

REPORT TO COMMUNITIES COMMITTEE – 17th December 2020

HOUSING RENT STRATEGY CONSULTATION – OUTCOMES ARISING FROM MEMBER OFFICER WORKING GROUP AND TENANT CONSULTATION

1 Reason for Report / Summary

- 1.1 This report provides a summary of outcomes following a review of Housing Rent Strategy in light of Covid 19. It provides an overview of work undertaken by a Member Officer Working Group and Tenant Consultation on the options available.

2 Recommendations

The Committee is recommended to:

- 2.1 **Discuss the outcome and recommendations of the Rent Strategy Member Officer Working Group**
- 2.2 **Consider the outcome of Tenant Consultation on future rent strategy**
- 2.3 **Determine whether a recommendation should be submitted to Full Council to replace the current Rent Strategy with an RPI only increase for the 2021/ 22 financial year, with annual review for two years thereafter.**

3 Purpose and Decision Making Route

- 3.1 Committee considered the initial impact of the Covid 19 pandemic on Rent income and tenants' ability to pay on the 4th June 2020. The report outlined the position in respect of arrears, together with projections on the potential economic impact on expiry of Government furlough and self-employed support.
- 3.2 As a result of risks identified, Committee elected to form a Member Officer Working Group to examine all options and to provide a final recommendation for consideration by tenants.
- 3.3 Committee are requested to consider the recommendations of the Member Officer Working Group and the outcome of Tenant Consultation before determining whether to recommend retention or replacement of the current Rent Strategy to Full Council.
- 3.4 The current Rent Strategy was originally approved by Aberdeenshire Council on the 13th February 2020 who agreed to increase rents by RPI+2.5% over a three year period from 2019/20 with indicative increases also set for years 4 and 5, within the Housing Business Plan of RPI+2.5%. It is on this basis that Full Council consider and approve Housing Revenue Account Budget and Rent Charges on an annual basis.

4 Discussion

- 4.1 The Rent Strategy Member Officer Working Group commenced discussions on the 9th July 2020 and agreed a number of objectives as outlined in Appendix I. The concluding Report considered by the Group is contained within Appendix 2 that summarises the financial modeling undertaken.
- 4.2 The Group concluded, based on the financial modeling undertaken and economic projections at its disposal, that Committee should consider proposals for the implementation of a revised Rent Strategy for a three-year term commencing 2021/22. The Strategy should reflect an upward only rent increase in year one with an annual review ahead of years 2 and 3, designed to reflect the economic conditions in a post Covid 19 environment.
- 4.3 The Member Officer Working Group also considered that the provision of comprehensive Welfare Rights advice should be an essential element of the Covid 19 response in order to ensure income maximization for tenants who may start to experience problems in paying rent as a result of loss of employment or significant reduction in income. To this end, discussions were held with the Council's Poverty & Inequalities Officer resulting in a bid to the European Social Fund with the proposal to embed Welfare Rights Officers within Housing. The outcome of this bid is awaited, with contingency planning ongoing should the bid be unsuccessful whereby use of the existing Information & Advice Framework would be relied upon.
- 4.4 A detailed review of the Stock Improvement and New Build Specification was also undertaken given that capital expenditure forms a significant proportion of Housing Revenue (HRA) expenditure. Adjustments to the specification could give rise to a significant level of savings given the volume of work involved and will form a contingency should economic conditions and tenant's ability to pay rent worsen.
- 4.5 In undertaking this exercise, the Member Officer Working Group considered the wider Review of the HRA Business Plan currently ongoing, ensuring synergy in terms of objectives.
- ### **4.6 Tenant Consultation**
- 4.6.1 Officers have worked closely with the Council's Research Consultants, IBP, to ensure that a fully representative sample of tenants have had the opportunity to comment. A total of 921 tenants were contacted by telephone throughout November and December with an online version available to all tenants also publicised via social media.

- 4.6.2 The survey was designed to be representative of the profile of Council tenants in relation to each of: administrative area; age; gender; household size; type of property (sheltered, temporary, standard) and whether households had children under 16. The sample size of 921 provides a margin of error of +/- 2.97%. Housing can therefore have a high level of confidence that the results set out herein reflect the views of tenants as a whole. In addition to the telephone survey, a self-completion survey was hosted on the council's website. There were 12 responses to this, which have been incorporated in the overall data set. These additional responses do not have a material impact on the overall responses or margin of error that may be claimed.
- 4.6.3 The two Rent Strategy options identified by the Member Officer Working Group were read out to potential respondents, along with a brief statement of the implications of each. Respondents were then asked to indicate their preference between these options. The overall results are tabulated below, based on a total of 921 responses (it should be noted that, throughout, figures may not sum to 100% due to rounding):

Option	Description	% Response
Option A: retain the planned increase of Inflation (RPI) plus 2.5%	This will allow the Council to continue and possibly accelerate its existing plans to improve tenants' homes and to build new homes for rent, in Aberdeenshire	40%
Option B: implement an increase of inflation (RPI) only	This will not have a short-term impact in 2021-22 on plans to improve tenants' homes and build new homes for rent as funds not spent this year due to Covid can be re-directed. However, it will reduce the funds available in future years meaning that some plans may be delayed or may not be possible to the same quality.	33%
No preference	-	10%
Don't know	-	14%

These figures show a slight preference overall for Option A (retaining the planned increase of inflation (RPI) plus 2.5%, with 40% of respondents expressing a preference for this compared to 33% expressing a preference for implementation of an increase of inflation (RPI) only. However, a significant proportion either indicate that they have no preference between these options or give a "don't know" response.

4.6.4 These figures are broken down by administrative area in the table below:

Option	Banff & Buchan	Buchan	Formartine	Garioch	Kincardine & Mearns	Marr
Option A: retain the planned increase of inflation (RPI) plus 2.5%	42%	40%	40%	40%	36%	38%
Option B: implement an increase of inflation (RPI) only	28%	41%	24%	39%	36%	29%
No preference	13%	7%	18%	10%	19%	18%
Don't know	18%	12%	18%	10%	10%	17%

The preference for the option of retaining the planned increase of inflation (RPI) plus 2.5% is evident in each of Banff & Buchan, Formartine and Marr but views are much more evenly divided in each of Buchan, Garioch and Kincardine & Mearns. Respondents from Banff & Buchan, Formartine and Marr were particularly likely to indicate that they had no preference or to give a “don't know” response.

4.6.5 The following table illustrates how the results for this question break down according to respondents' rent payment situation (based on the information given by respondents):

Option	You pay full rent	You pay part rent and some of your rent costs are paid through Housing Benefit / Universal Credit	All of your rent costs are paid through Housing Benefit / Universal Credit	Prefer not to say
Option A: retain the planned increase of inflation (RPI) plus 2.5%	36%	40%	48%	16%
Option B: implement an increase of inflation (RPI) only	40%	31%	24%	40%
No preference	13%	14%	13%	12%
Don't know	12%	15%	14%	33%

These figures show that preferences vary significantly according to whether people have all of their rent costs paid for them (who demonstrate a clear preference for retaining the planned increase of inflation (RPI) plus 2.5% and people that pay full rent (where, on balance, the preference is for the inflation (RPI) only option. Those that pay part rent are somewhere in the middle but with some degree of preference for the inflation (RPI) plus 2.5% option. Overall, these figures show a slight preference for the “status quo” option of an increase in rents of inflation (RPI) plus 2.5% but this is by no means clear cut, with a significant proportion of tenants expressing a preference for the option of an increase of inflation (RPI) only and this actually being the most common preference amongst those tenants that pay full rent.

4.6.6 A further factor to be considered is the extent to which tenants' household finances have been impacted by the Covid-19 pandemic. 61% of households indicated that the pandemic had made no difference in this regard and a further 3% either indicated that they preferred not to say or gave a “don't know” response. Whilst 5% indicated that the pandemic had left them better off, 30% indicated that it had left them worse off (19% “slightly” worse off and 11% “much” worse off)

4.6.7 The consultation survey also provided an opportunity to explore certain other issues that will have relevance to future rent setting policy. Tenants were asked to rank certain priorities for the future from a prompted list and the table below shows the issues considered to be “most important”

Priority	% ranking as most important
Investing in upgrades to tenants' homes (including things like new kitchens, bathrooms, windows and doors)	33%
Building new homes for rent for people in Aberdeenshire that need them	32%
Investing specifically in energy efficiency (heating, insulation and so on) in order to improve the comfort of homes and to reduce tenants' energy costs	21%
Investing in the day-to-day repairs service to allow repairs to be completed quicker or to a higher standard	11%
Investing in staff and technology in order to improve customer service to tenants	2%

4.6.8 These figures show the particular priority that many tenants place on investment in upgrades to their own homes but that almost as many see the building of new homes for rent as the most important priority.

