

**SOCIAL WORK AND HOUSING COMMITTEE – 31 MARCH 2016****HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME 2015/16  
MONITORING**

- 1 It is recommended that the Social Work & Housing Committee:**
  - 1.1 Comment on the current capital forecasts for the financial year.**
  - 1.2 Acknowledge the revised borrowing requirement to finance the Capital Programme and resultant Housing Business Plan implications.**
  - 1.3 Agree that Officers continue to report to Social Work and Housing Committee on overall progress in the implementation of the HRA Capital Programme.**
  - 1.4 Agree to a further report to June Committee on the delivery of the capital programme increased to meet the Energy Efficiency Standard for Social Housing (ESSH) from 2017/18 until 2020/21.**

**2 Background/Discussion**

- 2.1 A 3-year capital programme for housing was agreed on the 2 April 2015 by Social Work and Housing Committee. When preparing detailed proposals for stock improvements, Officers have had regard 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 2015/16**

- 3.1 The capital programme for 2015/16 is summarised as follows:

**Table 1 – Forecast HRA Capital Programme Expenditure 2015/16**

<b>Expenditure</b>	<b>Revised Budget 2015/16</b>	<b>Actual to 31 January 2016</b>	<b>Forecast</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Stock Improvements	22,970	11,953	16,385	(6,585)
New Build Programme	9,387	4,821	8,100	(1,287)
VSH Conversions	200	38	40	(160)
Allocations	411	476	571	160
Other	377	775	776	399
	<b>33,345</b>	<b>18,063</b>	<b>25,872</b>	<b>7,473</b>

### 3.2 Stock Improvements

Stock improvements is currently showing an under spend of £6.585m which equates to 29% of the revised budget. Due to a number of reasons, including some of the tenders not offering value for money, there has been deferral of the 2015/16 Stock Improvement Programme. A review of the programme is being undertaken to determine the output to the end of 2016/17. Works planned for 2016/17 will be delivered during the 2017 – 2021 EESSH period. Tenants will be updated by Property Services explaining the reasons for the deferrals, apologising for the delay and to advise when works will occur. Property Services are in the process of developing a delivery strategy for the 2017/21 programme to ensure that that the council meets the Scottish Government's EESSH by the December 2020 deadline. Full details of the stock improvements budget for 2015/16 are shown in Appendix 1.

#### 3.2.1 Contractor in Administration

As previously advised, the Council were advised that Muirfield Contracts went into administration on the 10 March 2015. All contracts requiring works to be completed have been re-tendered. At the time of writing this report, all eight contracts have been appointed, four have been completed and the remaining four contracts will be completed by 30/06/2016.

### 3.3 New Build Programme

New build is currently showing an under spend of £1.287m which equates to 14% of the revised budget. This is due to delays with sites in Barrasgate, Fraserburgh and Martin Brae, Inverurie as a result of Muirfields going into administration and procuring new contractors to take on these builds. Both of these projects are now on site and due for completion in August 2016 and September 2016 respectively.

Work continues on site for Phase 5 where 169 new council homes will be delivered across 8 sites. Of the total of 169 units, 82 units have been delivered with the remaining 87 due for completion in 2016. Work has commenced on Phase 6, where an additional 92 units are targeted for delivery by the end of 2017/18.

### 3.4 Very Sheltered Housing (VSH) conversions

Following a valuation exercise the VSH conversion works for Modley House, Ellon have been retendered and the tenders received are within the budget. This will be subject of a report to Policy and Resources Committee on 21 April 2016.

### 3.5 Allocations

This budget is for housing staff costs which relate to the delivery of the capital programme. As reported to committee in December 2015, this budget has increased due to an increase in the superannuation rates for 2015/16 which has a knock-on effect to the recharge of staff costs to capital.

### 3.6 Other expenditure

To date there has been other capital expenditure of £775,000 of which £575,000 relates to the acquisition of properties which were partly funded by planning gain (£237,000). The remainder of these costs related to the acquisition of vans for use by clerk of works following the reorganisation of asset management.

## 4 Capital Programme Financing 2015/16

- 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 plans affordability limits.
- 4.3 Table 2 details the forecast funding arrangements for the 2015/16 capital programme.

**Table 2 – Forecast Resources 2015/16**

<b>Resources</b>	<b>Revised Budget 2015/16</b>	<b>Forecast</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing	12,748	4,784	(7,964)
House Sales	2,803	2,000	(803)
Other Capital Income	1,958	3,038	1,080
Capital funded from current revenue (CFCR)	15,836	16,050	214
<b>Totals</b>	<b>33,345</b>	<b>25,872</b>	<b>(7,473)</b>

- 4.4 Other capital income is forecast to be £1.08m higher than budget. This is due to additional planning gain income made available for funding the new build programme and the acquisition of properties as detailed above. In addition to this, Scottish Government new build funding was drawn down in full for the current phase of the programme. The Council also received £249,000 of Greenhomes funding in relation to insulation works.
- 4.5 The funding available from Capital Funded from Current Revenue (CFCR) is higher than budget as a result of a forecast net underspend on the HRA revenue account. Further details of the revenue position is provided in a separate report to this Committee.
- 4.6 The impact of the movement in forecast expenditure and income has a net effect of decreasing the borrowing requirement by £7.964m. The affordability of this level of expenditure and borrowing will continue to be monitored to ensure it does not breach the realms of affordability.
- 4.7 The Monitoring Officer within Business Services has been consulted in the preparation of this report and agree with the content.

## **5 Equalities, Staffing and Financial Implications**

- 5.1 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.
- 5.2 There are no staffing issues arising directly from this report.
- 5.3 The financial implications are detailed inherent in the report.

**Stephen Archer**  
**Director of Infrastructure**  
**Services**

**Alan Wood**  
**Head of Finance**

**Allan Whyte**  
**Head of Property &**  
**Facilities Management**

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

## Housing Stock Improvement 2015/16

Work type	Ref	Budget £000	Uncommitted £000	Committed £000	Actual 31 Oct 2015 £000	Forecast £000	Variance from budget £000
Sheltered Housing	1	650	650	0	(2)	65	(585)
Roofs	2	400	0	400	58	70	(330)
Windows	3	3,393	1210	2183	517	1,300	(2,093)
Doors	4	2,418	0	2418	490	1,300	(1,118)
Kitchens	5	2,826	1,691	1,135	707	1,400	(1,426)
Central Heating	6	4,285	1,485	2,800	2,108	2,850	(1,435)
Bathrooms	7	2,709	1,209	1,500	710	1,300	(1,409)
Door Entry Systems	8	300	160	140	135	160	(140)
Upgrades at Void		2,000	100	1,900	1,600	1,900	(100)
Insulation	9	3,000	0	3,000	5,402	5,600	2,600
EESH		0	0	0	5	50	50
Refurbishment	10	590	0	590	(24)	90	(500)
Housing Repairs		399	99	300	246	300	(99)
<b>Total</b>		<b>22,970</b>	<b>6,604</b>	<b>16,366</b>	<b>11,952</b>	<b>16,385</b>	<b>(6,585)</b>

**APPENDIX 1a**

**Explanation of the variance identified in Appendix 1:**

1. Sheltered Housing – The underspend is due to the retender of Modley House, Ellon (VSH) project as a result of poor tender response and seeking further approvals. (585)
2. Roofing – The underspend is primarily due to the lack of response to tenders issued. A revised programme is being developed. (330)
3. Windows – The underspend is due to the additional times required to tender the projects, due diligence to establish their value for money and to compliance with the new procurement processes. The tenders will be subject to a report to Policy and Resources Committee. (2,093)
4. Doors – The underspend is due to the additional times required to tender the projects, due diligence to establish their value for money and to compliance with the new procurement processes. The tenders will be subject to a report to Policy and Resources Committee. (1,118)
5. Kitchens – The underspend is due to the additional times required to tender the projects and compliance with the new procurement processes. Strategic pricing by the highest scoring tenderer (price/quality) has led to increased due diligence to ascertain best value. The tenders will be subject to a report to Policy and Resources Committee. (1,426)
6. Central Heating – The underspend is due to the additional times required to tender the projects and compliance with the new procurement processes. In addition, strategic pricing by the tenderers has resulted in tenders that do not represent best value and will require to be retendered. (1,435)
7. Bathrooms - The underspend is due to the additional times required to tender the projects and compliance with the new procurement processes. (1,409)
8. Door Entry – The underspend is due to only one tender being received for the main project through the new procurement system leading to due diligence to establish best value. (140)
9. Insulation – The overspend is due to an increased number of houses being targeted due to additional funding from the Scottish Government. The additional expenditure will be reported to the April Policy and Resources Committee. 2,900
10. Refurbishment - The underspend is due to additional time to procure. (500)

## 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"> <li>• Monthly Minutes of Asset Management Tenants Group /Stock Improvement Officers Group – 8 weekly until Dec 2012 / Contact Centre – ongoing</li> <li>• Tenants Events – Annually</li> <li>• Tenants Newsletter (Specification, etc) – quarterly</li> <li>• Feedback (Complaints/Comments and Compliments) – ongoing</li> <li>• Confirm (Property Helpdesk) - ongoing</li> <li>• Reports to SW&amp;H Committee - quarterly</li> <li>• Minutes of meeting with Property Services - monthly</li> <li>• Repairs working from Northgate/SAVE</li> <li>• 100% stock condition database</li> <li>• Asbestos Surveys – 10% of stock</li> <li>• EPC – 40% of stock new 100% survey tendered August 2013</li> <li>• OT Assessments - Ongoing</li> <li>• Data collected at pre contract surveys - ongoing</li> </ul>

<p>Internal Consultation with staff and other services affected.</p>	<p>Officer Groups</p> <ul style="list-style-type: none"> <li>• Capital Program Meeting (Property) – monthly</li> <li>• Strategic Capital Plan Group - monthly</li> <li>• Contact Centre - ongoing</li> <li>• Repairs Officer Group – 8 weekly</li> <li>• Stock Condition Surveyors Group – 8 weekly</li> </ul>
<p>External consultation (partner organisations, community groups, and councils).</p>	<ul style="list-style-type: none"> <li>• IBP independent surveys of contractor performance</li> <li>• Contractor Surveys.</li> <li>• Properties assessment and contractors performance.</li> <li>• Quality Assurance of gas heating installations.</li> <li>• Local Authority Gas Banding Working Group.</li> <li>• Joint Working with RSLs on the Stock Improvement programme.</li> <li>• Meeting with other LA/RSLs to discuss innovative approaches.</li> <li>• SHBVN – Asset Management Group</li> <li>• Discussing with Tenants Groups</li> <li>• Other External Specialist property related disciplines(Engineers, Timber Specialists, Drainage)</li> </ul>
<p>External data (census, available statistics).</p>	<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>• Private Companies</li> <li>• External Benchmarking (Scottish Housing Best value Network / Association of Public Sector Excellence)</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 (Fuel Poverty)</li> <li>• Scottish House Condition Survey</li> <li>• Professional Institutions</li> <li>• Trade Literature</li> </ul>
<p>Other (general information as appropriate).</p>	<p>Scottish Government Committee.</p>

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"> <li>• low level thresholds</li> <li>• Alarm systems</li> <li>• Low surface temperature radiators</li> <li>• Sockets/switches</li> </ul>			
Disability	Yes <ul style="list-style-type: none"> <li>• Equipment and Adaptation</li> </ul>			
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?	
These should be included in the action plan.	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.

Stage 10: How does the policy/activity create opportunities for advancing equality of opportunity?
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.

Stage 11: What equality monitoring arrangements will be put in place?	
These should be included in any action plan (for example customer satisfaction questionnaires).	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.

Stage 12: What is the outcome of the Assessment?		
Please complete the appropriate box/boxes	1	No negative impacts have been identified –please explain.
	Stock Improvement Programme is adapted to meet the specific needs of individuals, regardless of association with any of the protected groups.	
	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

* 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	Housing and Social Work, Asset Management.		
	2) Title of Policy/Activity	Stock Improvement Programme.		
	3) <b>Authors:</b> We have completed the equality impact assessment for this policy/activity.	Name: Dave Thomson Position: Stock Improvement and Maintenance Manager Date: 01/04/2015		
	4) Consultation with Service Manager	Name: Douglas Newlands Position: Housing Manager (Asset Management) Date: 01/04/2015		
	5) Authorisation by Director or Head of Service	Name: Brian Watson Position: Head of Service (Housing) Date: 01/04/2015	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@abdshire			Date:
(Equalities team to complete) Has the completed form been published on the website? YES/NO			Date:	



