

## **SOCIAL WORK AND HOUSING COMMITTEE – 1 SEPTEMBER 2016**

### **HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME MONITORING 2016/17**

- 1. It is recommended that the Social Work & Housing Committee:**
  - 1.1 Agree the proposed HRA capital budget for 2016/17 and review progress to date.**
  - 1.2 Acknowledge the 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 the proposed expenditure and funding for the 2016 – 2017 HRA Capital Programme.**
  
- 2. Background/Discussion**
  - 2.1 This report details proposals for the HRA capital programme to be delivered in 2016/17 and the budget requirements to achieve this. The proposed programme has been prepared in relation to Aberdeenshire wide priorities, including:
    - Local Housing Strategy objectives
    - Works that contribute towards achieving Energy Efficiency Standard for Social Housing (EESH) 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 2016/17**
  - 3.1 The Policy and Resources Committee at its meeting on 21 April 2016, considered a report where it was acknowledged that there had been a delay with the delivery of the 2015/16 housing capital programme which was compounded by problems with the tenders returned. The report considered a number of tender returns for the housing capital programme. Approvals were granted to accept windows & doors and bathroom contracts for 2015/16 works. However, due to a number of reasons, including strategic pricing by the contractors and value for money not being delivered, the tenders for heating and kitchens were not accepted.

- 3.1.1 Members and tenants have since been notified by letter. Various other contracts have been incorporated into Procurement via SCAPE (with Robertson Construction being the preferred supplier) along with the works for the Pilot for the proposed revised delivery mechanism discussed in the report to Social Work & Committee on 2 June 2016 and approved by Policy & Resources in 9 June 2016.
- 3.1.2 The outstanding 2015/16 and all of the 2016/17 stock improvement contracts have been rolled into the programme for future years. These works will now be combined with the programme to achieve the Energy Efficiency Standard for Social Housing (ESSH) and the Business As Usual (BAU) work, effectively delivering six years of work in four years from 2017 until 2020.
- 3.1.3 Following the 2015/16 outturn (detailed in a separate report to this Committee), officers have revised the 2016/17 HRA capital programme to incorporate works as described above. As a result, works that were programmed for 2015/16 will now be carried out in 2016/17 with the remainder of 2015/16 and all of the 2016/17 being undertaken with the BAU and additional ESSH works between 2017 and 2020. The budget has been set to the proposed programme of works. Any fluctuations from the programme will be reported to future SW&H Committees. The revised capital programme for 2016/17 can be summarised as follows:

**Table 1 – Forecast HRA Capital Programme Expenditure 2016/17**

<b>Expenditure</b>	<b>Budget 2016/17 £000</b>	<b>Actual to 31 July 2016 £000</b>	<b>Forecast £000</b>
Stock Improvements	21,190	4,097	<b>21,190</b>
New Build Programme	5,353	1,909	<b>5,353</b>
Allocations	658	219	<b>658</b>
Other	184	64	<b>184</b>
<b>Total</b>	<b>27,385</b>	<b>6,289</b>	<b>27,385</b>

## **3.2 Stock Improvements**

- 3.2.1 A breakdown of the stock improvements budget is detailed in Appendix 1. Whilst every effort will be taken to achieve the proposed programme, the budget includes an optimism bias of 15% to take account of potential uncontrollable delays as a result of bad weather, tenant refusals and delays around procurement.

### **3.2.2 Programme Delivery 2017 – 2020 Update**

As part of the alternate procurement route for the delivery of the Stock Improvement Programme, outlined above, details of the proposed budgets will be brought to a future committee. Progress is being made to ensure delivery certainty of the 2017- 2021 Capital Programme. A “Tracker

Spreadsheet” has been developed by Officers and is monitored closely by the Project Team. This will show the main Workstreams’ and all associated activities, allocated to a resource. Currently, progress is being concentrated on the following Workstreams:

- Master Planning & Scheduling
- Performance Tracking
- Pilot Programme
- Constructor Framework Mobilisation
- Leadership & Stakeholder Engagement

3.2.3 In order to ensure sufficient supply chain involvement for our 2017-2021 Capital Programme, early engagement is being progressed with a “Meet the Buyer” event which has been scheduled for 19 August 2016. An advertisement on the Eventbrite website has resulted in 47 registered interests from Contractors wishing to attend. Approximately 80 contractors, who have worked previously for Aberdeenshire Council, have also been e-mailed with details of the event. The event will focus on explaining the structure and timescales of the 2017-2021 Capital Programme and how the work will be allocated and batched. The practicalities of the tender process and the use of local suppliers will also be clarified. The event will also give contractors the opportunity to network with others in attendance. A verbal update will be given at Committee

3.2.4 Good progress has also been made on the pilot project, with 153 addresses having been identified as pilot addresses, with multiple upgrades identified in each, which will be undertaken at a single visit. Tenants have been contacted by letter, including a comprehensive “Guide to Internal Works” booklet. In addition, tenants have been advised that as part of a pilot project, their collaboration and feedback is essential in understanding how intrusive and disruptive these multiple upgrades will be in occupied homes. The feedback received from these pilots will inform the delivery structure of the main 2017-2021 Capital Programme.