4.6.9 Tenants were also asked to comment on their preferences with respect to the trade-off between the standards and specification of improvement work and how much of it can be delivered. The overall results of this question are shown as follows.

Approach	% choosing each option
Upgrades should be undertaken to the highest possible specification, even if this means less work can be done and tenants have to wait longer for improvements	41%
As long as standards are reasonable, upgrades just need to be of a reasonable specification, if this means that more work can be done and tenants don't have to wait so long for improvements	50%
No preference	5%
Don't know	4%

Whilst opinions are fairly evenly divided, it is notable that tenants are most likely to suggest that upgrades just need to be of a “reasonable” specification if that meant more work could be done and tenants did not have to wait so long for improvements.

- 4.7 Although it is clear that the majority of tenants either favour retention of the current Rent Strategy, express no preference or simply do not know, it is imperative to consider that the impact of the Covid 19 pandemic will be felt by a large proportion of the tenant population, particularly as central government support is phased out, redundancies increase and a further transition to benefits occurs
- 4.8 Financial modelling completed confirms that an inflation only increase in rent can be implemented in 2021/22 due to the slippage in the capital programme in the current year although income sacrificed will have an impact on the Business Plan in the longer term. This impact will be considered by the wider review of the HRA Business Plan currently ongoing and will be subject to further consideration by Committee.
- 4.9 Rent affordability will undoubtedly be a key consideration in the post Covid 19 environment together with the underlying need to sustain tenancies. Economic uncertainty, redundancies and possible wage restraint determine that an RPI upward only increase in rent for the 2021/22 year will best protect tenants at this time.

5 Council Priorities, Implications and Risk

- 5.1 This report helps deliver Council Priority 8 – Work to reduce poverty and inequalities within our communities
- 5.2 This report also helps deliver some of the priorities within the Aberdeenshire Local Housing Strategy (2018 – 2023), namely -
 - Fuel Poverty, Sustainability and Energy Efficiency: fuel poverty to be reduced for all households as far as is reasonably practicable. This report helps by assisting households to maximise their income.
 - Homelessness and Housing Option: those who require additional support to find or remain in their homes receive housing support.

5.3 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed.

Subject	Yes	No	N/A
Financial	x		
Staffing		x	
Equalities		x	
Fairer Scotland Duty	x		
Town Centre First		x	
Sustainability		x	
Children and Young People's Rights and Wellbeing		x	

5.4 An equality impact assessment has been carried out as part of the development of the proposals set out above. It is included as **Appendix 3** and the outcome is considered positive given the focus on sustaining tenancies.

5.5 This initiative also seeks to maximise income for people on a low income may help reduce inequalities of outcome caused by socioeconomic disadvantage, which helps meet our aims under the Fairer Scotland Duty.

5.6 There are financial implications on rental income for reasons outlined. The Housing Service will commit to providing further information to Committee on longer term implications for the Business Plan and any proposals for additional resources as may be required to mitigate the risk of higher-level rent arrears.

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

- **Budget Pressures** – due to risk of rent arrears. The proactive response of the Housing Service to date will mitigate risk.
- **Changes in Government policy, legislation and regulation** – The Government response to the Covid 19 pandemic is subject to constant change.
- Link to the Corporate Risk Register can be found [here](#).

6 Scheme of Governance

6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

- 6.2 The Committee is able to consider this item in terms of Section D.1.1d and D.7.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to reviewing the effectiveness of Council policy implementation and Council service delivery in relation to the Housing Service.

ROB SIMPSON – Head of Housing & Building Standards

Report prepared by Andrew Mackie, Housing Manager (Tenancy Services)
Date: 22nd November 2020

List of Appendices –

- Appendix 1 - Rent Strategy Member Officer Working Group Objectives
- Appendix 2 - Rent Strategy Member Officer Working Group Final Report
- Appendix 3 - Equalities Impact Assessment

Appendix 1 Rent Strategy Member Officer Working Group Objectives

No.	Description
1	<u>Current and Former Tenant Arrears</u> Analysis of Current and Former Tenant Arrears to establish trends post Covid 19 and considering withdrawal of furlough and self-employed support
2	<u>Void Rent Loss</u> Analysis of Void Rent Loss trends post Covid 19 in order to establish impact on total debt provision
3	<u>Capital Programme</u> Analysis of Capital Programme to establish forecast spend requirements in terms of stock improvement and new build
4	<u>Rent Freeze</u> Produce financial modeling, taking into consideration all relevant information to determine the impact on delivery of Capital Programme and other services, based on 1. a rent freeze or 2. an inflation only increase, over a 1, 2 and 3 year term
5	<u>Rent Free Period</u> Provide financial modelling, taking into consideration all relevant information, the impact on the delivery of Capital Programme and other services, of the implementation of 1. a 4 week rent free period to all tenants or 2. the generation of a £1m fund to provide targeted Covid 19 support to tenants, over a 1,2 and 3 year term
6	<u>Welfare Rights and Information and Advice Services</u> To evaluate existing Welfare Rights provision available through the Information & Advice framework and determine whether additional Welfare Rights support should be developed within Housing to ensure income maximisation for tenants and the service
7	<u>Specification</u> Review new build and stock improvement specification and standards
8	<u>Review of HRA Business Plan</u> Ensure appropriate links to the Business Plan Review
9	<u>Tenant Engagement</u> Development of Tenant Engagement and Communications Strategy

Appendix 2
Rent Strategy Member Officer Working Group Final Report

REPORT TO RENT STRATEGY MEMBER OFFICER WORKING GROUP

22nd September 2020

1 Recommendations

The Working Group is recommended to:

- 1.1 Consider proposals for the implementation for a revised Rent Strategy for a three-year term commencing 2021/22:**
 - **Inflation linked, upward only rent increase in Year 1**
 - **Annual Review ahead of Year 2 and Year 3 with appropriate contingency planning to allow for extension**
- 1.2 Agree that such proposals be reflected in the wider Business Plan Review currently ongoing with a view to entering into further consultation thereafter**
- 1.3 Refer final proposals to the Communities Committee for full consideration in December 2020.**

2 Background / Discussion

- 2.1 The Communities Committee considered the impact of Covid 19 on Rent Management on the 4th June 2020 and agreed to the formation of a Member Officer Working Group in order to consider Rent Strategy in light of impact on income and to assess the feasibility of a rent freeze or inflation only increase.**
- 2.2 The Member Officer Working Group considered an Interim Report on the 25th August together with the outcome of financial modelling undertaken.**
- 2.3 Officers agreed to ‘fine tune’ modelling based on guidance received prior to submitting final recommendations to the Group.**
- 2.4 A summary of modelling based on the agreed scenario is contained within **Appendices 1 and 2**. It should be noted that in **Appendix 1** the expenditure forecast is as per the indicative budget approved by Full Council in February 2020. The income forecast is based on predicted rent receipts and level of voids from analysis undertaken by the Housing Support Services team. Due to the assumptions made on expenditure and the expected reduced level of voids compared to the level allowed for in the indicative budget the available balance to transfer to fund the Capital Plan has increased.**
- 2.5 The Member Officer Working Group are asked to support the proposal to implement an inflation only increase in year one with the intention to review annually for a further two years thereafter. Officers have concluded full flexibility**

is required due to the level of uncertainty in respect of economic conditions and the likelihood of further Covid 19 outbreaks and the potential for localised lockdowns in an Aberdeenshire context.

- 2.6 Whilst financial modelling demonstrates that an inflation only increase is affordable due to a significant reduction in capital expenditure in the current financial year, there is a level of uncertainty associated with the year 2 and year 3 position. It is therefore deemed essential that proposals are considered as part of the wider Business Plan Review and ahead of consultation with tenants and consideration by the Communities Committee.
- 2.7 The Member Officer Working Group also considered the need for additional advice services to assist tenants experiencing difficulties in paying rent as a direct result of the Covid 19 pandemic. Proposals have been submitted to the Tackling Poverty & Inequalities Coordinator to access European funding to embed additional Information & Advice Officers in Housing teams and this is supported.
- 2.8 Officers do not recommend use of a Rent-Free period based on financial modelling undertaken.
- 2.9 Significant work has been undertaken in respect of both Stock Improvement/ New Build Specification at the behest of the Member Officer Working Group. A summary position of findings is contained within **Appendix 3** of this Report.
- 2.10 Whilst financial modelling confirms that no adjustment is required to Specification in the 2021/22 financial year, the level of uncertainty outlined does dictate that consultation will be required on the proposal to reduce standards in years 2 and 3. This should be considered a contingency measure. As per the detail in **Appendix 2** slippage on the Capital Plan from financial year 2020-21 to 2021-22 is forecast to result in an increase of £30.4m in expenditure. The financial modelling has allowed for the full slippage in 2021-22 with the potential implications this could have on the level of borrowing required and ultimately the revenue borrowing costs.
- 2.11 Officers have carried out a review of space standards in new build properties. These have been benchmarked with 8 other providers of affordable housing across Scotland in both the social and private sectors. For the majority of unit sizes it is not cost effective to reduce the size of the unit as the saving in build costs is offset by a reduction in the rental income. Rental levels in the rent setting policy are based on 10m² intervals. It is proposed that the principle that where a new build unit is close to the next setting interval (i.e. within 2m²), the size of the unit should increase to adequately reflect the cost of its construction. For example, our newly revised 3-bedroom 6-person house and our 3-bedroom 6-person enhanced house (one bedroom and a bathroom downstairs) both have Gross Internal Floor Areas of 109m². The size of these units can be marginally increased by 1m² which enables a greater rental return to the HRA. This is also in keeping with the aim to deliver flexible and adaptable spaces that provide whole of life housing.

2.12 A tenant consultation framework has been developed with external consultants, IBP and views will be sought in respect of Rent Strategy proposals as part of a revised approach to tenant engagement.

Andrew Mackie
Housing Manager (Tenancy Services)

Date: 16th September 2020

Appendix 1

REPORT TO RENT STRATEGY MEMBER OFFICER WORKING GROUP		
	Forecast Budget per Full Council Feb 2020	Inflation Income Increase - 2.4%
HRA REVENUE BUDGET 2021-2022	£000	£000
EXPENDITURE		
Staff Costs	10,022	10,022
Premises Costs	18,931	18,931
Transport Costs	226	226
Supplies & Services	2,242	2,242
Third Parties Payments	176	176
Central Support Costs	2,907	2,907
Capital Financing Costs	<u>16,242</u>	<u>16,242</u>
TOTAL EXPENDITURE	50,746	50,746
INCOME		
Mainstream Rent Income:- Dwelling Rents	(56,573)	(56,803)
Mainstream - Voids	2,484	1,000
Other Income	<u>(10,582)</u>	<u>(10,582)</u>
TOTAL INCOME	(64,671)	(66,385)
BALANCE TRANSFERRED TO FUND CAPITAL PLAN (APPX 2)	(13,925)	(15,640)
SCENARIO IMPLICATIONS - from Forecast Budget in 2021-22		
Increase in available balance to transfer to fund Capital Plan		(1,715)

Appendix 2

REPORT TO RENT STRATEGY MEMBER OFFICER WORKING GROUP		
	Forecast Budget per Full Council Mar 2020	Revised Forecast Budget
HRA CAPITAL BUDGET 2021-2022	£000	£000
EXPENDITURE		
New Build Programme	25,902	29,014
Stock Improvements (incl HIP)	47,235	74,109
Staff Recharges	686	686
Other (ICT/SH)	<u>1,300</u>	<u>1,700</u>
TOTAL EXPENDITURE (slippage of £30.4m from 2020-2021)	75,123	105,509
INCOME		
New Build Programme	(9,975)	(7,923)
Smart Solar and Battery Storage	(1,390)	(748)
BALANCE TRANSFERRED FROM REVENUE BUDGET (APPX 1)	<u>(13,925)</u>	<u>(15,640)</u>
TOTAL INCOME	(25,290)	(24,311)
BORROWING REQUIRED TO FUND CAPITAL PLAN	(49,833)	(81,198)
SCENARIO IMPLICATIONS - from Forecast Budget in 21-22		
(Increase)/Decrease in Revenue Budget transfer from Forecast Budget		(1,715)
(Increase)/Decrease in Borrowing		(31,365)
INDICATIVE COST OF INCREASED BORROWING PER ANNUM		
(based on 40 year borrowing period)		1,358

Appendix 3

MOWG – Rent Strategy

Specification Review

Interim Report No.2

Asset Management - Stock Improvement

Version 0.3 September 2020

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Purpose of the Specification Review

The purpose of this review is to establish if any cost savings can be made that could potentially reduce the additional burden likely to be placed on the HRA if Housing's Rent Collection Strategy is changed.

Summary of Main Findings

From the work undertaken to date it is apparent that cost savings will be attainable by omitting or replacing certain items within our current Specification and by adjusting certain component lifecycles.

The largest number of potential changes to the Specification fall within the 'omission's' category but there are also 2 significant 'replacements' that can be further considered.

The following Summary Table highlights the main findings that are discussing in more detail in the commentary and spreadsheets contained in 0.

Component	Omissions	Replacements	Lifecycle change
Kitchen	Yes	No	No
Bathroom	Yes	No	Yes
Wetroom	Yes	No	Yes
Gas Heating	Yes	Yes	No
Electric Heating	No	No	No
Windows	Yes	Yes	Yes
Doors	Yes	No	Yes
Steps & Handrails	Yes	No	No
Communal Doors and Entry	Yes	No	No
Rewires	Yes	No	No
Internal Doors	Yes	No	No
Patio Doors	No	No	Yes
PVs	No	No	No
Dormers	Yes	No	Flat roof - Yes, Pitched roof - No
Roof Coverings	No	No	Yes
Rooflights	Yes	No	No
External Wall Insulation	No	No	No
Internal Wall Insulation	No	No	n/a

Some further work is needed by Housing and Property Services to conclude the final details of the Specification review to enable discussion with the MOWG that will settle upon what final changes could be recommended to Committee for implementation.

Methodology Update

In order that all options can be investigated, even if they are later rejected based on sound evidence, a four step methodology is being used in this review:

Omissions

Firstly, consideration has been given to those specification components that could perhaps be *omitted* from the current specification without any product changes being made.

Several possible omissions have been identified that could potentially offer significant cost savings but the desirability of doing so needs to be weighed against the potential expected implications.

Replacements

This review has identified only two potential replacements, but both show possible cost savings: the use of combination boilers rather than system boilers and the use of Alu-Clad windows. Property are still awaiting costing information on uPVC windows so this could potentially be another replacement to consider.

There are several factors to bear in mind when looking at these and the other potential replacements to our existing Specification. These factors are highlighted in the Pros & Cons and Comments sections in the spreadsheet.

The main consideration, resulting in the number of potential replacements being low, is that the current Specification has been developed and reviewed over many years and is therefore 'tried and tested' and known to meet the demands of the Housing Service.

It should also be noted that replacing products for those thought to be more cost effective or increasing the ranges of products in the Specification that would be acceptable to the Council, does not necessarily guarantee savings on our current upgrade costs.

For upgrade contracts, product supply prices are agreed between the contractors and the manufactures/suppliers. A reduced product cost is not necessarily pass onto the Council. The product price is only one part of the overall price the council pay for the work, as the contract has to factor in labour costs, overheads and profit margins when tendering for the work.

From a repairs and planned maintenance perspective, any change or expansion to the Specification increases the number of stock lines that are necessary to carry to undertake repairs. Also, having to then purchase fewer lines from a greater number of suppliers/ manufacturers could potentially reduce our purchasing power and increase the product costs associated with repairs and maintenance.

It is also recognised that reducing Specification, while saving capital costs can also potentially increase future repairs and planned maintenance costs.

Combination of Results

Once both the omissions and replacements work is completed, it will be possible to estimate the maximum cost saving for each type of upgrade from both *omitting* and/or *replacing* items in the Specification. Please note that in some cases elements from both options maybe possible.

Lifecycle and 30 Year Costs

A review of Aberdeenshire Council's component lifecycles has now been undertaken. It should be noted that Property may not be confident to stand by these revisions if new 'unknown' products are introduced into the Specification as their assessment is based on the current 'tried and tested' products.

The final process of running the potential revised upgrade costs and the updated component life cycles through the 30 year plan has yet to be undertaken. Only then will the overall financial impact of the potential omissions, replacements and lifecycle changes be known.

Additional Background Information

Development and Revisions to the Housing Specification

The process for revising the Housing Specification are set out in the Procedure for Stock Improvement, as agreed and adopted by Housing and Property Services.

As Housing's professional advisors, Property Services are responsible for the continued development and revision of the Specification. The performance of the products it contains are monitored on an annual basis by the Property Section and revisions are jointly agreed with Housing and changes proposed are recommended for consideration, and final approval by the Specification Harmonisation Group.

Revision to the Specification normally occur to keep abreast of changes in legislation, to account for changing product availability or due to specific feedback from contractors, (including Housing Repairs) and from the Property Service, based on product performance 'lessons learnt' on both the Housing Improvement Programme and other contracts.

Property need to demonstrate that future work can be tendered specifying products from specific manufacturers that they are confident to recommend based on previous performance, costs and value for money.

Please note that the Group also consults with the appropriate recognised tenant groups and forum(s), generally on those matters where the Specification gives rise to an element of tenant choice, e.g. kitchen, bathrooms and doors.

Procurement and Upgrade Works to Tenant's homes

The Housing Specification forms the basis for the procurement and pricing of all tender works for upgrades to tenants' homes. An Internal Audit Review in 2019 examined this process and was satisfied that full compliance was demonstrated by the Service.

The Specification names preferred products, (or their equivalent), which is compliant with procurement requirements. Naming preferred products is necessary as it encourages a certain level of consistency of the components used and provides a greater indication of the standard of product required.

To list the required standard of an item, without reference to a suitable 'named' reference product, would involve listing all aspects of the product from British Standards, Agrément Certificates and longevity expectation etc. The Property Service know from past experience that products may look the same and conform to the British Standards but their response to usage could differ significantly.

Therefore, the components recommended by Property have been reviewed over time in the 'field' and are tried, tested and costed and known to meet the demanding needs of the Housing Service.

As Housing are responsible for the repair and planned maintenance of our housing stock, choosing products that are not fit for purpose or do not stand up to the test of time could potentially add to revenue costs.

APPENDIX 3 - EQUALITY IMPACT ASSESSMENT

EIA Version	Date	Author	Changes
1.0	22 nd November 2020	Andrew Mackie	

Stage 1: Title and aims of the activity (“activity” is an umbrella term covering policies, procedures, guidance and decisions including those that affect services the council delivers).	
Service	Infrastructure Services
Section	Housing
Title of the activity etc.	Amendment to Housing Rent Strategy
Aims and desired outcomes of the activity	To amend the current rent strategy to reflect the impact on tenants ability to pay rent in a changing economic environment as a result of the Covid 19 pandemic. To sustain tenancies
Author(s) & Title(s)	Andrew Mackie, Housing Manager (Tenancy Services)

Stage 2: List the evidence that has been used in this assessment and explain what it means in relation to the activity you are assessing.		
Evidence	What does it say?	What does it mean?
Internal data (customer satisfaction surveys; equality monitoring data; customer complaints).	Rent Arrears data, economic data including post C19 pandemic projections – all data points to a risk of job losses, particularly within the North East of Scotland Economy leading to redundancies, possible wage constraint and transition to benefits	This will impact on tenants ability to pay rent leading to debt and possible eviction. Certain tenancies may be unsustainable resulting in homelessness.

<p>Internal consultation with staff and other services affected.</p>	<p>A Rent Strategy Member Officer Working Group was formed in order to review evidence and determine required amendments to the rent strategy. Detailed financial modelling was undertaken to establish the most appropriate route forward. Consultation was also held with the Tackling Poverty and Inequalities Officer</p>	<p>The Group determined that a risk was present and identified two options for consultation with tenants; retain the current rent strategy or pursue an RPI only increase in rent for the 21/22 financial year.</p>
<p>External consultation (partner organisations, community groups, and councils.</p>	<p>Tenant consultation via IBP Research – telephone survey of random sample of 1000 tenants with online version available to all tenants.</p>	<p>The survey confirms that 40% of tenants express a preference for retaining the current rent strategy with 33% preferring RPI only increase. The remainder of tenants express no preference or do not know. The survey also confirms that 30% of tenants have been left worse off by the pandemic.</p>
<p>External data (census, available statistics).</p>	<p>Economic data on the impact of Covid 19 considered</p>	<p>Identified a risk of redundancies within the North East of Scotland.</p>
<p>Other (general information as appropriate).</p>		

Stage 3: Evidence Gaps.	
Are there any gaps in the information you currently hold?	None

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:

Stage 5: What steps can be taken to promote good relations between various groups/areas?	
These should be included in the action plan.	Consultation with HRA Tenant Scrutiny Group

Stage 6: How does the policy/activity create opportunities for advancing equality of opportunity?
The activity provides an important focus on rent affordability and sustainment of tenancies for those impacted by the Covid 19 pandemic.

Stage 7a: Are there potential impacts on protected groups?				
The protected groups covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.				
Who is affected by the activity or who is intended to benefit from the proposed activity and how? Complete the table below for each protected group by inserting "yes" in the applicable box/boxes below.				
	Positive	Negative	Neutral	Unknown

Age – Younger	Yes			
Age - Older	Yes			
Disability	Yes			
Race – (includes Gypsy Travellers)			Yes	
Religion or Belief			Yes	
Sex			Yes	
Pregnancy and maternity			Yes	
Sexual orientation – (includes Lesbian/ Gay/Bisexual)			Yes	
Gender reassignment – (includes Transgender)			Yes	
Marriage and Civil Partnership			Yes	

Stage 7b: Do you have evidence or reason to believe that this policy, activity etc. will or may impact on socio-economic inequalities?

This is about trying to be fair to everyone. Part of that is realising that not everyone may be starting at the same place. Some individuals and families may have low income, may have very little or no savings which means they are living from month to month therefore changes to council policies/services may have a greater adverse impact on them.

On this basis you should consider potential impacts on individuals/families by:

- Place: on specific vulnerable areas or communities (SIMD, regeneration, rural) e.g. housing, transport.
- Pockets: household resources, (Income, benefits, outgoings) ability to access a service
- Prospects: peoples life chances e.g.access to, or ability to access: employment, training, services (such as council or health) or support.

Groups of people who may be impacted include, but not limited to:

<ul style="list-style-type: none"> • Unemployed • Single parents and vulnerable families • People on benefits • Those involved in the criminal justice system • People in the most deprived communities • People who live in rural areas 	<ul style="list-style-type: none"> • Pensioners • Looked after children • Carers including young carers • Veterans • Students • Single adult households • People who have experienced the asylum system 	<ul style="list-style-type: none"> • Those leaving the care setting including children and young people and those with illness • Homeless people • People with low literacy/numeracy • People with lower educational qualifications • People in low paid work • People with one or more protected characteristic
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Please complete by inserting “yes” in the applicable box/boxes below.

Socio-economic disadvantage	Positive	Negative	Neutral	Unknown
Pockets: Low income/income poverty – cannot afford to maintain regular payments such as bills, food, clothing	Yes			

Pockets: Low and/or no wealth – enough money to meet basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	Yes			
Pockets: Material deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure and hobbies	Yes			
Place: Area deprivation – where you live, where you work	Yes			
Prospects: Socioeconomic background – social class i.e. parents education, employment and income , educational achievement.	Yes			

Stage 8: What are the positive and negative impacts?		
Impacts.	Positive	Negative
Please detail the potential positive and/or negative impacts you have highlighted above. Detail the impacts and describe those affected.	Tenancy Sustainment	
	Rent Affordability	
	Prevention of Homelessness	

Stage 9: Have any of the affected groups/areas been involved, engaged with or 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?

Consultation with a representative sample of 1000 tenants.
Independent survey by telephone undertaken by IBP Research with an online version also available for completion by all tenants, advertised via social media and Aberdeenshire Council website.

Stage 10: 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

Stage 11: What monitoring arrangements will be put in place? How the EIA will be used to monitor the proposal

These should be included in any action plan (for example customer satisfaction questionnaires).

The activity will be subject to formal review at the end of a 12 month period where consideration will also be given as to whether additional action is required in respect of rent affordability.

Stage 12: What is the outcome of the Assessment?


Please complete the appropriate box/boxes	1	No negative impacts have been identified –please explain.
	Reconsideration of approved rent increase for 2021/22 is considered to be appropriate given the potential impact of Covid 19. Rent affordability is considered a key aim. Proposals will also include the potential increase in Welfare Rights support.	
	2	Negative Impacts have been identified, these can be mitigated - please explain. * Please fill in Stage 13 if this option is chosen.
	3	The activity will have negative impacts which cannot be mitigated fully – please explain. * Please fill in Stage 13 if this option is chosen

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* Stage 13: Set out the justification that the activity can and should go ahead despite the negative impact.

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Stage 14: Sign off and authorisation.

Sign off and authorisation.	1) Service and Team	Infrastructure Services - Housing	
	2) Title of Policy/Activity	Amendment to Housing Rent Strategy	
	3) Authors: I/We have completed the equality impact assessment for this policy/activity.	Name: Andrew Mackie Position: Housing Manager (Tenancy Services) Date: 22 nd November 2020 Signature: 	Name: Position: Date: Signature:
		Name: Position: Date: Signature:	Name: Position: Date: Signature:
	4) Consultation with Service Manager	Name: Date:	
	5) Authorisation by Director or Head of Service	Name: Position: Date:	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.		Date:	

	7) EIA author sends a copy of the finalised form to: equalities@aberdeenshire.gov.uk	Date:
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