



REPORT TO SOCIAL WORK & HOUSING COMMITTEE - 1 SEPTEMBER 2016

**HOUSING REVENUE ACCOUNT (HRA)
CAPITAL PROGRAMME 2015/16 OUTTURN**

1. Recommendations

Social Work & Housing Committee is recommended to:

- 1.1 Acknowledge the outturn figures for the financial year 2015/16.**
- 1.2 Acknowledge the revised borrowing requirement, to finance the Housing Capital programme.**

2. Background/Discussion

- 2.1 This report advises and seeks comment on the HRA Capital Programme outturn for 2015/16. The Social Work & Housing Committee received progress reports throughout the year, and approved the HRA Capital Programme for 2015-17 on 2 April 2015.

3. Outturn Position 2015/16

- 3.1 The Capital Programme expenditure for 2015/16 can be summarised as follows:

Table 1 – Capital Programme Expenditure 2015/16

Expenditure	Revised Budget 2015/16 £000	Outturn 2015/16 £000	January Forecast £000	Variance from forecast £000
Stock Improvements	22,970	14,299	16,385	(2,086)
New Builds	9,387	7,931	8,100	(169)
Very Sheltered Housing Conversions	200	52	40	12
Allocations	411	701	571	130
Other	377	734	776	(42)
Total	33,345	23,717	25,872	(2,155)

- 3.2 As illustrated in the table above, the HRA budgeted to spend £33.345m on capital expenditure in 2015/16. Actual expenditure of £23.717m was £9.628m (29%) lower than the budget and £2.155m (8%) lower than the forecast reported to committee on 31 March 2016.

- 3.3 **Stock Improvement** - In 2012, members raised concerns about the risks associated with the delivery of the capital programme and the impact this may have on the Council's commitment to meet its legislative requirements (at the time, the Scottish Housing Quality Standard (SHQS) and now the Energy Efficiency Standard for Social Housing (ESSH)). It is acknowledged that there is an under-spend in 2015/16 against the budget of £8.671m (38%) and it is further acknowledged that the £14.299m expenditure was for catch up contracts from previous year's works; not the delivery of the 2015/16 works.
- 3.3.1 This is recognised and was reported to SW&H Committee on 2 June 2016. That report acknowledged that previous years' have not been fully delivered; advised that the future Stock Improvement Programme was increasing to meet ESSH by December 2020 and that Programme Delivery Support had been obtained. This is primarily in respect of construction procurement, benchmarking, value engineering, cost control, project batching and monitoring of the programme. The company, Arcadis LLP, a design and consultancy organisation who are on the Council's Consultancy Framework list was the successful bidder and their appointment was confirmed by Policy and Resources Committee on 21 April 2016. The company have extensive experience of supporting Local Authorities with similar housing programmes. Their input is to supplement, not replicate, internal resources and provide advice on areas of Best Practice.
- 3.4 **New Build Housing** – Following successful funding bids to Scottish Government the council have successfully delivered 163 new council homes through Phase 1-4 of its New Build Programme. Meantime, work continues on site for Phase 5 where 169 new council homes will be delivered across 8 sites. Actual expenditure of £7.931m was £1.456m (15%) lower than the budget, and £169,000 (2%) lower than the forecast reported to committee on 31 March 2016. Further details can be found in the report "Affordable Housing" to SW&H Committee on 2 June 2016.
- 3.5 **Very Sheltered Housing Conversions** – The final outturn for financial year 2015/16 is £12,000 more than forecast to SW&H Committee on 31 March 2016, due to additional works in settlement of the final account at Hamewith Court, Alford.
- 3.6 **Allocations** – this relates to the recharge of housing staff costs associated with delivering the capital programme. This was higher than originally budgeted for due to revisions of the percentage allocation of housing staff time during the year to better reflect the time spent on capital related project work.
- 3.7 **Other** - There was other capital expenditure of £734,000. This comprised £427,000 to acquire a properties in Pitcaple, Ellon and Marykirk which was part-funded from Planning Gain. £107,000 was spent on the new housing repairs IT system which is to replace SAVE, £188,000 was spent on acquiring new vehicles for clerk of works and housing repairs staff and the remaining £12,000 related to legal costs associated with Council house sales.
- 3.8 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.

3.9 The business plan is monitored closely throughout the year, to assess the impact of any changes to the levels of expenditure, to ensure that these works are both sustainable and within the plans affordability limits. A full review of the business plan was carried in 2015 and was reported to Social Work & Housing Committee in December 2015.

3.10 Table 2 below details the funding of the programme for 2015/16.

Table 2 – Capital Programme Financing 2015/16

Resources	Revised Budget 2015/16 £000	Outturn 2015/16 £000	January forecast £000	Variance from forecast £000
Borrowing	12,748	3,716	4,784	(1,068)
House and Land Sales	2,803	2,123	2,000	123
Other Capital Income	1,958	3,334	3,038	296
Capital funded from current revenue (CFCR)	15,836	14,544	16,050	(1,506)
Borrowing	33,345	23,717	25,872	(2,155)

3.11 **House and Land Sales** - £123,000 higher than forecast, due to additional sales going through before the year end.