3.2.5 A report is being submitted to Policy & Resources on 15 September 2016 seeking approval to tender the Housing Programme 2017 – 2021

### **3.3 New Build Programme**

3.3.1 Work continues on site for Phase 5 of the Council’s new build programme with units at Barrasgate, Craigewan and Martins Brae completing in the next few months. Phase 6 is in its early stages and further details were included in the report “Affordable Housing” to Social Work & Committee on 2<sup>nd</sup> June 2016. As members will recall, this report provided an update on phases 4 to 6 of the new build programme, delivering a total of 427 new affordable units across Aberdeenshire, including the projects mentioned above.

3.3.2 In relation to Barrasgate, Fraserburgh and Martins Brae, Inverurie, Members will recall that these had to be re tendered due to the demise of the previous Contractor. Whilst work on the projects are nearing completion, a number of issues have manifested at Barrasgate regarding to defects by the previous contractor. A significant additional claim has been received and is currently

being assessed by Property, details of which will be reported to a future committee.

### 3.4 Allocations

The allocations budget relates to the housing staffing costs associated with delivering the capital programme. This has increased from prior years due to a higher allocation of asset management staff time being allocated to this area of work following a review in 2015/16.

### 3.5 Other Capital Expenditure

Other capital expenditure includes a budget of £120,000 for the purchase of 13 vans to be used by Sheltered Housing Officers to travel between schemes. This has been agreed by Housing Management Team as a more effective method than the current use of pool cars.

## 4 Capital Programme Financing 2016/17

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. A full review of the business plan was reported to Social Work & Housing Committee in December 2015.

4.3 Table 2 details the forecast funding arrangements for the 2016/17 capital programme.

**Table 2 – Forecast Resources 2016/17**

<b>Resources</b>	<b>Budget 2016/17 £000</b>	<b>Actuals at 31st July 2016 £000</b>	<b>Forecast 2016/17 £000</b>
Borrowing	6,366	-	6,603
House Sales	3,000	1,272	3,000
Other Capital Income	1,564	45	1,564
Capital funded from current revenue (CFCR)	16,455	-	16,218
	<b>27,385</b>	<b>1,317</b>	<b>27,385</b>

- 4.4 2016/17 is the final year of Right to Buy following the Scottish Government's decision to abolish it from 2017/18, therefore income from Council House Sales will no longer be received after this year. It is anticipated that sales will be higher this year leading up to the cessation of the scheme. Other Capital income relates to planning gain income to fund new build projects and other acquisitions, together with Scottish Government grant funding for Phase 6 of the New Build Programme.
- 4.5 The HRA revenue budget was agreed by Council in February 2016 whereby it was agreed that any net income on the HRA revenue account in year would be used to fund capital expenditure. The forecast net income on the HRA for 2016/17 is £16.218m, details of which are included in a separate report to this Committee. The balance of funding will be sought from borrowing.
- 4.6 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

## **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 at 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 inherent in the report.

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

**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, Quantity Surveying Manager  
August 2016

Housing Stock Improvement 2016/17

<b>Work type</b>	<b>Budget £000</b>	<b>Actual July 2016 £000</b>	<b>Forecast £000</b>
Kitchens	420	(123)	420
Bathrooms	4,813	5	4,813
Windows / Doors	7,180	919	7,180
Heating	1,839	481	1,839
Electrical	237	-	237
Roofing	489	221	489
External Wall Insulation (EWI)	2,514	1,793	2,514
Internal Wall Insulation pilot (IWI)	56	6	56
Door Entry Systems	39	32	39
Sheltered Housing	1,610	(30)	1,610
Swedish Timber	1,943	414	1,943
Miscellaneous	536	-	536
SCAPE projects	2,014	-	2,014
Voids	1,500	<b>379</b>	1,500
	<b>25,190</b>	<b>4,097</b>	<b>25,190</b>
Optimism Bias 15%	<b>(4,000)</b>	-	<b>(4,000)</b>
<b>Total</b>	<b>21,190</b>	<b>4,097</b>	<b>21,190</b>

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</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 – 80% of stock aiming for 100% survey</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>• Capital Steering Group - Quarterly</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>

Other information (general as appropriate).	Scottish Government Committee.
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**Stage 3: Evidence Gaps.**

Are there any gaps in the information you currently hold?	<p>The Service has a good understanding of stock and the nature of tenants.</p> <p>Ample opportunities are provided to feedback at any point throughout the process, with the exception of disability there has been no direct collection of data to determine any potential impact on protected groups. There is no evidence to suggest any negative impact at this stage.</p>
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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:
	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 Team and	Housing and Social Work, Asset Management.
	2) Title of Policy/Activity	Stock Improvement Programme.

<p>3) <b>Authors:</b> We have completed the equality impact assessment for this policy/activity.</p>	<p>Name: Dave Thomson Position: Stock Improvement and Maintenance Manager Date: 01/04/2013 Signature:</p>	
<p>4) Consultation with Service Manager</p>	<p>Name: Douglas Newlands Position: Housing Manager (Asset Management) Date: 01/04/2013  Signature:</p>	
<p>5) Authorisation by Director or Head of Service</p>	<p>Name: Brian Watson Position: Acting Head of Service (Housing) Date: 01/04/2016 Signature:</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. e.g. Social Work and Housing Committee.</p>		<p>Date:</p>
<p>7) EIA author sends a copy of the finalised form to: eia@abdnshire</p>		<p>Date:</p>
<p>(Equalities team to complete) Has the completed form been published on the website? YES/NO</p>		<p>Date:</p>



