

COMMUNITIES COMMITTEE – 7 SEPTEMBER 2017

HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME MONITORING 2017/18

1. Recommendations

The Committee is recommended to:

- 1.1 Acknowledge the revised HRA capital programme for 2017/18;**
- 1.2 Acknowledge the HRA capital programme forecast for 2017/18 as at 30 June 2017, and;**
- 1.3 Acknowledge the forecast borrowing requirement to finance the Capital Programme and resultant Housing Business Plan implications.**

2. Background/Discussion

2.1 This report details proposals for the HRA capital programme being delivered in 2017/18 and the budget requirements to achieve this. The proposed programme has been prepared with regard given to Aberdeenshire wide priorities, including:

- Local Housing Strategy objectives;
- Works that contribute towards achieving Energy Efficiency Standard for Social Housing (ESSH) by December 2020;
- Works that contribute to maintaining the stock at the Scottish Housing Quality Standard (SHQS);
- Health and safety related works;
- Works to protect the structural integrity of the property.

3. Capital Programme Expenditure 2017/18

3.1 The capital programme for 2017/18 is summarised in Table 1 below. The revised budget is £1.545m higher than the budget approved by Communities Committee in March 2017. The increase is required to take account of projects which were not completed in 2016/17 and have therefore slipped in to 2017/18. It has also been adjusted to reflect the agreed drawdown of the Housing Improvement Programme contract and adjustments to the timing of the new build programme.

Table 1 – Forecast HRA Capital Programme Expenditure 2017/18

Expenditure	Original Budget 2017/18 £000	Revised Budget 2017/18 £000	Actual at 30 June 2017 £000	Forecast £000
Stock Improvements	20,000	23,826	3,932	23,826
New Build Programme	14,095	11,351	205	11,351
Allocations	699	699	175	699
Other	-	463	4	463
Total	34,794	36,339	4,316	36,339

3.2 Stock Improvements

A breakdown of the stock improvements budget is detailed in **Appendix 1**. Included within this budget is £10m for the Housing Improvement Programme (HIP). This relates to the establishment of a new framework contract as approved by Communities Committee on 28th June 2017 to deliver the HRA capital programme over the next 4 years. This is a significant programme of works aiming to deliver the business as usual (BAU) component replacement programme together with the works to achieve EESSH. To date approval for expenditure up to £23m in the first 12 months of the contract has been granted by Communities Committee. The contract is due to start on site in January 2018, with forecast expenditure for 2017/18 being £10m.

The majority of the remainder of the Stock Improvement budget relates to ongoing contracts from previous years.

3.3 New Build Programme

Phase 6 of the council's new build programme is currently underway with forecast expenditure in 2017/18 of £11.3m. Details of the progress of these developments is detailed in a separate report to this committee.

3.4 Allocations

The allocations budget relates to the housing staffing costs associated with delivering the capital programme.

3.5 Other

Other capital expenditure of £463,000 is included in the budget. This includes budget for the acquisition of vans for in-house teams to deliver internal wall insulation on void properties and the replacement of rooves at Berryden shops.

4. Capital Programme Financing 2017/18

- 4.1 The capital programme is financed by a combination of capital receipts; capital funded from current revenue (CFCR), and self-financed borrowing. The level of borrowing is assessed through the Housing 30 year Business Plan to ensure affordability.
- 4.2 The business plan is monitored closely throughout the year to assess the impact of any changes to levels of expenditure to ensure that these works are both sustainable and within the plan's affordability limits. A full review of the business plan was reported to Social Work & Housing Committee in December 2015. The plan is continuously monitored in relation to the affordability of the forecast future works including the programmed component replacement works and achieving EESSH by December 2020 and the impact this significant investment will have on borrowing. The Business Plan is currently being reviewed in conjunction with external consultants to ensure that the extensive levels of investment remain affordable. The results of this review will be reported back to this Committee in November 2017.
- 4.3 Table 2 details the forecast funding arrangements for the 2017/18 capital programme.

Table 2 – Forecast Resources 2017/18

Resources	Original Budget 2017/18	Revised Budget 2017/18	Actuals To 30 June 2017	Forecast 2017/18	Variance
	£000	£000	£000	£000	£000
Borrowing	13,056	6,116	-	6,100	(16)
House Sales	2,000	2,000	456	2,000	-
Other Capital Income	2,239	6,039	87	6,039	-
Capital funded from current revenue (CFCR)	17,499	22,184	3,773	22,200	16
	34,794	36,339	4,316	36,339	-

- 4.4 The Right to Buy scheme was abolished last year with the last applications being received in July 2016. There are still a number of outstanding applications being processed with a forecast capital receipt in the current year of £2m. There will be no further income from house sales beyond these.

- 4.5 Other Capital income of £6m relates to new build funding from developer contributions and Scottish Government subsidy towards Phase 6 of the New Build Programme.
- 4.6 The HRA revenue budget was agreed by Council in February 2017 whereby it was agreed that any net income on the HRA revenue account in year would be used to fund capital expenditure. The net income on the HRA for 2017/18 is forecast to be £22.2m, an increase of £4.7m from the original budget. This relates primarily to additional new build funding from second homes council tax and allocations from the Council's Affordable Housing Reserve. Details of the HRA revenue monitoring are reported separately to this Committee. The balance of funding will be sought from borrowing.
- 4.7 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and had no comments to make and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

5. Scheme of Governance

- 5.1 The Committee is able to consider and take a decision on this item in terms of Section D1.1d of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to policy issues and resource matters relating to Housing.

6. Implications and Risk

- 6.1 An equality impact assessment has been carried out as part of the development of the Stock Improvement Programme set out above. It is included in appendix 2 and positive impacts were identified for disabled and older protected groups.
- 6.2 There are no staffing issues arising directly from this report.
- 6.3 The following Risks have been identified as relevant to this matter on a Corporate Level:
- Budget Pressures – as detailed in 4.2 above, there is increasing pressure on the HRA Business Plan over the long term to deliver the capital programme within affordability limits. Increase in capital spend will increase the requirement to borrow and the costs associated with this. This risk is being monitored through the review of the business plan and the options around deliverability will be reported to Communities Committee in November 2017, together with quarterly revenue and capital monitoring reports.
 - Changes in Government Policy, legislation and regulation – the Council is required to adhere to relevant regulations and standards as set out by Scottish Government, including achieving EESSH by 2020. There are risks associated with not achieving these standards balanced with the risks associated with the high cost of delivering the works. The deliverability of these standards are being

monitored through the Housing Improvement Programme which has been established to deliver these targets over the next 4 years.

- Working with other organisations – the capital programme is largely dependent on external contractors delivering on contracted works. There is the risks associated with this in terms of external organisations being able to deliver the required programme in the required timescales and budget. The risk is monitored by the property service through the tendering process. There is also the risk to the deliverability of the programme in terms of the availability of external contractors.
- Environmental Challenges – deliverability of the capital programme may be at risk due to adverse weather conditions which delay works meeting completion deadlines. This is largely out of the Council's control but is taken into account during the planning and costing of projects to reduce any impact on deliverability of projects.

The following Risks have been identified as relevant to this matter on a Strategic Level:

- Affordable Housing – to increase the supply of affordable housing across all tenures. There is a risk that the Council will be unable to meet Affordable Housing targets due to the availability of suitable land and the budget implications of new build on the business plan. These risks are being monitored through the review of the business plan and any implications for future new build will be included in the report to Communities Committee in November 2017

6.4 The financial implications are inherent in the report.

Stephen Archer
Director of Infrastructure Services

Ritchie Johnson
Director of Business Services

Report prepared by:
Alison Tennant, Accountant
Dave Thomson, Stock Improvement & Maintenance Manager
Ken Abel, Quantity Surveying Manager

Housing Stock Improvement 2017/18

Work type	Revised Budget £000	Actual to 30 June 2017 £000
Kitchens	28	-
Bathrooms	2,821	1,020
Windows / Doors	547	1,291
Heating	1,313	604
Roofing	502	75
External Wall Insulation (EWI)	50	-
Sheltered Housing	2,105	161
SCAPE projects	1,600	23
Miscellaneous	2,000	20
Voids	2,000	360
Swedish Timber	400	263
HIP	10,000	-
Housing Repairs	460	115
	23,826	3,931