3.12 **Other Capital Income** - £296,000 higher than forecast due to additional planning gain to fund the acquisition of additional properties as detailed above. The increase from budget of £1.376m related mainly to the new build programme where additional Scottish Government grant funding was received for Barrasgate, to assist with additional costs to be incurred following the original contractor going into administration and additional planning gain for the new build projects.

3.13 **CFCR** - decrease in funding from revenue was due to a reduction in the net income arising from the Housing Revenue Account during the year. Details of this are contained in a separate report to this Committee.

3.14 The overall impact of the above is the borrowing requirement is £9.032m lower than budget and £1.068m lower than forecast. The affordability of this level of borrowing will continue to be monitored and reported.

3.15 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and any comments have been incorporated

4. Equalities, Staffing and Financial Implications

- 4.1 An equality impact assessment has been carried out as part of the development of the Stock Improvement Programme set out above. It is included at appendix 2 and positive impacts were identified for disabled and older protected groups.
- 4.2 There are no staffing issues arising directly from this report.
- 4.3 The financial implications are outlined in the report.

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August 2016

APPENDIX 1(a)

Housing Stock Improvements 2015/16

Work type	Note Attached (App 1(b))	Revised Budget 2015/16 £000	Outturn 2015/16 £000	January forecast £000	Variance from forecast £000
Kitchens	1	2,826	1,568	1,400	168
Bathrooms	2	2,709	1,452	1,300	152
Windows	3	3,393	1,154	1,300	(146)
Doors	4	2,418	693	1,300	(607)
Heating		4,285	2,811	2,850	(39)
Electrical		-	1	-	1
Roofs	5	400	306	70	236
Insulation	6	3,000	3,400	5,600	(2,200)
Door Entry Systems		300	175	160	15
Sheltered Housing		650	139	65	74
Upgrades at Void	7	2,000	1,434	1,900	(466)
Refurbishment	8	590	193	90	103
EESSH	9	-	556	50	506
Housing Repairs Allocation	10	399	411	300	111
Other		-	6	-	6
		22,970	14,299	16,385	(2,086)

APPENDIX 1(b)

Housing Stock Improvement 2015/16

Explanation Note of variances > £100,000	£'000
1. Kitchens – Expenditure was £168,000 (12%) higher than forecast. This was due to works on 2nr projects having progressed more than anticipated coupled with additional works carried out by Housing Repairs.	168
2. Bathrooms – Expenditure was £152,000 (12%) higher than forecast. This was due to additional works associated with wet rooms over and above standard bathroom installations.	152
3. Windows – Expenditure was £146,000 (11%) less than forecast. This was due to issues with workmanship which delayed works on site.	(146)
4. Doors – Expenditure was £607,000 (47%) lower than forecast. This was due to issues with workmanship and increased snagging works which delayed works on site together with delay in procurement of the 15/16 programme of works.	(607)
5. Roofing – Expenditure was £236,000 (337%) higher than forecast. This was due to works on one project having progressed better than anticipated.	236
6. Insulation – Expenditure was £466,000 (40%) less than forecast. This was due to an element of works that was carried out on owner occupier houses under the HEEPS contract where expenditure was refunded by grant receipt.	(2,200)
7. Voids – Expenditure was £466,000 (11%) lower than forecast. This was due to less capital upgrades being required at voids than anticipated.	(466)
8. Refurbishment - Expenditure was £103,000 (114%) higher than forecast. This was due to additional fee expenditure on the Swedish Timber framed housing project and settlement of the final account on the Cruden housing upgrade project.	103
9. EESSH - Expenditure was £506,000 (1000%) higher than forecast. This was due to additional expenditure on PV installations due to works carried out under the insulation contract detailed in 6 above	506
10. HR Allocation - Expenditure was £111,000 (37%) higher than forecast. This was due to higher net expenditure on the housing repairs service as a result of increased subcontractor costs.	111

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 • 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 –100% survey ongoing completion April 2016. • 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 – quarterly • Capital Plan 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. • 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
<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"> • 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?	
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) Authors: We have completed the equality impact assessment for this policy/activity.	Name: Dave Thomson Position: Stock Improvement and Maintenance Manager Date: 01/04/2016 Signature:	
	4) Consultation with Service Manager	Name: Douglas Newlands Position: Housing Manager (Asset Management) Date: 01/04/2016 Signature:	
	5) Authorisation by Director or Head of Service	Name: Brian Watson Position: Acting Head of Service (Housing) Date: 01/04/2016 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@abdshire	Date:
(Equalities team to complete) Has the completed form been published on the website? YES/NO			Date:

