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**SCOTTISH HOUSING QUALITY STANDARD (SHQS)**  
**Financial summary worksheet 1 of 3 - ASSUMPTIONS**

Please set out the assumptions on which you base the accompanying tables. If there are additional assumptions not identified in this table, please insert a new row to accommodate the additional information.

*Note: Unless the footnote states otherwise, figures should be in nominal terms. In other words, they should **not** be adjusted to take account of inflation.*

<b>STOCK NUMBERS</b>	<b>2004/5</b>	<b>2005/6</b>	<b>2006/7</b>	<b>2007/8</b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Stock number at start of financial year <sup>1</sup>	18808	17934	17370	16843	16343	15843	15343	14993	14643	14293	13943
Loss of stock due to Right to Buy <sup>2</sup>	625	564	527	500	500	500	350	350	350	350	350
Demolitions & other changes to stock number <sup>3</sup>	249	0	0	0	0	0	0	0	0	0	0
Stock number at end of financial year <sup>4</sup>	<b>17934</b>	<b>17370</b>	<b>16843</b>	<b>16343</b>	<b>15843</b>	<b>15343</b>	<b>14993</b>	<b>14643</b>	<b>14293</b>	<b>13943</b>	<b>13593</b>
Average stock number <sup>5</sup>	<b>18371</b>	<b>17652</b>	<b>17107</b>	<b>16593</b>	<b>16093</b>	<b>15593</b>	<b>15168</b>	<b>14818</b>	<b>14468</b>	<b>14118</b>	<b>13768</b>
Void rate <sup>6</sup> (%)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

<b>RENT</b>	<b>2004/5</b>	<b>2005/6</b>	<b>2006/7</b>	<b>2007/8</b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Average weekly rent per unit <sup>7</sup> (£)	£43	£44	£46	£48	£50	£51	£53	£55	£57	£60	£62
Real terms year on year increase in rent <sup>8</sup> (%) *	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%

<b>OTHER ASSUMPTIONS</b>	<b>2004/5</b>	<b>2005/6</b>	<b>2006/7</b>	<b>2007/8</b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Retail Price Index <sup>9</sup> (%)	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Pooled rate used to calculate interest <sup>10</sup> (%)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Service charges <sup>11</sup> per unit (£)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Management and supervision costs <sup>12</sup> per unit (£)	£533	£563	£595	£629	£663	£701	£737	£773	£810	£851	£894
Responsive repairs & maintenance <sup>13</sup> per unit (£)	£348	£335	£360	£386	£414	£444	£409	£465	£449	£479	£612
Cost of cyclical repairs <sup>14</sup> per unit (£)	£568	£661	£686	£712	£735	£781	£834	£886	£943	£1,003	£1,068
Income from Right to Buy <sup>2</sup> per unit (£)	£670	£744	£692	£667	£652	£673	£692	£496	£508	£521	£534
Supporting People <sup>15</sup> and other grants (£)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New borrowing requirement <sup>16</sup> (£)	£169	£81	£95	£110	£191	£198	£266	£551	£566	£581	£254

<i>Investment for the...</i>	<b>2004/5</b>	<b>2005/6</b>	<b>2006/7</b>	<b>2007/8</b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
<b>SCOTTISH HOUSING QUALITY STANDARD</b>											
Planned investment to meet the SHQS <sup>17</sup> (£000) **	£15,000	£15,000	£15,450	£15,464	£15,478	£15,492	£15,507	£15,522	£15,538	£15,554	£15,571
Capital funded from current revenue <sup>18</sup> (£000)	£2,700	£1,875	£2,100	£1,900	£1,900	£1,900	£973	£0	£0	£0	£4,721
Loan charges (interest) <sup>19</sup> (%)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Loan charges (capital repayment) <sup>20</sup> (£000)	£4,886	£5,832	£6,204	£6,629	£6,853	£6,510	£6,994	£7,534	£7,988	£7,825	£1,154

\* Figures include allowance for inflation

\*\* Figures assume a continuation of existing capital programme levels which include an element of non-SHQS funding (see Appendix 2)

#### Technical notes

##### **Stock Numbers**

- 1 The financial year is assumed to begin 1 April unless the landlord states otherwise.
- 2 Right to Buy is the legal right held by some tenants to buy their home at a price lower than the full market value. For more information, see the Scottish Executive website at: [www.scotland.gov.uk/Topics/Housing/Housing](http://www.scotland.gov.uk/Topics/Housing/Housing)
- 3 The number of houses the landlord expects to demolish.
- 4 The total stock numbers at the end of the year after losses due to Right to Buy, demolitions and other reasons.
- 5 Average stock number = (number of units at the start of the year + number of units at the end of the year) / 2
- 6 The percentage of the housing stock owned by the landlord but not occupied.

##### **Rent**

- 7 The rental income per unit per week. The weekly rate is based on a 52 week year.
- 8 A real terms forecast is *after an adjustment for inflation*.

##### **Other assumptions**

- 9 Retail Price Index is an inflationary indicator that measures the change in the cost of a fixed 'basket' of retail goods. For more information, please see the UK Treasury website at: [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)
- 10 The pooled rate is the calculation of the average interest rate for a combination of different loans which might be at different rates of interest.
- 11 Service charges levied for additional services (e.g. stair cleaning, garden maintenance) averaged across all stock.
- 12 Management costs include staffing, office and general administrative costs, averaged across all stock.
- 13 Repairs carried out by a landlord in response to a tenant reporting day to day maintenance items.
- 14 Repairs and maintenance carried out by a landlord that are periodic and batched for small contract work.
- 15 Supporting People is a new integrated policy and funding framework for housing support services. For more information see the website: [www.scotland.gov.uk/housing/supportingpeople](http://www.scotland.gov.uk/housing/supportingpeople)
- 16 The new borrowing for the Housing Revenue Account achieved through the prudential regime. For more information on the prudential regime, please see the consultation paper "Modernising Scotland's Social Housing" at: [www.scotland.gov.uk/consultations/housing/mssh-00.asp](http://www.scotland.gov.uk/consultations/housing/mssh-00.asp)

##### **Scottish Housing Quality Standard**

- 17 The total planned investment for the Standard can be calculated using appendix 3, "Capital Investment Proposed to Meet the Standard".
- 18 These are costs for the Standard, recharged from the housing revenue account.
- 19 This is the interest charge/rate an organisation pays on what it has borrowed.
- 20 This is the capital repayment on what has been borrowed.