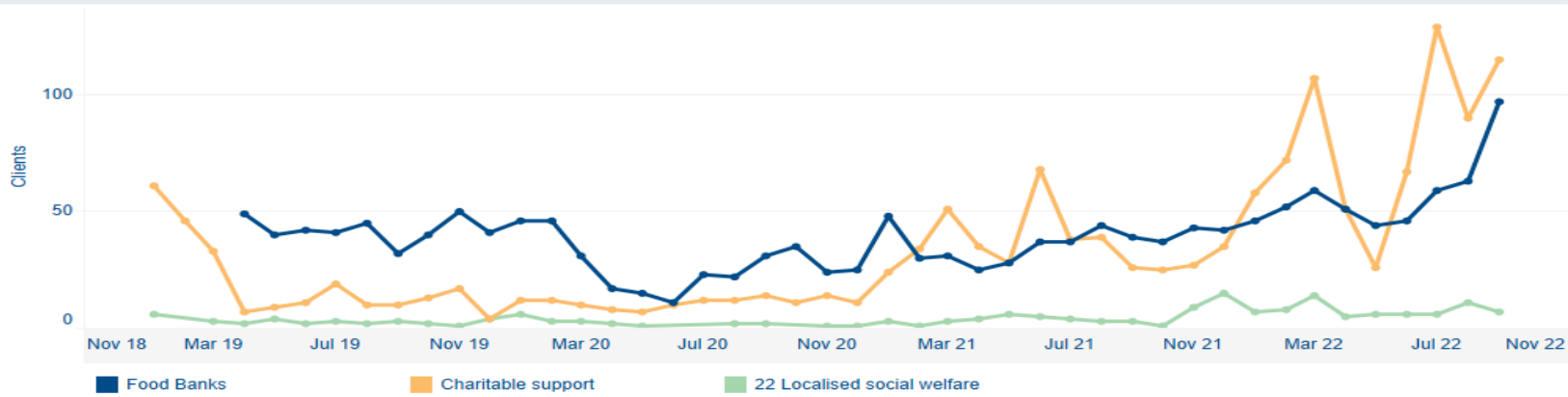
Funder
All



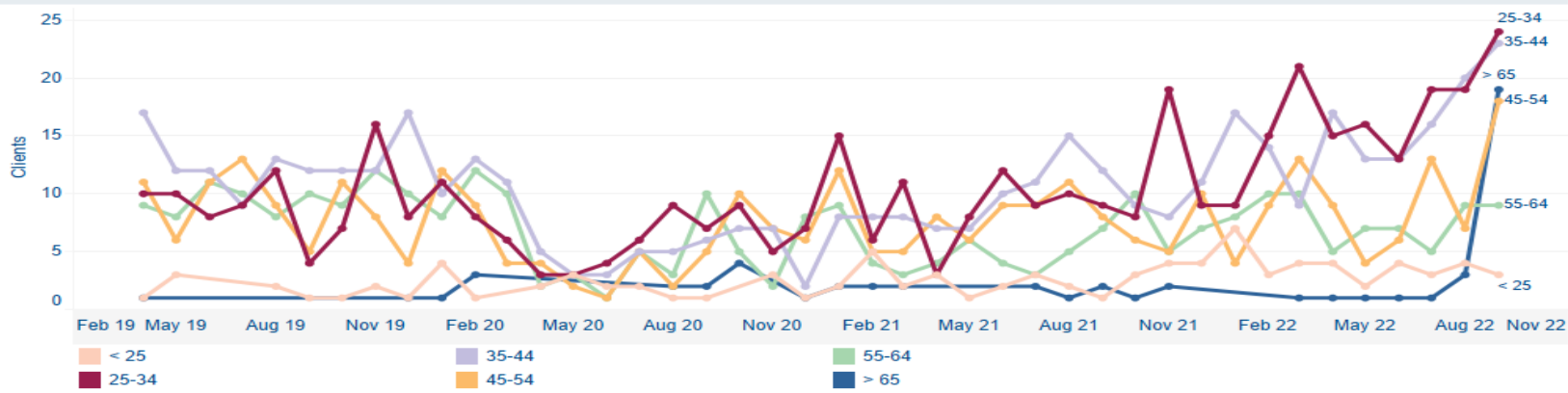
4) Crisis Support & Food bank profiles



Crisis Support



Food Banks Profile



Note: Totals may vary across these charts as the same demographic information is not disclosed for all people we help

Filters

Date
01/01/2019 00:00:00 to 30/01/2022 00:00:00

Government Region
All

Member
All

Local Authority
North Tyneside

Funder
All

Demographics Profiles

- ☐ All
- ☒ Age
- ☐ Disability LTH
- ☐ Ethnicity
- ☐ Gender
- ☐ Housing Tenure
- ☐ Household Type

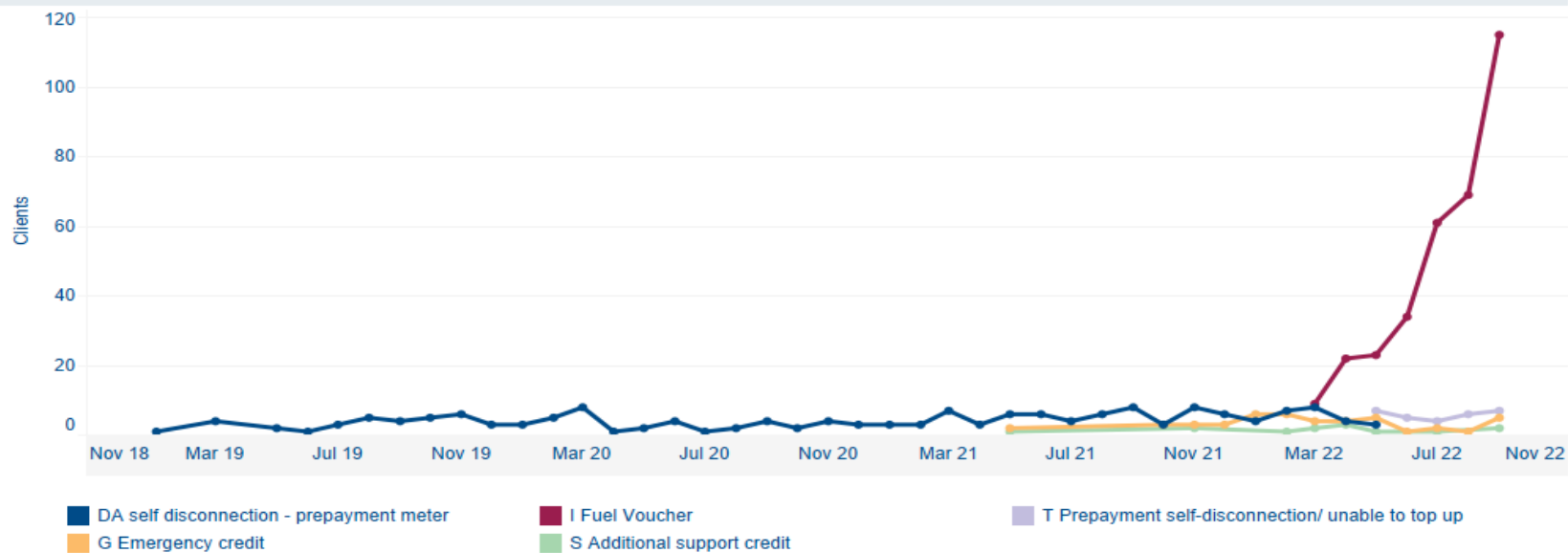


Data From Citizens Advice

5) PPM Disconnect

citizens
advice

PPM Disconnect



Filters

Date
01/01/2019 00:00:00 to 30/0..

Government Region
All

Member
All

Local Authority
North Tyneside

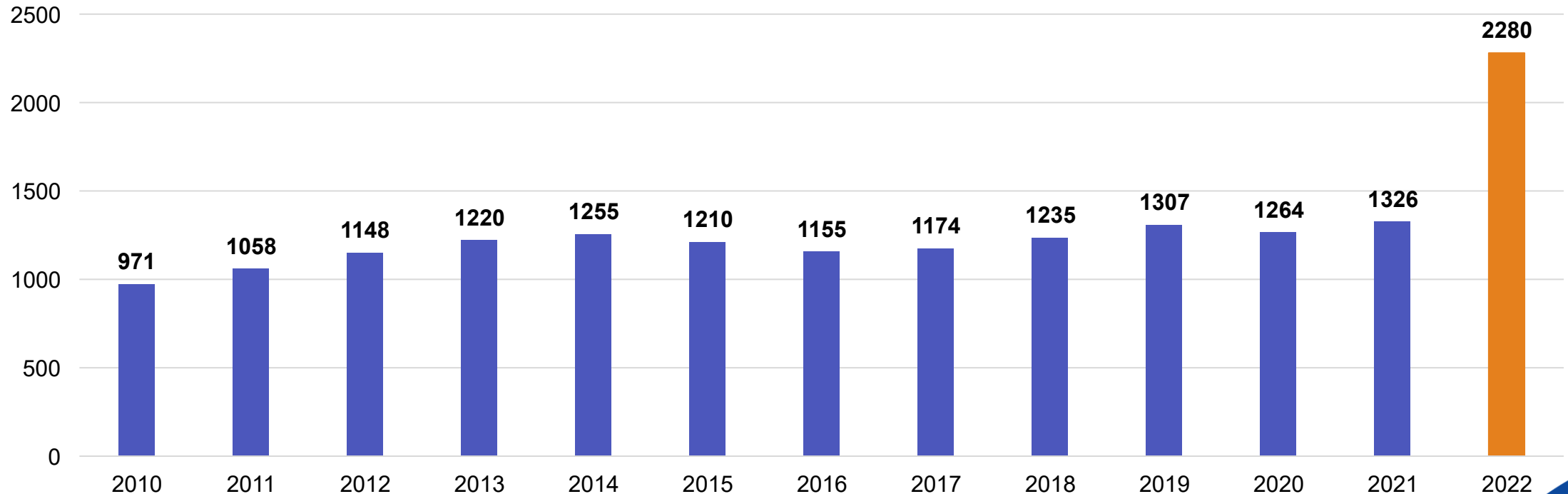
Funder
All



Household energy bills have increased by 36% since 2010 and are forecast to increase by 70% in 2022 from 2021

Average annual energy bills for typical consumption levels
UK, £ cash prices, Gas and Electricity combined

Source: BEIS (Department for Business, Energy and Industrial Strategy)



North Tyneside Council

Support available to help with cost of living and rent

- £400 one-off discount on fuel bills for all households
- £650 one-off payment to low-income households on certain means tested benefits in two payments
- £150 one-off disability cost of living payment for people who receive certain disability benefits
- £300 one-off payment for pensioner households
- Additional Household Support Fund and Warm Home Discount scheme (which includes cost towards rent in exceptional circumstances)
- Discretionary Housing Payment (DHP)
- Referrals to Citizens Advice
- Water Rates Discount scheme (Northumberland Water)
- Welfare and Tenancy Support Team – to help look and review at income and expenditure (option to see benefit entitlement). Currently 1148 tenants in receipt of this benefit.
- Work alongside Employment & Skills – improving money matters, interview skills, job opportunities and many more techniques



Questions

WE LISTEN | WE CARE | WE ARE AMBITIOUS | WE ARE GOOD VALUE FOR MONEY



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