APPENDIX 2



EQUALITY IMPACT ASSESSMENT

Stage 1: Title and aims of the activity (“activity” is an umbrella term covering policies, procedures, guidance and decisions).	
Service	Housing & Social Work
Section	Asset Management
Title of the activity etc.	Stock Improvement Programme
Aims of the activity	To upgrade the Council’s Housing Stock to meet the legislative requirement (SHQS/ESSH) and the needs and aspirations of our tenants.
Author(s) & Title(s)	Dave Thomson, Stock Improvement & Maintenance Manager Douglas Newlands, Housing Manager Asset Management

Stage 2: List the evidence that has been used in this assessment.	
Internal data (customer satisfaction surveys; equality monitoring data; customer complaints).	<ul style="list-style-type: none"> • Monthly Minutes of Asset Management Tenants Group /Stock Improvement Officers Group – 8 weekly • Tenants Events – Annually • Tenants Newsletter (Specification, etc) – quarterly • Feedback (Complaints/Comments and Compliments) – ongoing • Confirm (Property Helpdesk) - ongoing • Reports to SW&H Committee - quarterly • Minutes of meeting with Property Services - monthly • Repairs working from Northgate/SAVE • 100% stock condition database • Asbestos Surveys – 10% of stock • EPC – 80% of stock aiming for 100% survey • OT Assessments - Ongoing • Data collected at pre contract surveys - ongoing

<p>Internal Consultation with staff and other services affected.</p>	<p>Officer Groups</p> <ul style="list-style-type: none"> • Capital Program Meeting (Property) – monthly • Strategic Capital Plan Group – monthly • Capital Steering Group - Quarterly • Contact Centre - ongoing • Repairs Officer Group – 8 weekly • Stock Condition Surveyors Group – 8 weekly
<p>External consultation (partner organisations, community groups, and councils).</p>	<ul style="list-style-type: none"> • IBP independent surveys of contractor performance • Contractor Surveys. • Properties assessment and contractors performance. • Quality Assurance of gas heating installations. • Local Authority Gas Banding Working Group. • Joint Working with RSLs on the Stock Improvement programme. • Meeting with other LA/RSLs to discuss innovative approaches. • SHBVN – Asset Management Group • Discussing with Tenants Groups • Other External Specialist property related disciplines(Engineers, Timber Specialists, Drainage)
<p>External data (census, available statistics).</p>	<ul style="list-style-type: none"> • British Board of Agreement • British Research Establishment • Academic Research (General and Environmental) • Private Companies • External Benchmarking (Scottish Housing Best value Network / Association of Public Sector Excellence) • Information from external quality assurance • Information from independent telephone survey following capital works • Asbestos Surveys • Energy Performance Certificates • Scottish Housing Regulator (inspection outcomes /Scottish Housing Quality Standard reporting) • Scottish Government research and reporting (Fuel Poverty) • Scottish House Condition Survey • Professional Institutions • Trade Literature

Other information (general as appropriate).	Scottish Government Committee.
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Stage 3: Evidence Gaps.	
Are there any gaps in the information you currently hold?	<p>The Service has a good understanding of stock and the nature of tenants.</p> <p>Ample opportunities are provided to feedback at any point throughout the process, with the exception of disability there has been no direct collection of data to determine any potential impact on protected groups. There is no evidence to suggest any negative impact at this stage.</p>

Stage 4: Measures to fill the evidence gaps.		
What measures will be taken to fill the information gaps before the activity is implemented? These should be included in the action plan at the back of this form.	Measures:	Timescale:
	Commission a survey through an independent surveying organisation articles in the tenants newsletter.	

