

## REPORT TO ABERDEENSHIRE COUNCIL – 17 MARCH 2021

### HOUSING REVENUE ACCOUNT CAPITAL BUDGET 2021/22

#### 1. Reason for Report / Summary

- 1.1 This report provides the Council with the proposed Housing Revenue Account capital budget for 2021/22 for agreement.

#### 2. Recommendations

The Council is recommended to:

- 2.1 **Agree to the Housing Revenue Account (HRA) capital budget for 2021/22 as outlined in Appendix 1, including indicative budgets for 2022/23 to 2025/26.**

#### 3. Purpose and Decision-Making route

- 3.1 The purpose of this report is to provide the Council with the proposed HRA capital budget for 2021/22 and indicative budgets for 2022/23 to 2025/26.

#### 4. Discussion

- 4.1 The Housing Revenue Account (HRA) records expenditure and income associated with Council dwellings provided under the Housing (Scotland) Act 1987. The HRA is a statutory account with all income and expenditure generated from the rent and service charges levied on Council tenants is used to fund the maintenance and management of Council houses to the benefit of the tenants. It is a statutory requirement that this account remains 'ring-fenced' and is accounted for separately from the Council's General Fund.
- 4.2 The affordability of the revenue and capital budgets is monitored through inclusion of expenditure and income within the Housing 30 year Business Plan with a maximum affordability limit set at 40%. This means that over the 30 year period of the plan borrowing will not exceed a level whereby more than 40% of the rental income is required to cover debt charges (or 40p in every £1 collected in rent). This limit was set at a level consistent with other local authorities but is a locally determined position based upon affordability, planned capital programmes and the agreed Business Plan.
- 4.3 The proposed HRA capital budget is detailed in **Appendix 1**. The 2021/22 capital budget includes:

**£93.4 m** for the HRA capital programme including the Housing Improvement Plan (HIP) which will deliver planned stock improvements. The HIP programme will also deliver works required by the Scottish Government to attain the Energy Efficiency Standard for Social Housing (ESSH). Funding is also in place to complete the current new build programme and deliver 700 units over the next four years. Indicative future capital budgets are included in **Appendix 1**.

- 4.4 The Council is required to borrow to fund the capital programme and the limits noted above ensure that any borrowing is done in such a way that keeps the plan affordable and sustainable in the long term. The borrowing that is undertaken to fund the HRA is done at a Council-level and is managed by the Treasury Management team within Corporate Finance who ensure that borrowing optimises the most favourable terms and interest rates for the Council as a whole, with the HRA being charged their proportion of these associated borrowing costs.
- 4.5 A full review of the Housing 30 year Business Plan was carried out in 2017/18 in conjunction with external consultants and reported to Communities Committee in February 2018. The Business Plan is subject to ongoing review internally. A full review is currently being undertaken in conjunction with external consultants and will be reported to Communities Committee in April 2021. The full review will take cognisance of the approved amended rental strategy.

## 5 Council Priorities, Implications and Risk

- 5.1 This report helps deliver all six of the Council's Strategic Priorities and the key principle that underpins them of everyone having access to appropriate accommodation and housing support where required.
- 5.2 The table below shows whether risks and implications apply if the recommendation is 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

- 5.3 An equality impact assessment has been carried out as part of the development of the proposals set out above. It is included in **Appendix 2** and no impact has been identified.
- 5.4 A Town Centre First Impact Assessment has been carried out at **Appendix 3** and there is a positive impact as follows:
- Ensuring there is sufficient budget for maintaining and managing council housing stock will prevent properties being void or going into disrepair which will have a positive impact on the areas where these properties are.
- 5.5 There are no staffing implications. There are financial implications which are inherent in the report and are built into the base budgets at **Appendix 1**.

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

**Budget Pressures** – There is increasing pressure on the HRA Business Plan over the long term to manage and maintain existing stock whilst delivering a substantial capital programme and keep rents at an affordable level for tenants. The budget has been set within the affordability limits of the Business Plan. The plan will be monitored throughout the year with quarterly revenue and capital monitoring reports to Communities Committee.

**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. There are risks associated with not achieving these standards balanced with the risks associated with the high cost of delivering the works.

## **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 Council is able to take a decision on this item in terms of Section A 8.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to setting of the HRA Capital Budget.

**Alan Wood**  
**Director of Infrastructure Services**

Report prepared by Chris Smith, Business Partner and John Lovie, Capital Accountant  
Date 5 March 2021

**Appendix 1** – HRA Capital Programme 2021-26

**Appendix 2** – HRA Capital Budget Equality Impact Assessment

**Appendix 3** – HRA Capital Budget Town Centre First Impact Assessment

### HRA Capital Programme 2021-26

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Stock Improvements	59,292	52,290	42,560	37,360	37,160
New Builds	32,361	26,803	22,641	19,326	2,966
Staff Allocations	686	693	700	721	700
Other Expenditure	1,077	300	200	0	0
<b>Total Capital Expenditure</b>	<b>93,416</b>	<b>80,086</b>	<b>66,101</b>	<b>57,407</b>	<b>40,826</b>
<b>Funded by:</b>					
New Build Funding	(17,629)	(6,520)	(11,935)	(1,883)	0
Capital Funded from Current Revenue (CFCR)	(20,968)	(21,671)	(22,871)	(24,111)	(25,392)
Sales Receipts	(600)	0	0	0	0
Borrowing	(54,219)	(51,895)	(31,295)	(31,413)	(15,434)
<b>Total Funding</b>	<b>(93,416)</b>	<b>(80,086)</b>	<b>(66,101)</b>	<b>(57,407)</b>	<b>(40,826)</b>

The capital plan outlined above will be reviewed following the finalisation of the outturn of the 2020/21 programme and, if required, works may be re-profiled across future years. This revised position will be reported to Communities Committee during the first monitoring cycle in 2021/22 with quarterly progress reports being reported to Communities Committee thereafter. Borrowing requirements will be reviewed quarterly with impact of borrowing being reviewed annually.

#### Stock Improvements

The stock improvements budget allows for all business as usual (BAU) works such as component replacements of bathrooms, kitchens, heating systems, electrical works, doors and windows to keep the Council's stock in an acceptable condition. This budget also allows works to be completed to bring properties up to the Energy Efficiency Standard for Social Housing (ESSH). This work includes internal and external wall insulation works. This work will be delivered through the new Housing Improvement Plan (HIP) which consists of a new framework of 4 contractors who were appointed during 2017/18. Regular updates on the programme are reported by the Property Service to Communities Committee on a six monthly basis.

#### New Build Programme

The business plan and rental strategy makes provisional allowance for a further 700 units between 2020/21 and 2023/24 which will contribute to the Scottish Governments target of 50,000 new homes during this parliamentary term.

The delivery of the New Build Programme is closely monitored with any changes required to the programme being subject to approval by Communities Committee in relation to the overall affordability of the 30 year Business Plan. The service continues to investigate potential areas for development and progress updates on the new build programme will continue to be regularly reported to Communities Committee.

### **Other Capital Expenditure**

Funding of £1.5m has been set aside within the Business Plan in years 2021–24 to fund the following –

- replacement of critical ICT infrastructure and for the future digitalisation and automation of services. This links to the continual improvement of services to users and will be required to ensure that efficiency savings that can be made through utilising new and emerging technologies are achieved.
- upgrades required to sheltered housing car parks following identification of issues around car parks that had not been formally adopted by the Council's General Fund. These car parks are in the process of being officially handed back to the HRA and will require investment to bring these up to standard.

### **Staff Allocations**

An allocation of £686,000 has been made to fund staff time spent directly on delivering the capital programme in 2021/22.

## EQUALITY IMPACT ASSESSMENT

EIA Version	Date	Author	Changes
1	03/02/2021	Rob Simpson	N/A

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	Aberdeenshire Council / Business Services / Infrastructure Services
Section	Housing
Title of the activity etc.	HRA Capital Budget 2021/22
Aims and desired outcomes of the activity	To upgrade the Council’s Housing Stock to maintain and meet legislative requirement (SHQS/ESSH & ESSH2) and the needs and aspirations of our tenants.
Author(s) & Title(s)	Chris Smith, Finance Business Partner – Infrastructure Services Dave Thomson, Housing Manager (Asset Management)

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).	<ul style="list-style-type: none"> <li>• Statutory and Internal KPI’s;</li> <li>• HRA Business Plan review;</li> <li>• Budget Monitoring data;</li> <li>• Scottish Social Housing Charter</li> <li>• Scottish Housing Regulator; Tenant Feedback and Customer Service analyses</li> <li>• Feedback Team (Complaints/Comments and Compliments)</li> <li>• Reports to Communities Committee - quarterly</li> <li>• Minutes of contract meeting conducted by Property Services</li> <li>• 100% stock condition database</li> <li>• Asbestos Surveys - ongoing</li> <li>• EPC - 100% survey of stock</li> <li>• Occupational Therapist Assessments</li> <li>• Data collected at pre contract surveys</li> </ul>	Analysis undertaken determines the requirement for work and ensures that there is adequate funding.

Internal consultation with staff and other services affected.	<ul style="list-style-type: none"> <li>• Finance;</li> <li>• Housing Management Team (HMT)</li> <li>• Business Plan Review Group</li> <li>• HIP Project Board and HIP Programme Management Team</li> <li>• Housing Capital Plan Management Group (Housing &amp; Property)</li> <li>• Housing Client Update Meeting (Housing &amp; Property)</li> <li>• Repairs Officer Group</li> <li>• Stock Improvement Team Meeting</li> <li>• Housing Occupational Therapists Team</li> </ul>	Consultation with Finance and the Housing Management Team ensures that service requirements can be determined in line with the Business Plan.
External consultation (partner organisations, community groups, and councils).	<ul style="list-style-type: none"> <li>• IBP independent telephone surveys of contractor performance</li> <li>• Contractor Surveys following upgrade works</li> <li>• Property's assessments and contractors' performance based on set KPIs</li> <li>• Quality Assurance of gas heating and electrical installations</li> <li>• Meeting with other LA/RSLs to discuss innovative approaches</li> <li>• Scottish Government EESSH working group</li> <li>• Scottish Housing Best Value Network - Asset Management Group</li> <li>• Other External Specialist property related disciplines, (Engineers, Timber Specialists, Drainage)</li> <li>• Asset Management Tenant Group</li> </ul>	The implementation of a revised Tenant Participation Strategy allows an in-depth analysis of the Housing Revenue Account and proposals for rent increases. Member Officer working Group (Rent setting) and tenants were consulted as part of the rent increase consultation for 2021/22.
External data (census, available statistics).	<ul style="list-style-type: none"> <li>• British Board of Agreement</li> <li>• British Research Establishment</li> <li>• Academic Research (General and Environmental)</li> <li>• External Benchmarking (Scotland's Housing Network / Association of Public Sector Excellence / Housemark)</li> <li>• Information from external quality assurance</li> <li>• Information from independent telephone survey following capital works</li> <li>• Asbestos Surveys</li> <li>• Energy Performance Certificates</li> <li>• Scottish Housing Regulator (inspection outcomes /Scottish Housing Quality Standard reporting)</li> <li>• Scottish Government research and reporting</li> <li>• Professional Institutions</li> <li>• Trade Literature</li> <li>• Scottish Government statistics</li> <li>• DWP data.</li> </ul>	Benchmarking data allows comparison with other similar landlords whilst other data provides information regarding affordability.

Other (general information as appropriate).	Universal Credit/Housing Benefit assistance available to tenants that qualify with assistance in paying rent. The council also implements a Discretionary Housing Payment (DHP) scheme that assists council and private sector tenants. Housing are heavily engaged in the management of the full roll out of Universal Credit incorporating comprehensive monitoring mechanisms in order to ensure a proactive approach to the targeted support of assistance to tenants. Aberdeenshire Council have implemented an enhanced Information and Advice Framework for the provision of money advice and welfare rights advice to tenants and others.	Provides confirmation of support mechanisms in place to support tenants.
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### Stage 3: Evidence Gaps.

Are there any gaps in the information you currently hold?	The Housing Service has a good understanding of our housing stock and the needs and aspirations of our tenants. Future direction in terms of energy efficiency at a national level yet to be confirmed.
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### 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:
	Clear direction from Scottish Government.	Targets 2032 and 2045

### Stage 5: What steps can be taken to promote good relations between various groups/areas?

These should be included in the action plan.	The Council reviewed its approach to Tenant Participation with a new Strategy approved by the Communities Committee on the 5th September 2019. The Housing Service are committed to ensuring the adoption of new and innovative ways of involving tenants in the scrutiny of the Housing Revenue Account, commencing with the formation of an HRA Scrutiny Group that forms the principal means of ensuring that tenant representatives have a real say in the delivery of services. In addition, modern methods of communication are under development to ensure that all tenants have access to meaningful input in how rent money is spent. The Annual Report to Tenants will be further developed in conjunction with service users whilst new technology will be used to disseminate data on a regular basis.
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Stage 6: How does the policy/activity create opportunities for advancing equality of opportunity?

The Budget review ensures that the delivery of Housing services can be maintained to ensure the ongoing provision of affordable housing, repairs and upgrades together with the provision of a wide range of support to those most vulnerable.

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"> <li>• Unemployed</li> <li>• Single parents and vulnerable families</li> <li>• People on benefits</li> <li>• Those involved in the criminal justice system</li> <li>• People in the most deprived communities</li> <li>• People who live in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>• Pensioners</li> <li>• Looked after children</li> <li>• Carers including young carers</li> <li>• Veterans</li> <li>• Students</li> <li>• Single adult households</li> <li>• People who have experienced the asylum system</li> </ul>	<ul style="list-style-type: none"> <li>• Those leaving the care setting including children and young people and those with illness</li> <li>• Homeless people</li> <li>• People with low literacy/numeracy</li> <li>• People with lower educational qualifications</li> <li>• People in low paid work</li> <li>• People with one or more protected characteristic</li> </ul>
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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 (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 you have highlighted above. Detail the impacts and describe those affected.	Not applicable	Not applicable

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?	<p>Although there are no affected groups, tenants have been consulted in respect of rent increases. Independent consultation with all Aberdeenshire Council tenants, as required by the Housing (Scotland) Act 2001.</p> <p>Ongoing and regular consultation with tenants through a variety of means and meetings to impact directly on 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, which would include those relating to protected 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>

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
	No negative impacts have been identified	

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 Housing service continuously monitors equality issues and regularly engages in tenant/ applicant surveys in accordance with its statutory and regulatory obligations. In addition, the Service ensures that satisfaction levels are benchmarked with other organisations on a continuous basis through involvement with Housing Quality Network (HQN) and Scottish Housing Network (SHN). A rent consultation process is undertaken actions arising from the outputs are identified as part of the Housing Service's Continuous Improvement outcomes as part of the Action Planning for the Local Housing Strategy (LHS).

Stage 12: What is the outcome of the Assessment?		
Please complete the appropriate box/boxes	1	No negative impacts have been identified –please explain.
	No negative impacts have been identified. Proposals will ensure that affordable housing continues to be delivered together with all other aspects of service delivery in the best interests of tenants and service users.	

	2	Negative Impacts have been identified, these can be mitigated - please explain. * Please fill in Stage 13 if this option is chosen.
	N/A	
	3	The activity will have negative impacts which cannot be mitigated fully – please explain. * Please fill in Stage 13 if this option is chosen
	N/A	

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

N/A

Stage 14: Sign off and authorisation.

Sign off and authorisation.	1) Service and Team	Infrastructure Services, Housing	
	2) Title of Policy/Activity	HRA Capital Budget 2021/22	
	3) <b>Authors:</b> I/We have completed the equality impact assessment for this policy/activity.	Name: Chris Smith Position: Chris Smith, Finance Business Partner – Infrastructure Services Date: 03/02/2021 Signature:	Name: Position: Date: Signature:
		Name: Position: Date: Signature:	Name: Position: Date: Signature:
4) Consultation with Service Manager	Name: Dave Thomson, Service Manager (Asset Management and Repairs) Date: 03/02/2021		

<p>5) Authorisation by Director or Head of Service</p>	<p>Name: Rob Simpson Position: Head of Housing – Infrastructure Services Date: 03/02/2021</p>	<p>Name: Position: Date:</p>
<p>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.</p>	<p>Date:</p>	
<p>7) EIA author sends a copy of the finalised form to: equalities@aberdeenshire.gov.uk</p>	<p>Date:</p>	

Action Plan					
Action	Start	Complete	Lead Officer	Expected Outcome	Resource Implications
Ongoing engagement with tenant representatives	April 2021	Ongoing	Rob Simpson	Neutral	Within existing resources

## TOWN CENTRE FIRST IMPACT ASSESSMENT (TCFIA)

Aberdeenshire Council recognises that town centres have an important role to play in the sustainable development of local economies.

The Town Centre First Impact Assessment (TCFIA) allows officers in all services to identify the detrimental and beneficial effects that decisions we take may have on our town centres. It will allow officers to consider any implications that council decisions may have on Aberdeenshire's key town centres. Examples of this include changes to: the provision of civic and community facilities, employment land, retail, residential buildings, cultural assets, transportation, leisure and tourism.

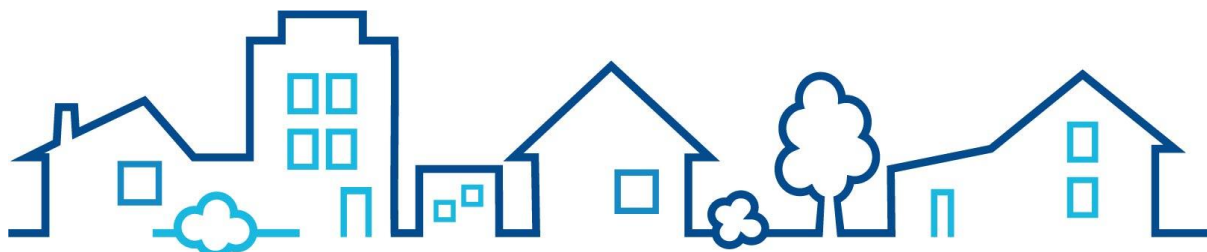
A Town Centre Ambassador has been nominated within your service, you can locate your Town Centre First Ambassador through the Town Centre First Principle Arcadia pages.

Project Information	
Title of Committee Paper	HRA Capital Budget 2021/22
Service	Infrastructure
Department	Housing
Author	Chris Smith
Have you consulted your Town Centre First Ambassador?	Yes

1) Could your Project Paper cause an impact in one (or more) of the identified town centres? – Peterhead, Fraserburgh, Inverurie, Westhill, Stonehaven, Ellon, Portlethen, Banchory, Turriff, Huntly, Banff, Macduff.	
Yes	

2) If approved would your project cause an impact (either positive or negative) with regards to the footfall of any of these town centres?	
Yes	

3)	
Please describe the aims of the committee paper?	The paper puts forward the proposed HRA Capital Budget for 2021/22.

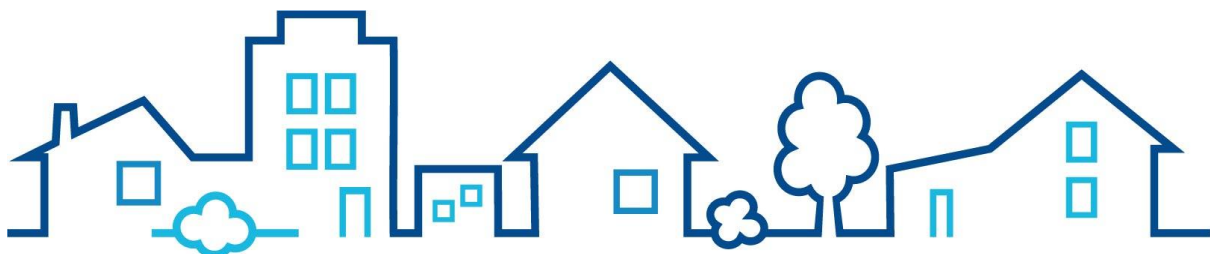




4) What are the positive and negative impacts?		
Impact	Describe the positive impact?	Describe the negative impact?
Please detail any potential positive and negative impact the project may have on Aberdeenshire's Key Town Centres.	The report provides budget for maintaining and improving Council houses. By ensuring there is sufficient budget for maintaining and managing Council stock so that it is not in disrepair or void will have a positive impact on the areas where these properties are situated.	None

5) What mitigating steps will be taken to reduce or remove negative impacts? If none see Q6	
Mitigating Steps	Timescale

6) Set out the justification that the activity can and should go ahead despite the negative impact.



Question 7: Sign off and Authorisation	
3) <b>Author:</b> I have completed the TCIA impact assessment for this policy/ activity.	Name: Chris Smith Position: Business Partner Date: 3 February 2021 Signature:
4) Consultation with Service Manager	Name: Dave Thomson Position: Housing Manager (Asset Management & Repairs) Date: 3 February 2021
5) Authorisation by Director or Head of Service	Name: Rob Simpson Position: Head of Housing Date: 3 February 2021
6) Have you consulted with your Town Centre First Ambassador?	<b>Yes</b>
	No
7) TCFIA author sends a copy of the finalised form to: tcfia@aberdeenshire.gov.uk	Date Sent:

