



## **SOCIAL WORK AND HOUSING COMMITTEE – 12 JANUARY 2017**

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

- 1. It is recommended that the Social Work & Housing Committee:**
  - 1.1 Provide comment on the current capital forecasts for the financial year.**
  - 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 Communities Committee on overall progress in the implementation of the HRA Capital Programme.**
  
- 2. Background/Discussion**
  - 2.1 This report details proposals for the HRA capital programme being delivered in 2016/17 and the budget requirements to achieve this. The proposed programme has been prepared with regard given 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 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 considerable delay with the delivery of the 2015/16 housing capital programme. 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 Various other overdue contracts have been incorporated into a SCAPE contract along with the works for a pilot of the proposed revised delivery mechanism discussed in the report to Social Work & Committee on 2<sup>nd</sup> June 2016. This pilot programme is now underway, the outcome of which will be reported to a future committee.
    - 3.1.2 Policy & Resources Committee, on 17 November 2016, approved a report to go to tender for the Social Housing Improvement Framework 2017-2020.

3.1.3 The capital programme for 2016/17 can be summarised as follows (Table 1):

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

<b>Expenditure</b>	<b>Budget 2016/17</b>	<b>Actual to 30 November 2016</b>	<b>Forecast</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Stock Improvements	21,190	9,737	<b>21,200</b>	<b>10</b>
New Build Programme	5,353	3,568	<b>4,861</b>	<b>(492)</b>
Allocations	658	382	<b>573</b>	<b>(85)</b>
Other	184	266	<b>266</b>	<b>82</b>
<b>Total</b>	<b>27,385</b>	<b>13,953</b>	<b>26,900</b>	<b>(485)</b>

### **3.2 Stock Improvements**

A breakdown of the stock improvements budget is detailed in Appendix 1. Optimism bias of 15% had been included in the budget to take account unforeseen delays. This has now been removed from the forecasts as we are far enough through the financial year to be able to provide forecasts with greater accuracy.

### **3.3 New Build Programme**

Work on Phase 5 of the Council's new build programme is now complete with units at Barrasgate and Martin Brae nearing completion. Phase 6 is in its early stages as reported in "Affordable Housing" to Social Work & Committee on 2<sup>nd</sup> June 2016. The forecast underspend is due to the contract for Errol Court in Turriff requiring to be re-tendered due to previous pricing not showing value for money.

### **3.4 Allocations**

The allocations budget relates to the housing staffing costs associated with delivering the capital programme.

### **3.5 Other**

Other capital expenditure of £266,000 includes consultant fees associated with the tendering of the new capital works programme contract for 2017-2020; purchase of vehicles to be used as pool cars for sheltered housing officers and the demolition of the former Inch depot.

## **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 and the plan will continue to be monitored in relation to the affordability of the forecast future works associated with achieving EESSH by 2020 and the impact this significant investment will have on borrowing.

- 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 30 Nov 2016 £000</b>	<b>Forecast 2016/17 £000</b>	<b>Variance £000</b>
Borrowing	6,366	-	7,814	<b>1,448</b>
House Sales	3,000	2,388	3,000	-
Other Capital Income	1,564	348	1,506	<b>(58)</b>
Capital funded from current revenue (CFCR)	16,455	9,720	14,580	<b>(1,875)</b>
	<b>27,385</b>	<b>12,456</b>	<b>26,900</b>	<b>(485)</b>

- 4.4 This is the final year of the Right to Buy following Scottish Governments decision to abolish it from 2017/18, there has been a significant increase in sales this year leading up to the cessation of the scheme. Due to the time taken to process these applications it is estimated that approximately 30 sales will be completed in 2017/18. 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. It also includes cashback from Scottish Governments' Homes Energy Efficiency Project (HEEPS) of £202,000.
- 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 net income on the HRA for 2016/17 is forecast to be £14.58m, a reduction of £1.875m from budget. Details of variances in the revenue balance are reported separately to this Committee. The balance of funding will be sought from borrowing.
- 4.6 The Head of Finance and Monitoring Officer in Business Services have been consulted on 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 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 inherent in the report.

**Rob Simpson**  
**Head of Housing**

**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

APPENDIX 1

Housing Stock Improvement 2016/17

Work type	Budget £000	Actual to 30 November 2016 £000	Forecast £000	Variance £000	Note
Kitchens	420	152	308	(112)	1
Bathrooms	4,813	610	3,565	(1,248)	2
Windows / Doors	7,180	1,568	5,594	(1,586)	3
Heating	1,839	790	1,750	(89)	
Electrical	237	3	237	-	
Roofing	489	693	1,127	638	4
External Wall Insulation (EWI)	2,514	2,849	3,200	686	5
Internal Wall Insulation pilot (IWI)	56	157	209	153	6
Door Entry Systems	39	21	161	122	7
Sheltered Housing	1,610	140	828	(782)	8
Swedish Timber	1,943	1,270	1,850	(93)	
Miscellaneous	536	137	271	(265)	9
SCAPE projects	2,014	38	500	(1,514)	10
Voids	1,500	1,308	1,600	100	
	<b>25,190</b>	<b>9,736</b>	<b>21,200</b>	<b>(3,990)</b>	
Optimism Bias (15%)	<b>(4,000)</b>	-	-	<b>4,000</b>	11
<b>Total</b>	<b>21,190</b>	<b>9,736</b>	<b>21,200</b>	<b>10</b>	

## APPENDIX 1a

### Explanation of the variances identified in Appendix 1:

- |     |  |         |
|-----|--|---------|
| 1.  | Kitchens – The underspend relates to amounts budgeted for in this financial year which were in fact accrued into last years figures.   | (112)   |
| 2.  | Bathrooms – The underspend is primarily due to under performance by the contractor delivering the works. This has now been addressed and revised programmes agreed.  | (1,248) |
| 3.  | Windows/Doors – The underspend is due to delays on site due to poor workmanship. These issues have now been addressed but have resulted in delayed delivery of the works.  | (1,586) |
| 4.  | Roofing – The overspend is due to successful tendering, resulting in greatly improved response from contractors and enhanced value for money which has enabled a project to be progressed earlier than anticipated.          | 638     |
| 5.  | External Wall Insulation – The overspend is due to additional properties being added into a successful contract to allow EESSH targets to be met, along with additional funding from the Scottish Government.                | 686     |
| 6.  | Internal Wall Insulation – The overspend is due to additional properties being added to allow the pilot to be successfully extended into occupied properties.  | 153     |
| 7.  | Door Entry Systems- The overspend is due to a 2015/16 project that wasn't expected to progress due to issues with owner occupiers that was unexpectedly resolved allowing the project to go ahead.                           | 122     |
| 8.  | Sheltered Housing – The underspend is due to a delayed start to the Modley House, Ellon contract and a delay to investigate with the Council's Insurers, an alternative and more economically advantageous sprinkler system. | (782)   |
| 9.  | Miscellaneous– The underspend is due to a delay in the MacRae House Type project.  | (265)   |
| 10. | SCAPE - The underspend is due to protracted contract negotiations delaying the start of works on site.   | (1,514) |

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).	as 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	<p>Yes</p> <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	<p>Yes</p> <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>