Stage 5: Are there potential impacts on protected groups? Please complete for each protected group by inserting "yes" in the applicable box/boxes below.				
	Positive	Negative	Neutral	Unknown
Age – Younger			Yes	
Age – Older	Yes <ul style="list-style-type: none"> • low level thresholds • Alarm systems • Low surface temperature radiators • Sockets/switches 			
Disability	Yes <ul style="list-style-type: none"> • Equipment and Adaptation 			
Race – (includes Gypsy Travellers)			Yes	
Religion or Belief			Yes	

Gender – male/female			Yes	
Pregnancy and maternity			Yes	
Sexual orientation – (includes Lesbian/Gay/Bisexual)			Yes	
Gender reassignment – (includes Transgender)			Yes	
Marriage and Civil Partnership			Yes	

Stage 6: What are the positive and negative impacts?		
Impacts.	Positive (describe the impact for each of the protected characteristics affected)	Negative (describe the impact for each of the protected characteristics affected)
Please detail the potential positive and/or negative impacts on those with protected characteristics you have highlighted above. Detail the impacts and describe those affected.	Properties and person centred designs appropriate to need.	
	Person centred alterations to suit the specific needs of individuals.	

Stage 7: Have any of the affected groups been consulted?	
If yes, please give details of how this was done and what the results were. If no, how have you ensured that you can make an informed decision about mitigating steps?	<p>In relation to specific projects – for example large scale alterations to Sheltered Housing.</p> <p>Disable Persons Housing Service</p>

Stage 8: What mitigating steps will be taken to remove or reduce negative impacts?		
These should be included in any action plan at the back of this form.	Mitigating Steps	Timescale
	None	

Stage 9: What steps can be taken to promote good relations between various groups?
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<p>These should be included in the action plan.</p>	<p>Promotion of tenant groups, if there is a specific need for a specific group for one or all of the protected groups this would be encouraged, facilitated and promoted.</p>
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<p>Stage 10: How does the policy/activity create opportunities for advancing equality of opportunity?</p>	
<p>Ongoing and regular consultation with tenants through a variety of means and meetings to impact directly to policy/strategic direction for the overall stock improvement programme, but also at an individual level which gives multiple opportunities to highlight any issues in relation to individual needs and aspirations and in relation to protected groups. There is also an opportunity to provide feedback afterwards and to attend tenant and officer working groups. The service also operates a variety of home visits and inspections on a routine and as requested basis, the results of which influence future strategies and working practices.</p>	

<p>Stage 11: What equality monitoring arrangements will be put in place?</p>	
<p>These should be included in any action plan (for example customer satisfaction questionnaires).</p>	<p>An independent market research company currently gathers feedback from tenants throughout the capital programme works and provides quarterly reports. Survey questions will be reviewed to consider how best to collate data of any potential impact on all protected groups.</p>

<p>Stage 12: What is the outcome of the Assessment?</p>		
<p>Please complete the appropriate box/boxes</p>	<p>1</p>	<p>No negative impacts have been identified –please explain.</p>
	<p>Stock Improvement Programme is adapted to meet the specific needs of individuals, regardless of association with any of the protected groups.</p>	
	<p>2</p>	<p>Negative Impacts have been identified, these can be mitigated - please explain. * Please fill in Stage 13 if this option is chosen.</p>
	<p>3</p>	<p>The activity will have negative impacts which cannot be mitigated fully – please explain. * Please fill in Stage 13 if this option is chosen</p>

<p>* Stage 13: Set out the justification that the activity can and should go ahead despite the negative impact.</p>	
<p>N/A</p>	

<p>Stage 14: Sign off and authorisation.</p>		
<p>Sign off and</p>	<p>1) Service Team and</p>	<p>Housing and Social Work, Asset Management.</p>

	2) Title of Policy/Activity	Stock Improvement Programme.	
	3) Authors: We have completed the equality impact assessment for this policy/activity.	Name: Dave Thomson Position: Stock Improvement and Maintenance Manager Date: 01/04/2013 Signature:	
	4) Consultation with Service Manager	Name: Douglas Newlands Position: Housing Manager (Asset Management) Date: 01/04/2013 Signature:	
	5) Authorisation by Director or Head of Service	Name: Rob Simpson Position: Head of Service (Housing) Date: 01/12/2016 Signature:	Name: Position: Date:
	6) If the EIA relates to a matter that has to go before a Committee, Committee report author sends the Committee Report and this form, and any supporting assessment documents, to the Officers responsible for monitoring and the Committee Officer of the relevant Committee. e.g. Social Work and Housing Committee.		Date:
	7) EIA author sends a copy of the finalised form to: eia@abdnshire		Date:
(Equalities team to complete) Has the completed form been published on the website? YES/NO			Date:

