



Services for the Community Policy Development and Scrutiny Panel

West Lothian Civic Centre
Howden South Road
LIVINGSTON
EH54 6FF

3 February 2021

A meeting of the **Services for the Community Policy Development and Scrutiny Panel** of West Lothian Council will be held within the **Webex Virtual Meeting Room** on **Tuesday 9 February 2021 at 2:00pm**.

For Chief Executive

BUSINESS

Public Session

1. Apologies for Absence
2. Declarations of Interest - Members should declare any financial and non-financial interests they have in the items of business for consideration at the meeting, identifying the relevant agenda item and the nature of their interest
3. Order of Business, including notice of urgent business and declarations of interest in any urgent business
4. Confirm Draft Minute of Meeting of Services for the Community Policy Development and Scrutiny Panel held on Tuesday 15 December 2020 (herewith).
5. Housing Capital Investment Programme 2021/22 to 2022/23 - Report by Depute Chief Executive (herewith).
6. Housing Revenue Account Budget 2021/22 to 2022/23 and Rent Level 2021/22 - Report by Depute Chief Executive (herewith)
7. Workplan (herewith)

DATA LABEL: Public

**NOTE For further information please contact Eileen Rollo on 01506 281621
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MINUTE of MEETING of the SERVICES FOR THE COMMUNITY POLICY DEVELOPMENT AND SCRUTINY PANEL held within WEBEX VIRTUAL MEETING ROOM, on 15 DECEMBER 2020.

Present – Councillors George Paul (Chair), Andrew McGuire, Alison Adamson, Frank Anderson, Lawrence Fitzpatrick, Peter Heggie, John McGinty

In Attendance – Inspector Alun Williams, Police Scotland, John McKenzie, Divisional Commander, Police Scotland, David Sharp, Scottish Fire and Rescue, Brian Robertson, Scottish Fire and Rescue, AnnMarie Carr, Head of Housing, Customer and Building Services, Sarah Kelly, West Lothian Council, Katy McBride, West Lothian Council, Alison Smith, West Lothian Council, Grant Taylor, West Lothian Council, Pamela Bell, West Lothian Council, Marjorie Mackie, John Sives, Joint Forum of Community Councils.

1. DECLARATIONS OF INTEREST

Agenda Item 10 – West Lothian Strategic Housing Investment Plan 2021 – 2026 – Councillor Andrew McGuire declared an interest in that he was an employee of Dunedin Canmore Housing Association.

2. MINUTE

The panel confirmed the Minute of its meeting held on 20 October 2020 as a correct record. The Minute was thereafter signed by the Chair.

3. SCOTTISH FIRE AND RESCUE LOCAL PLAN PERFORMANCE REPORT

The Panel considered a report (copies of which had been circulated) by the Head of Housing, Customer and Building Services providing an update on the Local Performance for the Scottish Fire and Rescue Service in West Lothian for the period 1 July 2020 to 30 September 2020.

The Panel was asked to note the contents of the report.

Decision

To note the contents of the report.

4. SAFER NEIGHBOURHOOD PERFORMANCE

The Panel considered a report (copies of which had been circulated) by the Head of Housing, Customer and Building Services providing an update on the Safer Neighbourhood performance information from July 2020 to September 2020.

The report recommended that the Panel note the performance information detailed for the Safer Neighbourhood Team.

Decision

To note the contents of the report.

5. SCRUTINY OF POLICE SCOTLAND PERFORMANCE IN WEST LOTHIAN, QUARTER 2

The Panel considered a report (copies of which had been circulated) by the Head of Housing, Customer and Building Services providing an update on the performance of Police Scotland in West Lothian for the period quarter 2, 2020/21. The Panel was asked to note the contents of the report.

The panel was asked to note the contents of the report.

Decision

To note the contents of the report.

6. PERFORMANCE REPORTING

The Panel considered a report (copies of which had been circulated) by the Head of Housing, Customer and Building Services reporting the current levels of performance for Housing, Customer and Building Services indicators that were the responsibility of the Services for the Community Policy Development and Scrutiny Panel.

The report recommended that the panel note the current performance on Housing, Customer and Building Services key performance indicators and determine if further action or enquiry was necessary.

Decision

To note the contents of the report.

7. PROPERTY TURNOVER JULY TO SEPTEMBER 2020

The Panel considered a report (copies of which had been circulated) by the Head of Housing, Customer and Building Services advising of the property turnover for second quarter (1 July to 30 September 2020/21).

The report recommended that the panel note the current levels of activity relating to property turnover for quarter 2 of 2020/21 and in particular to note:

1. The decrease in property lets compared to the same period last year;
2. Of the 47 communities in West Lothian, nine had only one mainstream property to let and 15 had none, and
3. 67% of lets were allocated to people who were homeless.

Decision

To note the contents of the report.

8. WEST LOTHIAN STRATEGIC HOUSING INVESTMENT PLAN 2021-2026

The panel considered a report (copies of which had been circulated) by the Head of Housing, Customer and Building Services advising on the main points of West Lothian Council's Strategic Housing Investment Plan (SHIP) 2021 - 2026.

The report recommended that the panel note and consider the following recommendations which were intended to be submitted to Council Executive for approval.

1. Notes the Strategic Housing Investment Plan (SHIP) attached as Appendix 1;
2. Notes that over a 10-year period from 2012 to 2022, the aim is to deliver 3,000affordable homes with the majority being council houses. The established Homes for West Lothian Partnership with Registered Social Landlords in the area will assist with the delivery of this scale of housing;
3. Notes that the level of grant funding for affordable housing delivery for the period 2020-2022 has increased from previous years and that this will facilitate new affordable housing by a variety of providers;
4. Notes the infrastructure projects identified for future consideration by Scottish Government for grant and loan funding and;
5. notes that the SHIP requires to be submitted to the More Homes Division of the Scottish Government following consideration by Council Executive on 19January 2021.

Decision

1. To note the contents of the report; and
2. Agreed that the report and its recommendations be forwarded to the next appropriate meeting of the Council Executive for approval

9. WEST LOTHIAN OPEN MARKET ACQUISTION SCHEME REVIEW

The panel considered a report (copies of which had been circulated) by the Head of Housing, Customer and Building Services) advising the panel of the outcome of a review of the Open Market Acquisition Scheme.

The report recommended that the panel note and consider the following

recommendations which were intended to be submitted to Council Executive for approval.

1. Since the council's Open Market Acquisition Scheme was last reviewed in 2016, 191 former council houses have been bought back under the terms of the policy between 2016/17 and 2019/20 with a further 16 purchases to date during 2020/21;
2. The proposed changes to the policy are intended to increase flexibility in the number and size of houses bought back by the council to meet housing demand; and
3. The council will consider purchasing larger properties, greater than 1 or 2 bedrooms to meet the current demand for this house type and to relieve pressure from the Homelessness service by increasing our larger house type stock

Decision

1. To note the contents of the report; and
2. Agreed that the report and its recommendations be forwarded to the next appropriate meeting of the Council Executive for approval

10. 2020/21 FINANCIAL PERFORMANCE - MONTH 6 MONITORING REPORT

The Panel considered a report (copies of which had been circulated) by the Head of Housing, Customer and Building Services providing an update on the financial performance of the Services of the Community portfolio for the General Fund Revenue Budget.

The report recommended that the panel:

1. Note the financial performance for the Services for the Community portfolio as at month 6;
2. Note that the Services for the Community portfolio position at month 6 was part of the overall council budgeted position reported to Council Executive on 17 November 2020; and
3. Note any actions to be taken by Heads of Service and budget holders to manage spend within available resources.

Decision

To note the contents of the report.

11. WORKPLAN

To note the contents of the workplan

DATA LABEL: PUBLIC



SERVICES FOR THE COMMUNITY POLICY DEVELOPMENT AND SCRUTINY PANEL

HOUSING CAPITAL INVESTMENT PROGRAMME 2021/22 to 2022/23

REPORT BY DEPUTE CHIEF EXECUTIVE

A. PURPOSE OF REPORT

To advise the Panel of the updated Housing Capital Investment Programme for 2021/22 to 2022/23 and the proposed exemption for works under the terms of the Best Value Framework.

B. RECOMMENDATION

It is recommended that the Panel:

1. Notes the proposed updated 2021/22 to 2022/23 Housing Capital Investment Programme and related funding as detailed in the report;
2. Notes the exemptions for works under the terms of the Best Value Framework, as outlined in section D.5 of the report.

C. SUMMARY OF IMPLICATIONS

I. Council Values	Focusing on customers' needs, being honest, open and accountable, making best use of our resources, working in partnership.
II. Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	<p>The report on the updated Housing Capital Programme complies with the Housing (Scotland) Act 1987 and the council's Financial Regulations.</p> <p>The equality impact of the budget has been assessed in compliance with public sector duty requirements, as set out in the Equality Act 2010, the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 and Fairer Scotland Duty, Part 1 of the Equality Act 2010.</p> <p>An Integrated Relevance Assessment has been undertaken and is included in Appendix 3.</p>
III. Implications for Scheme of Delegations to Officers	None.
IV. Impact on performance and performance Indicators	An effective housing capital and asset strategy is vital to service performance.
V. Relevance to Single Outcome Agreement	Outcome 10 – We live in well designed, sustainable places where we are able to access the services we need.

VI. Resources - (Financial, Staffing and Property)	Proposed capital investment of £80.393 million for 2021/22 to 2022/23, with £43.828 million planned for 2020/21.
VII. Consideration at PDSP	Not applicable.
VIII. Other consultations	Consultation has taken place with the Tenants Panel and the Head of Finance & Property Services.

D. TERMS OF REPORT

D.1 BACKGROUND

The council approved a five year rent and capital investment strategy for 2018/19 to 2022/23 in February 2018. As reported to the Services for the Community Policy Development and Scrutiny Panel on 12 December 2017, the statutory consultation on the five year rent strategy with individual tenants and tenant groups indicated support for a future rent strategy with an annual rent increase to fund capital investment and to increase the housing stock. This report sets out the proposed updated two year Housing Capital Investment programme for 2021/22 to 2022/23.

D.2 2020/21 HOUSING CAPITAL OUTTURN POSITION

An updated 2020/21 Housing Capital budget of £29.241 million was approved by Council Executive on 23 June 2020. The programme encompasses both new build housing and major investment in the existing housing stock, with a number of large scale housing projects undertaken by Building Services.

As reported to Council Executive on 9 February 2021, expenditure totalling £23.270 million is forecast for the 2020/21 programme. The month 9 projected expenditure represents a net slippage/saving position of £5.971 million against the budgeted resources for 2020/21, mainly due to the ongoing effects and restrictions in place due to the Covid-19 pandemic, and the final outturn position for the year will be reported to Council Executive in June 2021.

Any slippage or acceleration on projects in the 2020/21 programme will be rolled forward into the revised two year programme, and an updated programme will be presented to Council Executive for approval in June 2021.

D.3 UPDATED HOUSING CAPITAL INVESTMENT PROGRAMME 2021/22 TO 2022/23

The updated two year Housing Capital Investment Programme for 2021/22 and 2022/23 will see total investment of £80.393 million, with significant resources invested in the creation of new homes and a strong focus on the maintenance of quality standards across the housing stock. The proposed programme is based on recent reports to Council Executive on the Strategic Housing Investment Plan and Local Housing Strategy, as well as the Housing Rent Consultation and Capital Investment Strategy which outlined proposals to be taken forward in relation to new housing supply and housing infrastructure.

The proposed two year programme will see continued investment to increase housing supply and deliver the 3,000 new affordable homes programme. External upgrading will continue in areas identified with greatest need and an increasing emphasis will be placed on the Energy Efficiency Standard for Social Housing (EESH).

The Covid-19 pandemic and the resulting restrictions have had a material impact on the housing capital programme, and this has been taken into account in the proposed updated budget for 2021/22 and 2022/23. The programme has been reviewed in light of current

restrictions, estimates of when these restrictions are likely to be eased and the likely impact that these changes will have on the various types of projects required to be carried out as part of the housing capital investment programme.

For the new housing supply element of the programme, the complete shutdown in construction in spring 2020 and the continuing restrictions around working practices will inevitably mean continuing delays in delivering the planned new build and open market acquisition programme. Revised budgets have been updated based on current assumptions as to what can realistically be progressed during 2021/22 and 2022/23.

Although the capital programme has been reviewed and updated based on current guidance and assumptions, there remains a material risk that circumstances may change further. Current uncertainty around the period and level of restrictions that will apply over the coming months means that the level of risk around deliverability of the updated programme remains extremely high. There are also substantial risks around the affordability of the current approved programme. There may be further increased costs due to construction inflation, there may be further increased costs and delays due to lack of availability of materials, and there may be issues around availability of contractors as some companies may not survive the current crisis.

Given the ongoing material disruption and uncertainty around the Covid-19 situation, officers will continue to review the programme and will continue to report on the impact to Council Executive as part of the established budget monitoring exercise. Officers will also endeavour to pursue all options for delivery of the programme and to minimise any further delays where possible.

Taking into account the challenges and assumptions outlined above, the proposed investment programme is summarised in the table below. Individual projects comprised within each project heading are listed in Appendix 1 and further detail on work to be encompassed within the programme is contained in Appendix 2.

Table 1: Planned Capital Investment

Investment Area	2021/22 £'000	2022/23 £'000	TOTAL £'000
New Housing Supply	28,289	21,989	50,278
Major Refurbishment	496	0	496
Major Elemental Upgrades	3,224	3,187	6,411
Planned Programmes	2,611	3,710	6,321
Environmental Upgrading	330	561	891
Compliance Works	8,278	6,258	14,536
Miscellaneous	600	860	1,460
Total Expenditure	43,828	36,565	80,393

New Housing Supply

Significant resources will be invested in the creation and acquisition of new homes, with budgeted resources of £50.278 million factored into the investment programme. The new build programme includes the completion of the current approved programme, and the updated budget reflects the new build sites and open market acquisitions in Bathgate approved by Council Executive on 17 November 2020 to replace the original planned units at Guildiehaugh.

The council remains committed to expanding the housing supply, and delivery of 3,000 additional houses and, as such, it is planned that further Open Market Acquisitions will be progressed in the remaining two years of the programme. The council will continue to support applications that meet required criteria under the Scottish Government Mortgage to Rent Scheme.

Major Refurbishment

Significant improvements will include the completion of regeneration works at Bathville flats and the continuation of roof, render, stair and balcony works at the Lochs Scheme in Whitburn. A total of £496,000 of major refurbishment works are planned, with estimated completion during financial year 2021/22.

Major Elemental Upgrades

Major Elemental Upgrades consist of long term maintenance work, where structural elements such as roof and external walls are beyond economical repair by routine maintenance. This work will continue to form an important part of the investment programme, with planned resources of £6.411 million to be invested in 8 individual projects during the period 2021/22 and 2022/23.

Planned Programmes

Planned programmes cover a broad range of activities, including decoration and internal upgrades, window and door refurbishments, painting and fencing programmes. These works are of preventative maintenance in nature, and are scheduled and prioritised based on condition. Works to the value of £6.321 million are anticipated over the two year period.

Environmental / External Upgrading

Planned work, to the value of £891,000, will continue on general environmental improvements and external upgrading, including tenant led street improvement projects. Although many works are of a small scale, these projects can have a substantial impact on local amenities and the community.

Participatory Budgeting is usually referred to as 'Community Choices' in Scotland, and is a democratic process which empowers communities to have more say on how resources in their area are used. West Lothian Community Choices was included within the general fund revenue and capital budget reports and the housing capital investment report approved by Council in February 2018. Approval was given for a number of budget areas to be reviewed and an update report was presented to Council Executive in November 2019 which agreed the budgets to be subject to the West Lothian Community Choices process.

The tenants' environmental improvements budget was included as part of the proposed Community Choices programme. Positive engagement and discussions have been held with the Tenants' Panel on how the current process could be updated to incorporate a more Community Choices based focus, and a proposed approach was approved by Council Executive in December 2020.

Compliance Works

Compliance works include projects to deliver energy efficiency measures, central heating replacements, electrical testing and repair, external wall insulation upgrades and asbestos management projects. Works to the value of £14.536 million are anticipated over the two year period.

The introduction of Scotland's Energy Efficiency Standard for Social Housing (EESH) regulations means that any house in Scotland under the management of social landlords should meet a minimum energy rating. EESH continues to be a major focus for project work.

There will be continuing investment in external wall insulation to target work in council houses in areas of mixed tenure, to maximise economies of scale where homeowners receive support through the Home Energy Efficiency Programme Scotland (HEEPS).

Miscellaneous

Some of the most significant investment activities facing the service over the next two years will require focus on the synergies between housing investment, repairs and the

wider community regeneration agenda. A range of capital projects and measures to support the work of the Housing Revenue Account, totalling £1.460 million, are encompassed within this heading, including feasibility studies, a provision for works required as a result of the introduction of unsuitable accommodation legislation by the Scottish Government and a range of home security measures, such as aids and adaptations, which support tenants to live safely and independently within their homes.

D.4 UPDATED HOUSING CAPITAL RESOURCES 2020/21 TO 2022/23

The updated split of the £80.393 million resources to fund the proposed 2021/22 to 2022/23 capital programme is detailed in Table 2. Financing of the programme will continue to be met largely through borrowing, with £41.428 million of borrowing planned over the two year investment period.

It should be noted that capital financing costs in respect of monies borrowed for the purpose of improving the housing asset stock, or acquiring new stock through new build or open market acquisition, must be charged to the HRA account under Schedule 15 of the Housing (Scotland) Act 1987. As such, the level of sustainable capital expenditure is coterminous with the Housing Rent strategy over the two year period and must be deemed as prudent and affordable, based on the Prudential Indicators contained within the General Fund Revenue Budget report.

The level of capital financing charges and CFCR associated with the proposed programme are considered to be at an affordable level within the HRA Revenue Budget, based on an anticipated rent increase of 3% per annum. The projected ratio of gross rental income to capital financing charges will increase from 23.6% in 2021/22 to 25.5% in 2022/23.

Updated assumptions on Scottish Government grants and other contributions have also been factored into funding sources, as the council completes the existing new build housing programme and enters into a new phase of funding. Scottish Government grant funding for all new build is £57,000 per unit, and for open market acquisitions the grant available is £30,000 per unit. A total of £16.170 million is anticipated for 2021/22 to 2022/23, with £11.778 million anticipated to support both the new build programme and open market acquisitions in 2021/22.

With regards to other sources of financing, funding of £550,000 is expected from developer contributions and £145,000 from council tax on second homes, which will be directed towards the creation of new social housing, and £200,000 from capital receipts. In total, £895,000 is anticipated from these sources over the updated two year period from 2021/22 to 2022/23. Legislative changes came into effect on 1 August 2016 that ended tenants' right to buy council houses, therefore no further sales receipts are anticipated.

Table 2 below summarises the updated capital resources available to fund the housing capital programme.

Table 2: Capital Funding

Investment Area	2021/22 £'000	2022/23 £'000	TOTAL £'000
CFCR	11,162	10,738	21,900
Borrowing	20,463	20,965	41,428
Government Grants	11,778	4,392	16,170
Developer Contributions	250	300	550
Council Tax on 2 nd Homes	75	70	145
Capital Receipts	100	100	200
Total Funding	43,828	36,565	80,393

D.5 GOVERNANCE

In setting the HRA capital budget, due cognisance must be made to the relevant statutory, regulatory and governance requirements. The Prudential Code requires the council to take into account a number of factors when agreeing capital spending plans. In overall terms, the proposed Housing Capital Investment Programme for 2021/22 to 2022/23 is considered affordable, relative to gross rent levels and subject to appropriate management of capital risks and housing arrears. The revenue implications are incorporated within the HRA Revenue budget and loan charge projections continue to indicate that the proposed Housing Capital Investment Programme is prudent, affordable and sustainable.

The council has continued to build a resilient culture of effective planning and governance, with strong evidence to demonstrate how the council meets the defined best value characteristics. The council's Best Value Framework, which was approved on 10 June 2014, ensures that the council complies with the provisions contained within the Local Government in Scotland Act 2003. The 2003 Act requires the council to:

- Secure best value in the performance of its functions;
- Balance the quality and cost of the performance of its function and the cost of council services to service users;
- Have regard to efficiency, effectiveness, economy and the need to meet equal opportunity requirements in maintaining that balance;
- Fully discharge its duty to secure best value in a way which contributes to the achievements of sustainable development.

All aspects of the Housing Capital Investment Programme are geared toward securing best value. The Best Value Framework requires works over a pre-determined threshold to be subject to competitive tendering. Under the 2003 Act, exemptions are permissible and the Council Executive approved exemptions relating to a number of identified projects undertaken by Building Services on 10 June 2014. A review of the Housing Capital Investment Programme for the period 2021/22 to 2022/23 has been undertaken to determine works that will be carried out by external providers and works to be carried out in-house to ensure compliance with the Best Value Framework. It is therefore proposed that works on Energy Efficiency and Roof and Roughcasting continue to be carried out by Building Services, as well as Electrical Periodic Inspections. The list of projects for exemption therefore includes:

- Energy Efficiency – Gas Central Heating Upgrades
- Roofing and Roughcasting Works – various projects
- Electrical Periodic Inspections and installation of smoke detection upgrades

The Public Sector Equality Duty (PSED) (often referred to as the 'general duty') requires public bodies in the exercise of their functions, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct;
- Advance equality of opportunity between those who share a protected characteristic and those who do not;
- Foster good relations between those who share a protected characteristic and those who do not.

Supplementary legislation (the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012), requires the council to be proactive in meeting the general duty of eliminating unlawful discrimination, advancing equality and fostering good relations. In addition, the Fairer Scotland Duty, part 1 of the Equality Act 2010, places a legal responsibility on councils to pay due regard to how they can reduce inequalities of outcome, caused by socioeconomic disadvantage, when making strategic decisions. The Fairer Scotland Duty came into effect from 1 April 2018, therefore it is not a retrospective duty and does not apply to decisions taken before that date.

D.6 INTEGRATED EQUALITY IMPACT ASSESSMENT

Following the key principles of relevance and proportionality within the Equality Act 2010, an integrated equality impact assessment of policies and decisions of the councils is a requirement of the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. This process is well established within the council's budget setting process.

Prior to presentation of the corporate asset management strategy and five year housing capital investment plan to Council in February 2018, an initial equality relevance assessment was undertaken on the proposed projects. This assessment identified whether a full assessment was required to ensure appropriate consideration was given to the impact of proposals on protected groups, with judgements being undertaken regarding relevance and proportionality. The assessment determined that a full equality impact assessment was not required at that time.

On re-assessing relevance in 2021, there is clear evidence that the service plans and delivers an ongoing co-productive approach to the design, timing, and delivery of the capital programme with tenants, tenant representatives and other stakeholders. This ensures that the views and preferences of stakeholders are factored in to shape the programme, and the ongoing reporting of progress and scrutiny of the delivery of the programme means that officers are accountable and performance is transparent. The changes implemented throughout the period of the capital investment programme have reflected the changing needs of tenants, and have been made in response to feedback from customers.

Reflecting the recent Fairer Scotland duty, the integrated relevance assessment was refreshed for the updated two year programme and is attached as Appendix 3. The assessment gave consideration to the three key general duties and it is deemed unnecessary that a full Integrated Impact Assessment (IIA) be carried out. Any further budgetary proposals or amendments to the Housing Capital Investment Programme will be screened for IIA relevance where required.

D.7 CORPORATE ASSET MANAGEMENT AND FUTURE CAPITAL INVESTMENT

The current Corporate Asset Management Strategy was agreed by the council in February 2018. Asset management provides appropriate structures and governance arrangements to ensure that the council's assets are utilised appropriately in support of service delivery. It is important that resources are prioritised on an ongoing basis to ensure investment has the maximum impact on the core assets required to sustain existing service delivery.

The updated two year Housing Capital Programme forms a key part in the longer term approach to asset investment and planning, and considers expenditure required to improve and extend the council's assets for future years. Looking forward, investment plans will be updated annually to demonstrate best value, continuous improvement, sound performance management, partnership working and sustainable development.

E. CONCLUSION

This report sets out the updated Housing Capital Investment Programme for 2021/22 and 2022/23, with proposed investment of £80.393 million. It builds on, and consolidates, local housing needs identified within the Strategic Housing Investment Programme and Local Housing Strategy. The investment proposals are framed on the outcome of the Housing Rent and Consultation Strategy reported to Services for the Community Policy Development and Scrutiny Panel on 12 December 2017 and agreed by Council on 13 February 2018, which indicated that the majority of responses from tenants supported a 3% rent increase per annum.

There is a strong focus within the programme on the creation of additional social housing including completion of the approved new build programme and continuing with a programme of open market acquisitions. These measures will increase the availability of social housing within communities for both existing residents and future generations.

Alongside investment in new and additional housing stock, there will be continued investment in existing council housing stock and the environment, to improve homes and local amenity. Energy efficiency is recognised as a continuing priority, with an emphasis on meeting the requirements of the Energy Efficiency Standards for Social Housing legislation.

Expenditure of £46.650 million is anticipated in 2021/22. The updated programme reflects movements reported to Council Executive in February 2021 and recognises the requirement to refine and rephase projects and expenditure. It also continues a new period of planned investment in the council's housing stock, ensuring that resources are prioritised effectively and reflect the investment needs of the stock.

Revised budgets take into account estimated delays due to the current Covid-19 pandemic, based on latest guidance and assumptions, however there remains a material risk to the delivery of the programme if restrictions continue for longer than currently estimated. Officers will continue to monitor the impact of the current situation on the housing capital investment programme and will continue to make every effort to minimise any further delays where possible.

Through the Housing Capital Investment Programme, the council continues to maintain quality standards and invest in the suitability and sufficiency of its housing stock to improve the environment within communities and meet the needs of existing and future tenants across West Lothian.

F. BACKGROUND REFERENCES

Best Value Framework - Report by Chief Executive to Council Executive on 10 June 2014

Rent Consultation – Report by Depute Chief Executive to Services for the Community PDSP on 12 December 2017

Housing Revenue Account Budget and Rent Levels 2018/19 to 2022/23 – Report by Depute Chief Executive to Council on 13 February 2018

West Lothian Strategic Housing Investment Plan 2019-2024 - Report by Head of Housing, Customer and Building Services to Council Executive on 9 October 2018

2020/21 Period 9 Housing Capital Monitoring – Report by Depute Chief Executive to Council Executive on 9 February 2021

Housing Revenue Account Budget 2021/22 to 2022/23 and Rent Level 2021/22 – Report to Services for the Community Policy Development and Scrutiny Panel on 9 February 2021

Appendices/Attachments: Three

Appendix 1: Housing Capital Investment Programme 2021/22 to 2022/23

Appendix 2: Housing Capital Investment Programme 2021/22 to 2022/23 – Further Information

Appendix 3: Integrated Relevance Assessment Form

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Graeme Struthers
Depute Chief Executive
9 February 2021

DATA LABEL: PUBLIC

Appendix 1

Housing Capital Investment Programme 2021/22 to 2022/23

	2021/22 £'000	2022/23 £'000	Total £'000
NEW SUPPLY			
New Build	21,479	19,889	41,368
Open Market Acquisition Scheme	6,710	2,000	8,710
Mortgage to Rent	100	100	200
TOTAL NEW SUPPLY	28,289	21,989	50,278
REFURBISHMENT AND INVESTMENT			
Major Refurbishment			
Bathville Flats, Armadale	111	0	111
Harrison Houses - Loch Scheme, Whitburn	385	0	385
	496	0	496
Major Elemental Upgrades			
Almond View & Cousland Terrace, Seafield	0	863	863
Church Place, Fauldhouse	277	0	277
Croftmalloch Estate - Harrison Houses, Whitburn	500	1,100	1,600
Dedridge Area, Livingston	1,453	159	1,612
Drummond Place, Blackridge	252	0	252
Fallas Place, Walker Road, Main Street, Fauldhouse	450	220	670
Mansefield Court & Waverley Street, Bathgate	0	556	556
Preston Area - Linlithgow	292	289	581
	3,224	3,187	6,411
Planned Programmes			
Assisted Decoration Scheme	350	350	700
Common Access Door Upgrades	100	100	200
Common Stair Upgrades	100	250	350
Fencing	100	100	200
Kitchens and Bathrooms	400	960	1,360
Painting	200	200	400
Planned Reactive/ HIO Investment	811	1,200	2,011
Rainwater Goods Testing and Upgrading	150	150	300
Windows & Doors Refurbishment / Renewal	400	400	800
	2,611	3,710	6,321
Environmental / External Upgrading			
Aerial Upgrades	30	30	60
Play Areas	50	50	100
Programmed Drainage	100	100	200
Tenant Environmental Projects	150	381	531
	330	561	891
Compliance Works (Direct and Assistive)			
Aids and Adaptations - Building Services	426	450	876
Aids and Adaptations - Occupational Therapists	200	200	400
Asbestos Management	690	321	1,011
Central Heating	3,398	3,832	7,230
Energy Efficiency/PV Panels	50	50	100
External Wall Insulation	1,262	0	1,262
Orlit Remedial Upgrades	218	400	618
Periodic testing and Electric Upgrades	817	700	1,517
Smoke and Heat Detector Upgrades	1,000	88	1,088
Stock Condition Surveys/Energy Performance Certificates	217	217	434
	8,278	6,258	14,536
Miscellaneous			
Deans South, Livingston	40	0	40
Feasibility Surveys	20	20	40
Home Safety Service	170	170	340
Home Security for Senior People	20	20	40
IT	50	50	100
Unsuitable Accommodation Works	300	600	900
	600	860	1,460
TOTAL REFURBISHMENT & INVESTMENT	15,539	14,576	30,115
TOTAL HOUSING CAPITAL INVESTMENT PROGRAMME	43,828	36,565	80,393

Data Label: Public

Appendix 2

HOUSING CAPITAL INVESTMENT PROGRAMME 2021/22 TO 2022/23

FURTHER INFORMATION

1. New Build Supply

Major investment is to continue, providing new houses in areas across the district of different sizes and style; many are designed to support occupation by people with limited movement ability, including wheelchair users. Built to modern standards, they are well insulated and will substantially reduce heating bills of tenants while ensuring warmth and stable heat levels. Existing tenants are given priority to move into the new housing supply. Rents are slightly higher but should be more than offset by the reduction in heating costs.

A priority will be to complete the existing 1,000 houses programme and deliver the additional 250 new build units that were approved in 2018, as part of the 3,000 affordable homes initiative, as well as delivering the additional two new build sites approved in 2020 as a result of the additional one off funding made available through the loans fund review.

Details of the sites to be completed from 2021/22 to 2022/23 are provided below.

Site	Units	Est. House Completions by 31/03/2022	Estimated site completion date
Standhill, Bathgate	22	22	2020/21
Eagle Brae, Livingston	29	29	2021/22
Mossend, West Calder	69	69	2021/22
Deans South (phase 2)	29	29	2021/22
Eliburn, Livingston	20	20	2021/22
Mid Street, Bathgate	5	5	2021/22
Marjoribanks Street, Bathgate	6	6	2021/22
Wellhead Farm, Murieston	42	20	2022/23
Wester Inch, Bathgate	59	0	2022/23
Total	281	200	

The council will also add to its stock by purchasing houses, and resources for acquisition of former council houses through the Open Market Acquisitions Scheme are included in the planned programme.

Provision has also been made to continue with the Mortgage to Rent scheme, which is a Scottish Government subsidy scheme to allow owners in extreme financial difficulty to sell their properties to the council and become council tenants.

2. Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (EESH)

One of the main objectives of the Housing Capital Programme is to invest in the existing housing stock to maintain the Scottish Housing Quality Standard (SHQS) and achieve compliance with the Energy Efficiency Standard for Social Housing (EESH), originally planned for 1 January 2021.

On 5 May 2020, the Scottish Government published updated guidance on the Scottish Housing Quality Standard (SHQS). The amended guidance is found at <https://www.gov.scot/publications/shqs-technical-guidance-for-social-landlords/>.

The amendment covers the following areas:

- Changes to bring the guidance in line with changes to the tolerable standard for fire and smoke alarms and carbon monoxide detectors,
- Changes to reflect that the EESH supersedes the energy efficiency elements of SHQS,
- Changes to ensure guidance on electrical safety inspections is consistent with the requirements of BS 7671 Requirements for Electrical Installations (the "Wiring Regulations"), and
- Some minor and non-consequential changes to links, formatting and pagination.

The first part of EESH has now been subsumed within the Scottish Housing Quality Standard Energy Efficiency criteria, and the services. An implementation plan has been developed to work with existing work plans whilst ensuring compliance.

Whilst the Regulator's current guidance to landlords advises that assessment of performance will take account of the impact of the Covid-19 pandemic, the Scottish Government guidance on SHQS and EESH includes guidance on situations where landlords can report an exemption for houses that cannot meet standards for reasons outwith the landlords' control.

A review of stock condition survey data has been undertaken, to provide an up to date assessment of stock condition and to inform the type and level of investment required.

Investment in the existing housing stock has been categorised as Major Refurbishment or Major Elemental Upgrades, as well as Planned Programmes, Environmental Upgrading, Compliance and other Miscellaneous works.

It was anticipated that the investment programme would ensure that all stock continues to meet with the SHQS and will also ensure that the stock meets with EESH2 requirements by 1 January 2025 and 2032 whilst maintaining the Scottish Housing Quality Standard. The current Covid-19 pandemic has impacted on this, resulting in both the SHQS and EESH works being delayed.

a) Major Refurbishment

The Major Refurbishment group of projects involves renewal and reconfiguration of multiple elements such as roof, render, stairs, balconies and external areas in a single project.

Harrison Houses

Due to ongoing maintenance issues, resulting in high cost roof repairs, major external and structural upgrades will continue at the Whitburn Harrison Houses. The streets to be encompassed in the project include: Gareloch Way, Loch Awe Way, Loch Earn Way, Loch Fyne Way, Loch Maree Way and Loch Trool Way.

Despite their relative age, these properties have been assessed as being in greater need of upgrade, due to the impact on the day to day maintenance budget. This site is complex due to the large volume of privately-owned properties and the need to engage with owners to encourage participation in the improvement programme. Housing will continue to work with Environmental Health and Legal Services to maximise options and outcomes of the scheme.

Bathville Flats

The works at Bathville are extensive, involving roof and external wall upgrades, new and more secure stairwells and environmental improvements. The works have been complicated by services such as gas and electricity which underlay the buildings. Building Services are making significant progress with the development.

Currently the refurbishment work at phases one, two and three are complete. Phase four is ongoing with only the external ground works to finish. This is scheduled for completion by February 2021. Work at phase five started in November 2020, with an estimated completion date of July 2021.

b) Major Elemental Upgrades

The work involves long term maintenance work, where structural elements such as roof and external walls are identified as beyond economical repair through routine maintenance.

The work planned in 2021/22 to 2022/23 is detailed below:

	2021/22 £'000	2022/23 £'000	Total £'000
Almond View & Cousland Terrace, Seafield	0	863	863
Church Place, Fauldhouse	277	0	277
Croftmalloch Estate - Harrison Houses, Whitburn	500	1,100	1,600
Dedridge Area, Livingston	1,453	159	1,612
Drummond Place, Blackridge	252	0	252
Fallas Place, Walker Road, Main Street, Fauldhouse	450	220	670
Mansefield Court & Waverley Street, Bathgate	0	556	556
Preston Area - Linlithgow	292	289	581
TOTAL	3,224	3,187	6,411

c) Planned Programmes

Assisted Decoration and Internal Upgrade Scheme

In 2015, the Assisted Decoration Scheme was introduced to benefit tenants of West Lothian Council who are either senior citizens or of limited physical capacity and who are unable to decorate their home without assistance.

Qualifying Tenants can apply for one room per household for the duration of the scheme. Since introducing this innovative scheme we have successfully assisted 977 tenants, with the approved 5 year programme intended to assist a total of 2,812 households.

Common Access Door Upgrades

This budget undertakes work which keeps the properties in compliance with the Scottish Housing Quality Standard (SHQS). This requires Secure Door Entry System upgrades or replacements in order to keep them in compliance with the Scottish Housing Quality Standard (SHQS). The budget funds around 12 communal blocks each year.

Kitchens and Bathrooms

This category incorporates work which keeps Kitchens and Bathrooms in compliance with the Scottish Housing Quality Standard (SHQS). The budget funds around 80 full kitchen and bathroom installations each year.

Cyclical Maintenance (CM)

CM work involves external and communal parts of the council housing stock and undertakes the required preparatory repairs and minor external upgrades. The work is done on a five year rolling programme. The programme plays a significant role within the council's capital programme planning processes linking key conditions information to overall investment planning.

All properties within the council stock are to be surveyed externally by a Housing Investment Officer (HIO) as part of the five year rolling programme. The survey programme is pre-determined as shown in the table below:

Year	Areas
2018/19	Broxburn, Uphall, Winchburgh & Linlithgow
2019/20	Armada & Blackridge
2020/21	Fauldhouse & Breich
2021/22	Blackburn, Whitburn & Bathgate
2022/23	Livingston South/North, East Livingston & East Calder

The CM Programme is primarily made up from the following Capital Planned Maintenance Budgets:

- Painting
- Common Stair Upgrades
- Rainwater Goods Testing and Upgrading
- Fencing

Planned Reactive/HIO Investment

This programme supports required individual upgrade investment out-with the named current capital projects and is commissioned by the Housing Investment Manager and Building Services Manager.

Windows and Doors

Windows and Door upgrades to keep them in compliance with the Scottish Housing Quality Standard (SHQS) and contribute towards meeting Energy Efficiency Standard for Social Housing (ESSH). This funds around 80 full Window and Door Upgrades each year.

d) Environmental and External Upgrading

This category supports local environmental programmes which include; Tenant Led Environmental Projects, Programmed Drainage, Play Area, and Aerial Upgrades. These projects are delivered in consultation with NETS, Roads, Local Housing Offices, tenants and elected members.

For example, the drainage programme supports the design and implementation of large works to multiple homes to prevent the flooding of homes and the damage to access paths. 162 council houses have been identified by SEPA (The Scottish Environment Protection Agency) as being at risk of flooding over time as climate change continues. The Flood Risk Management team are identifying the solution to these issues and will be putting them in place over the years.

	2021/22 £'000	2022/23 £'000	Total £'000
Aerial Upgrades	30	30	60
Play Areas	50	50	100
Programmed Drainage	100	100	200
Tenant Environmental Projects	150	381	531
TOTAL	330	561	891

e) Compliance Works

Aids and Adaptations

Aids and adaptations for both council housing and private sector housing are assessed by Occupational Therapists in Social Policy and are carried out based on individual need.

Asbestos Management

This budget funds surveys and removal work arising from those surveys.

Central Heating

The central heating upgrades are in order to keep the properties in compliance with the Scottish Housing Quality Standard (SHQS) and meet The Energy Efficiency Standard for Social Housing (ESSH) .

Energy Efficiency/PV Panels

Local energy efficiency schemes will continue to be carried out, prioritising households in fuel poverty, in consultation with the local housing offices and the Advice Shop.

It will also include works required to meet The Energy Efficiency Standard for Social Housing (EESH).

External Wall Insulation

External wall insulation will be fitted to 50 Swedish Timber properties across the district in order to improve the properties' energy efficiency level and ensure the properties comply with EESH. This improvement will make the properties cheaper to heat creating a saving in the tenant's fuel bills and will work towards reducing levels of fuel poverty in the district.

Periodic Testing and Electric Upgrades

There is an obligation on the council as a landlord to electrically test each house at least every five years and additionally at the point of re-letting after a house is empty.

These surveys identify any potential problems. The most important of these are electrical faults, earthing issues and asbestos in consumer units. This includes full electrical upgrading where required.

Smoke and Heat Detector Upgrades

The original smoke detector programme, which commenced in 2010/11, concentrated on upgrading battery operated smoke detectors to hard wired smoke detectors.

As reported to Council in February 2019, there was a need to review the plan once the outcome of the Scottish Government's consultation on Fire and Smoke Detectors was known. The legislation has now been updated, and a review of the programme has taken place to ensure compliance with the new legislation by the February 2022 deadline.

Stock Condition Survey/Energy Performance Certificates (EPC)

This budget funds stock conditions survey work and EPCs that are required for circa 9,000 of the council's properties in order to ensure the council meets its legal requirements when renting a property, as well as updating our Asset Management Database.

This will also help focus investment measures required to ensure the council complies with the Scottish Housing Quality Standard (SHQS) and The Energy Efficiency Standard for Social Housing (EESH).

f) **Miscellaneous**

Deans South, Livingston

This budget will fund any legal and property fees required as part of sale of the land.

Feasibility Surveys

This budget will support a two year Stock Condition Programme aimed at updating the council's stock conditions information and providing cost information for future capital planning. The budget also supports detailed engineering reports on structural issues.

Home Safety Service

This provides an upgraded package of smart technology primarily for older people in their own homes. This technology can help in providing a safer and more secure long-term home environment.

Home Security for Senior People

This scheme provides options including; the provision of locks, external lighting, door viewers, door chains, window locks and door intercom systems. To date around 3,000 council houses have had security measures fitted under this scheme.

Unsuitable Accommodation Works

The Unsuitable Accommodation Order 2004 requires local authorities to ensure that homeless households with children and pregnant women are not placed in unsuitable temporary accommodation unless exceptional circumstances apply. This budget funds work to properties to increase suitable housing stock directly to support the Rapid Rehousing Transition Plan and includes refurbishment of the former supported accommodation unit in Hopetoun Street, Bathgate.

Data Label: Public



Integrated Relevance Assessment Form

1. Details of proposal																			
Policy Title (include budget reference number if applicable)	Housing Capital Programme 2021/22 to 2022/23																		
Service Area (detail which service area and section this relates to)	Housing, Customer and Building Services																		
Lead Officer (Name and job title)	AnnMarie Carr, Head of Housing, Customer and Building Services																		
Other Officers/Partners involved (list names, job titles and organisations if applicable)	Marjory Mackie, Housing Strategy & Development Manager Grant Walker, Development Manager Robert Smith, Housing Investment Manager Kirsty Weir, Service Development Officer Pamela Bell, Senior Service Accountant Tenants Panel Capital Programme Working Group																		
Date relevance assessed	15/01/2021																		
2. Does the council have control over how this policy will be implemented?																			
YES	<input checked="" type="checkbox"/> X <input type="checkbox"/> NO																		
<p>3. The General Duty of the Equality Act 2010 requires public authorities, in the exercise of their functions, to have due regard to the need to:</p> <ul style="list-style-type: none"> • Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct • Advance equality of opportunity between those who share a protected characteristic and those who do not; and • Foster good relations between those who share a protected characteristic and those who do not <p>NB: In this section you must also consider the Human Rights Act and the key PANEL (Participation, Accountability, Non-Discrimination, Empowerment and Legality) principles of Human Rights – (further detail on what these are, are provided in the guidance document)</p> <p>Which groups of people do you think will be, or potentially could be, impacted upon by the implementation of this policy? You should consider employees, clients, customers and service users (Please tick below as appropriate)</p> <table border="1"> <tr> <td>Age - Older people, young people and children</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Disability - people with disabilities/long standing conditions</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Gender reassignment - Trans/Transgender Identity – anybody who's gender identity or gender expression is different to the sex assigned to them at birth</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Marriage or Civil Partnership – people who are married or in a civil partnership</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Pregnancy and Maternity – woman who are pregnant and/or on maternity leave</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Race - people from black, Asian and minority ethnic communities and different racial backgrounds</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Religion or Belief – people with different religions and beliefs including those with no beliefs</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Sex - Gender Identity - women and men (girls and boys) and those who self-identify their gender</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Sexual Orientation – lesbian, gay, bisexual, heterosexual/straight</td> <td><input type="checkbox"/></td> </tr> </table>		Age - Older people, young people and children	<input type="checkbox"/>	Disability - people with disabilities/long standing conditions	<input type="checkbox"/>	Gender reassignment - Trans/Transgender Identity – anybody who's gender identity or gender expression is different to the sex assigned to them at birth	<input type="checkbox"/>	Marriage or Civil Partnership – people who are married or in a civil partnership	<input type="checkbox"/>	Pregnancy and Maternity – woman who are pregnant and/or on maternity leave	<input type="checkbox"/>	Race - people from black, Asian and minority ethnic communities and different racial backgrounds	<input type="checkbox"/>	Religion or Belief – people with different religions and beliefs including those with no beliefs	<input type="checkbox"/>	Sex - Gender Identity - women and men (girls and boys) and those who self-identify their gender	<input type="checkbox"/>	Sexual Orientation – lesbian, gay, bisexual, heterosexual/straight	<input type="checkbox"/>
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Sexual Orientation – lesbian, gay, bisexual, heterosexual/straight	<input type="checkbox"/>																		

4. Do you have evidence or reason to believe that this policy will or may impact on socio-economic inequalities? Consideration must be given particularly to children and families				
Socio-economic Disadvantage			Impact – please tick below as appropriate)	
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing			✓	
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				
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				
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)				
Socioeconomic Background – social class i.e. parents education, employment and income				
5. Integrated impact assessment required? (Two ticks (✓) above = full assessment necessary)				
YES		NO	✓	
6. Decision rationale – if you have ticked no above, use this section to evidence why a full IIA is not required				
<p>The two year capital programme details where West Lothian Council intends to spend its capital resources. The justification for this expenditure is on house (stock) condition as outlined by the Scottish Housing Quality Standard, new build council houses, as well as other additional non SHQS upgrades and improvements including externals, environmental work to aid in achieving energy efficiencies (in support of EESSH compliance) and equipment and adaptations.</p> <p>The focus on meeting the Scottish Housing Quality Standard (SHQS) will improve the condition of older stock to make it more secure, safe, accessible and energy efficient by design. The new build homes are being built to an exceptionally high specification and the selection of the designs at tender bid stage were made in partnership with members of the local equality groups to ensure the service had considered the needs of potentially vulnerable tenants from the formative stages of the project.</p> <p>External upgrading will continue in areas identified as in greatest need and an increasing emphasis will be placed on the Energy Efficiency Standard for Social Housing (EESH) over the coming year. Demographically, the communities in greatest need of housing improvements tend to include people who may face fewer life choices and decreased social mobility – these tenants benefit most from improvement projects. By improving the appearance and overall quality of stock in these areas as a priority the life chances of those living there are significantly improved, with benefits to education, health and wellbeing and community safety.</p> <p>EESH is intended to continue investment in external wall insulation to target work in council houses in areas of mixed tenure, where homeowners benefit from support through the Home Energy Efficiency Programme Scotland (HEEPS). The funding to help tenants achieve energy efficiency and keep fuel bills as low as possible will obviously aid those in most danger of fuel poverty and deprivation. This funding commitment allocated for improvements include boiler and heating system replacements and the installation of energy efficient loft and cavity wall insulation. The service intends to continue to focus on this area in recognition of the importance of tackling poorly insulated and heated homes to mitigate the threat of fuel poverty for those tenants most vulnerable to this threat. Improving the energy efficiency of our stock most in need of this work is a priority for the service.</p>				

One of the main drivers of the direction of capital funds is new build and housing supply. These programmes seek to address the gap in supply and demand issues for decent and affordable socially rented housing in the area. Provision of modern housing, exceeding the SHQS standard that is well supported by robust local infrastructure and services will benefit those most in need of housing and increase housing options for tenants and potential tenants. There is enormous housing demand pressure on all local registered social landlords; the capital programme priorities are directed towards alleviating some of this pressure and increasing the supply of affordable, socially rented accommodation.

This type of combined approach to meeting demand of increasing housing supply through new homes and improving older stock is continued in the proposed capital programme through the environmental upgrade works in communities, and the energy efficiency measures through the provisions made for increased spend on improving energy efficiency of properties. External environmental improvement projects support regeneration of communities most in need of works to improve the local environment.

The capital programme specifically budgets for needs based improvements to aid active living through provision of funding projections for adaptive equipment and adaptations to the council's housing stock as determined by the health assessment process. Improvements made to meet the SHQS ensure all stock is more accessible at a basic level. The provision made for improvements to lighting, kitchen and bathroom renewals will also increase safety and quality of life for residents in older properties. This portion of the programme remains need-based and reactive in terms of service delivery in order to deliver improvements at the point of need to the tenant. A needs based investment approach prevents areas from becoming undesirable places to live, increases choice for potential tenants and encourages social mobility for existing residents, thereby increasing the social diversity of communities while seeking to prevent socio-economic deprivation.

The approach of making general structural and fixture/fittings improvements combined with specific adaptations where required enables tenants with mobility issues to remain independent in their own homes for longer and ensures that the adaptations that are made are tailored to the individual. By budgeting for and recognising the importance of this type of improvement work to properties the proposals ensure the provision of needs based solutions for those who require it most. The policy on equipment and adaptations is centred on qualification via a set criteria applied by Occupational Therapy professionals; this has led to a straightforward process that is transparent and easy to access. Most requests meet the criteria and are approved. By designing new build properties with the capacity for future aids and adaptations future proofs the supply of accommodation types in order to meet the needs of a diverse range of tenants. The decision to build one story bungalows is a result of responding directly to the needs of our local communities as expressed during consultation activity.

Housing, Customer and Building Services Senior Management Team, the Senior Service Accountant, the Housing Development Manager, the Housing Investment Manager, Housing Strategy Officers and the service equality lead were involved in the consultation of this assessment. The details of the budget proposals within this report support these findings and it is unnecessary that a full IIA be carried out. It is recommended that any further budgetary proposals or amendments to the Capital Programme be screened for IIA relevance where required.

Signed by Lead Officer	AnnMarie Carr
Designation	Head of Housing, Customer and Building Services
Date	15/01/2021
Counter Signature (Head of Service or Depute Chief Executive responsible for the policy)	Graeme Struthers, Depute Chief Executive
Date	15/01/2021

DATA LABEL: PUBLIC



SERVICES FOR THE COMMUNITY POLICY DEVELOPMENT AND SCRUTINY PANEL

HOUSING REVENUE ACCOUNT BUDGET 2021/22 TO 2022/23 AND RENT LEVEL 2021/22

REPORT BY DEPUTE CHIEF EXECUTIVE

A. PURPOSE OF REPORT

To advise the Panel of the updated Housing Revenue Account (HRA) financial plan for the period 2021/22 to 2022/23, as well as the proposed HRA budget, rent and service charges for 2021/22.

B. RECOMMENDATION

It is recommended that the Panel:

1. Notes the proposed 3% rent strategy for the period 2021/22 to 2022/23, encompassing HRA properties and garages, which will fund service needs and the Housing Capital investment programme;
2. Notes the proposed 3% rent strategy for Sheltered Housing and Homelessness properties, as well as related service and support charges, for the period 2021/22 to 2022/23;
3. Notes the proposed rent increase of 3% in 2021/22 and the updated 2021/22 to 2022/23 HRA budget.

C. SUMMARY OF IMPLICATIONS

- | | |
|--|--|
| I. Council Values | Focusing on customers' needs, being honest, open and accountable, making best use of our resources, working in partnership. |
| II. Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment) | <p>This report complies with legal requirements under the Housing (Scotland) Act 1987. The HRA budget and associated rent increase is reported to the Council annually for approval.</p> <p>The equality impact of the budget has been assessed in compliance with public sector duty requirements, as set out in the Equality Act 2010, the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 and Fairer Scotland Duty, Part 1 of the Equality Act 2010.</p> <p>An Integrated Relevance Assessment has been undertaken and is included in Appendix 1.</p> |
| III. Implications for Scheme of Delegations to Officers | None. |

IV. Impact on performance and performance Indicators	None.
V. Relevance to New Single Outcome Agreement	Outcome 10 – We live in well designed, sustainable places where we are able to access the services we need.
VI. Resources - (Financial, Staffing and Property)	Continuation of the 3% per annum rent strategy agreed by Council on 13 February 2018 will deliver a balanced HRA Budget and a capital investment programme over the two year period from 2021/22 to 2022/23.
VII. Consideration at PDSP	Not applicable.
VIII. Other consultations	A formal rent consultation has taken place with all tenants. Discussion with the Head of Finance and Property Services.

D. TERMS OF REPORT

D.1 GOVERNANCE

The Housing Revenue Account (HRA) budget setting process is subject to statutory, regulatory and governance requirements. Section 25 of the Housing (Scotland) Act 2001 requires landlords to give tenants at least four weeks' notice of any increased rent due to be paid, while section 53 of the Act requires a tenant participation strategy to be in place. The council's financial regulations state that the Depute Chief Executive (Corporate, Operational and Housing Services) is responsible for presenting the HRA Revenue Budget to a meeting of the full council.

The HRA Revenue Budget, alongside the Housing Capital Investment Programme, forms part of the council's integrated approach to financial strategy, corporate planning, delivery of outcomes and performance monitoring. The activity budget, along with service management plans, links activities, resources, outputs and outcomes which enables the council to demonstrate Best Value in the use of resources. The activity budget is published on the council's intranet.

The council has continued to build a resilient culture of effective planning and governance, with strong evidence to demonstrate how the council meets the defined best value characteristics. The council's Best Value Framework, which was approved on 10 June 2014, ensures that the council complies with the provisions contained within the Local Government in Scotland Act 2003. The 2003 Act requires the council to:

- Secure best value in the performance of its functions;
- Balance the quality and cost of the performance of its functions and the cost of council services to service users;
- Have regard to efficiency, effectiveness, economy and the need to meet equal opportunity requirements in maintaining that balance;
- Fully discharge its duty to secure best value in a way which contributes to the achievements of sustainable development.

The Public Sector Equality Duty (PSED) (often referred to as the 'general duty') requires public bodies in the exercise of their functions, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct;
- Advance equality of opportunity between those who share a protected characteristic and those who do not;
- Foster good relations between those who share a protected characteristic and those who do not.

Supplementary legislation (the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012), requires the council to be proactive in meeting the general duty of eliminating unlawful discrimination, advancing equality and fostering good relations. In addition, the Fairer Scotland Duty, part 1 of the Equality Act 2010, places a legal responsibility on councils to pay due regard to how they can reduce inequalities of outcome, caused by socioeconomic disadvantage, when making strategic decisions. The Fairer Scotland Duty came into effect from 1 April 2018, therefore it is not a retrospective duty and does not apply to decisions taken before that date.

This report sets out the proposed HRA revenue budget for 2021/22 to 2022/23 and rent levels for 2021/22, in line with the five year rent strategy approved by Council on 13 February 2018.

D.2 FIVE YEAR RENT STRATEGY

In developing the existing five year financial plan, and in line with the Housing (Scotland) Act 2001, a formal tenants' consultation was undertaken during 2017 on future housing rent and capital investment strategy. The outcome was reported to the Services for the Community Policy Development and Scrutiny Panel on 12 December 2017, and indicated that tenants favoured a 3% rent increase per annum over the five year period to 2022/23. Tenants also indicated they would be willing to fund future council housing investment and supply. Annual statutory consultations have been undertaken each year since then.

In accordance with statutory and regulatory requirements, Council approval will be sought for the proposed 2021/22 HRA budget and an associated rent rise of 3%, in line with the five year rent strategy approved on 13 February 2018. The 3% increase will apply to all HRA properties, garage and garage sites, as well as Sheltered Housing and Homeless properties and associated service and support charges for 2021/22. An Integrated Relevance Assessment has been undertaken on the proposed updated two year rent strategy and related budget for 2021/22. The assessment gave consideration to the three key general duties and it is deemed unnecessary that a full Integrated Impact Assessment (IIA) be carried out.

In terms of managing a disproportionate impact of rent levels on tenants, the income management approach and monitoring arrangements implemented by Housing, Customer and Building Services pay particular attention to the impact of Universal Credit full service on tenants' ability to pay rent. This has led to changes in processes which now focus on the earliest possible intervention to support tenant claimants, and the service has lowered the trigger for action on all arrears to a level that enables discussion on arrears to happen before the loss of two weeks rent is accumulated in most cases.

Full service was introduced in May 2018, and there are now just over 3,900 tenants claiming housing costs through Universal Credit. The self-directed, online only method of the claims process presents difficulties for the council in identifying tenants in the process of making Universal Credit claims, and for tenants themselves in providing the exact amount of housing costs to claim for. The previous process of claiming Housing Benefit involved council officers and enabled early interventions to be made to mitigate delays in the claims process and verification of housing costs, reducing delays and errors.

The service programme of ongoing income management, including the comprehensive monitoring and reporting at committee and Local Area Committees, demonstrates that the claim process has had an impact on claimants' ability to avoid accumulating arrears. The processing time can vary as any change in circumstances results in further delays. The Department for Work and Pensions (DWP) aim to process and make the first payment to claimants within five weeks of a new claim. However, difficulties and further delays can arise where applicants have to change their circumstances, which results in the 'zeroing' of the process back to the start. This is not unusual for households in temporary accommodation, or when people are in crisis, and, historically, this has resulted in a minimum of five weeks' delay in rent payments. The resulting impact of this is that arrears

balances accumulate during this delay and 67% of Universal Credit claimants carry some form of arrears balance, with an average value of £750.

The council's approach to managing this impact includes monitoring historical and new arrears for tenants in receipt of Universal Credit, however the lack of council involvement in the new process means that the data on the number of claimants is not reported in real time, and accuracy is reduced as a result. In order to mitigate this, all processes in relation to income management have been reviewed in light of the changes in the claims process to mitigate impact on tenants primarily, and on the service income. This work has become a priority in terms of housing staff operational activity, with workstreams dedicated to wide communication of processes and support, early interventions as the service becomes aware of new or potential claims, and specific multi-service processes have been created to provide financial and individual support to tenants navigating the claims journey.

The recent move to ensure that monies paid direct to the service for those on managed payments reach tenants' accounts more quickly is a positive step in reducing technical rent arrears. The previous system would show tenants in arrears due to processing delays and payments being made on a fixed cycle that did not match rent due dates, which causes avoidable distress. The new process has accelerated the application of payments to accounts, and gives a more accurate view of current arrears with payments reaching tenants' rent accounts closer to rent due dates.

The service is conscious of the potential financial strain of Covid-19, and measures are in place to support and signpost impacted tenants to funds and assistance. The current reporting and monitoring does not show any material impact at this point, and the extensive monitoring of income and impacts will continue to highlight the new threat to income and tenant finances posed by the pandemic and ongoing restrictions. As the full impact of both Covid and Universal Credit full service become clearer through the ability to identify trends in impact on tenants, it may be necessary to conduct a further IIA in order to identify and mitigate negative impacts on tenants with specific protected characteristics, and the service will conduct this where required. Any further budgetary proposals or amendments to the rent strategy or rent levels will be screened for IIA relevance where required.

D.3 HRA PROPERTIES AND GARAGE AVERAGE RENT

A continuation of the 3% per annum rent strategy will enable delivery of a balanced HRA revenue budget over the period 2021/22 to 2022/23 and ensure continued investment in our housing infrastructure, improving existing homes and creating new affordable homes over the two year timeframe.

If the proposed rent increase is approved, and based on the latest stock report as at 1 January 2021, the average weekly rental for homes will be £78.13 in 2021/22, increasing from £75.85 in 2020/21. The equivalent weekly figure for garages is £5.87 in 2021/22, increasing from £5.70 in 2020/21.

If council rents go up by 3%, the eligible rent on which the Housing Benefit calculation is based will also go up by 3%, so those on full benefit will not suffer further financial detriment. The council's focus on rent arrears from a preventative standpoint should assist those who are negatively impacted by the 3% raise as Housing officers continue to work in partnership with the Advice Shop to maximise income and improve budgeting skills.

The Scottish Housing Regulator Return on the Charter data has shown for five consecutive years, that West Lothian Council rents are lower than the national average (£81.46 in 2019/20), other medium sized local authorities, and significantly lower than other local Registered Social Landlords.

The indicative rent level for HRA properties and garages for 2021/22 is detailed in the table overleaf:

Table 1: Average Weekly Rent

Average Weekly Rent	2020/21 (£)	Increase (£)	2021/22 (£)	Increase (%)
HRA Properties	75.85	2.28	78.13	3.00
Garages	5.70	0.17	5.87	3.00

D.4 HOUSING REVENUE ACCOUNT – UPDATED TWO YEAR STRATEGY

In formulating the five year strategy approved in February 2018, it was assumed that there would be a 3% rent increase each year from 2018/19 through to 2022/23, in line with the outcome of the tenants' consultation. Consultation on the 3% strategy included housing network meetings, tenants, the tenants' panel and social media. The consultation carried out in 2017 as part of the strategy process showed that 69% of respondents were in favour of building more council houses even if this meant an increase to rent, 81% were in favour of investment in existing stock even if this meant an increase to rent, 73% felt that their rent was affordable, and 85% noted a preference for a 3% rent increase.

The service embarked on further engagement with tenants in December 2020. This was designed specifically to determine views on the proposed rent increase for 2021/22, and targeted tenant networks, the tenants' panel, the online focus group, tenants' news and social media on a rolling programme of feedback. There have been no additional comments made, with the panels and network members agreeing that the 3% agreed during the initial budget strategy consultation is still appropriate. The feedback from the networks and panel was that they felt strongly that the increase allows the council to continue to invest in stock, and support tenants to the standard they expect.

This rental increase, along with an increase in housing stock numbers, forecast to rise from 14,038 in March 2020 to around 14,433 in 2022/23, will generate additional income to the Housing Revenue Account and enable a balanced budget to be delivered. It will also support capital investment over the medium term. Income assumptions also take into account estimates of mortgage to rent and open market acquisitions, as well as increases to the new housing supply. It is assumed that there will be no overall change in the number of policy void properties and temporary tenancies, with numbers being maintained at 2020/21 levels.

Budget assumptions have been updated to take account of latest information and circumstances, and Table 2 below shows the updated estimated allocation of revenue resources, and the associated funding generated through a 3% rent increase, throughout the remaining two year period covered by the HRA budget strategy.

Table 2: Summary Two Year HRA Budget

Expenditure	2021/22 £'000	2022/23 £'000
Employee Costs	5,162	5,265
Premises Costs	18,578	19,358
Transport Costs	149	156
Supplies & Services	3,261	3,266
Third Party Payments	127	136
Transfer Payments	2,279	2,643
Support Services	2,552	2,552
Capital Financing	13,306	14,996
CFCR	11,162	10,738
Total Expenditure	56,576	59,110
Funding	2021/22 £'000	2022/23 £'000
Housing Rents	(55,655)	(58,163)
Garage Rents	(610)	(628)
Miscellaneous	(311)	(319)
Total Funding	(56,576)	(59,110)

The key expenditure assumptions are as follows:

- A pay increase of 2% for employees in 2021/22 and 2022/23;
- An increase to employers' pension contributions of 2.3% in 2021/22 and 2022/23;
- Inflation of 5% per annum for Repairs, Gas Servicing and Transport costs;
- A range of inflationary pressures of 2% to 3% per annum for insurance costs and void property costs;
- Additional increase in bad debt provision of £350,000 per annum, to take account of the ongoing impact of Universal Credit and the potential impact of Covid-19;
- Capital financing charges will increase from 2021/22 to 2022/23 due to ongoing prudential borrowing required to support a core housing maintenance and refurbishment programme for existing stock and an increase in the housing supply.

D.5 HRA REVENUE BUDGET 2021/22

The proposed HRA Revenue budget for 2021/22 is based on the 3% per annum rent strategy approved in February 2018, which will enable high quality and responsive housing services to be maintained for tenants and allow key priorities to be delivered. The 2021/22 budget will enable financial resources to be directed towards the efficient management of the council's housing stock and tenancies, with customer focused services delivered by local housing teams. Targeted resources will support tenant participation, including tenants' panels, networks and other groups, as well as tenant led inspections.

The service will continue to maximise rental income through effective management of council houses, and will continue to work to mitigate the impact of welfare reform. Work on automation of elements of the rent arrears process has been successful, with low balance arrears triggering an automatic engagement with the tenant, prompting early intervention with housing staff to take action before the arrears balance accumulates any further. The current rent campaign 'Talk to Us' focuses on the importance of those early discussions when a tenant finds themselves struggling with finances, and enables housing staff to put early support and interventions in place to prevent unmanageable arrears.

The service continues to be responsive to social housing regulation and inspection, and we remain in the lowest category of risk following our annual return to the Scottish Housing Regulator. The council will continue to work to improve the quality of life for tenants, assisting individual households as well as playing an important role in promoting strong and sustainable communities.

The council remains committed to providing high quality, value for money housing services. The programme of service development is focused on good outcomes for tenants, whilst also achieving value for money, best practice and identifying possible efficiencies. Building Services has continued to provide emergency and essential repairs throughout the pandemic, prioritised getting empty houses available for relet, and has maintained excellent performance despite the challenges presented in managing the service pandemic restrictions. The service attended 37,930 repairs and services for customers in 2020, with 100% of properties receiving annual gas inspections and servicing. The service continues to work towards meeting the standards for home energy efficiency in Scotland through a programme of improvement and investment works.

The digital transformation of the Housing service is underway, with the digitisation of all records and customer access to services in housing need, repairs and tenancy management. User and tenant experiences are critical to the service approach to how service delivery is redesigned in collaboration with those in receipt of a service. Future developments facilitating further self-service and increased access options are planned for the coming year, and will prioritise the customer journeys that users prefer. The work we do with tenants and on building new ways of working will inform the upcoming exercise to replace the current service management system, ensuring this significant investment is based on what tenants, staff and a modern, efficient housing service require for the next decade.

The summary HRA Budget for 2021/22 of £56.576 million is outlined below.

Table 3: 2021/22 HRA Budget

	2021/22 £'000
Rents	56,265
Other Income	311
Total Funding	56,576
Employee Costs	5,162
Premises Costs	18,578
Transport Costs	149
Supplies & Services	3,261
Third Party Payments	127
Transfer Payments	2,279
Support Services	2,552
Capital Financing Costs	24,468
Total Expenditure	56,576

As detailed in Section D.4, the proposed budget takes account of a number of cost pressures and assumptions including:

- 3% rental increase for council houses and garages.
- A pay increase of 2% for employees and allowance for incremental pay progression.
- Indexation pressures, such as energy costs.
- Updated capital financing charges relating to the Housing Capital Programme.
- Ongoing impact of Welfare Reform and introduction of Universal Credit in May 2018.

While the Housing Scotland Act 1987 requires local authorities to maintain a ring fenced HRA, the HRA revenue budget also forms part of the council's integrated approach to corporate planning and performance management. In setting a balanced budget, the council is committed to delivering a well maintained housing stock and efficient management services to support tenants and their communities.

D.6 RISKS AND UNCERTAINTIES

In developing the 2021/22 HRA Budget, it is recognised that there are a number of risks and uncertainties that could impact on the level of financial resource required. This would include potential variances to pay and price indexation as well as capital borrowing requirements and associated interest rates. Resources for reactive repairs remain subject to demand for services and potential impact of winter weather.

The ongoing pandemic, with resulting restrictions on the types of work that can be undertaken and requirements for social distancing within the workforce, remains a material risk to the budget position for the HRA during 2021/22. Current uncertainty around the period and level of restrictions that will apply over the coming months means that there is a continuing risk of incurring further non-productive time for staff employed to deliver both the housing revenue and capital programmes, as outlined in the month 9 budget monitoring report to Council Executive in February 2021. Any further non-productive time in 2021/22 would result in increased pressure on the HRA budget, both in terms of affordability and service delivery.

The ongoing effect of Welfare Reform changes continue to present risk and uncertainty to all social landlords. While the council continues to actively pursue housing arrears as a priority activity, the value of cumulative current tenant arrears as at 3 January 2021 was £3.3 million. Although the arrears position remains a challenging and uncertain factor, it should be noted that the in year cash collection rate for rental income remains positive, at 98% in January 2021. The Scottish Government have stated that they would wish to take advantage of provisions within the Scotland Act 2016 in relation to Welfare Benefits, however making these changes can take time to come into regulatory effect.

As of 4 October 2017, Universal Credit claimants in Scotland have been able to request that payments are made every two weeks, instead of once a month, with the housing element of their payment sent directly to their landlord. A new system to accelerate these payments was rolled out to West Lothian in September 2020, and has been beneficial in terms of funds reaching rent accounts closer to rent due dates.

The Scottish Government could also utilise its new welfare flexibilities, to effect change which could positively impact on plans to withdraw housing support to single people aged 18-21. The service takes a proactive approach by contacting tenants already in arrears who are moving to Universal Credit to ensure they understand the system of claims, and to suggest the direct payment and increased frequency options may be a better option for them to assist in budgeting and ensuring payment of rent.

Appropriate steps will be taken to mitigate against risks and contain expenditure within available resources during the financial year. Quarterly monitoring reports will be provided to Council Executive during 2021/22 to provide updates on the financial position and actions to ensure risks are appropriately managed.

D.7 HOUSING RESERVES

Local authority accounting standards require that, in setting budgets, the Council receives details of reserves, their proposed use and an opinion as to the adequacy of the reserves for the forthcoming year.

As reported to Council Executive on 9 February 2021, within the month 9 monitoring report, a breakeven position is forecast for the HRA revenue budget for 2020/21. It is therefore projected that the HRA reserve at 31 March 2021 will remain at £926,000 and there is no provision to augment this during 2021/22.

Given the inherent risk associated with the impact of Universal Credit, the Covid19 pandemic, extreme weather conditions and other risks and uncertainties, it will be recommended that this balance be maintained and the level is considered adequate to meet with unforeseen demands on resources. The proposed budget for 2021/22 does not assume any use of this reserve.

D.8 PRUDENTIAL CODE IMPLICATIONS

The Prudential Code provides the council with local discretion in investment levels for Housing, provided it ensures that capital spending and associated borrowing are at levels that are affordable, prudent and sustainable.

To demonstrate this, the Code sets prudential indicators that are designed to support and record local decision making. The Head of Finance and Property Services is responsible for reporting these indicators for both the General Fund and the HRA. For this reason, the Prudential Indicators will be reported in detail by the Head of Finance and Property Services in the 2021/22 General Fund Revenue Budget, presented to the Council budget setting meeting.

A key Prudential Indicator is affordability, which assesses the incremental impact of capital spending on rent levels. Under the proposed budget, increases to loans charges arising from borrowing are fully funded within the HRA. This area will continue to be closely monitored, particularly in relation to affordability of housing arrears and remaining procurement costs for the planned new build projects.

D.9 INTEGRATED EQUALITY IMPACT ASSESSMENT

Following the key principles of relevance and proportionality within the Equality Act 2010, an integrated equality impact assessment of policies and decisions of the councils is a requirement of the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. This process is well established within the council's budget setting process.

Prior to presentation of the five year financial plan to Council in February 2018, an initial equality relevance assessment was undertaken on the budget and rent proposals. This assessment identified if a full impact assessment was required to ensure appropriate consideration was given to the impact of proposals on protected groups, with judgements being undertaken regarding relevance and proportionality. The assessment determined that a full equality impact assessment was not required at that time.

The five year Rent Strategy was fully consulted on with council tenants, individually and via tenant representative groups. The service engages with tenants each year on the annual increase to enable comment and feedback on any further impact.

Reflecting the recent Fairer Scotland duty, the integrated relevance assessment was refreshed. The service is mindful of the likely impact of Covid-19 on tenants' financial stability, however performance to date shows no indication of any significant impact at this point. This will continue to be monitored closely in coming months, and interventions and links with support are in place for any tenants experiencing financial difficulty in terms of affordability. As a result, it is not considered necessary for a full Integrated Impact Assessment to be carried out at this point, however any decline in income relating to the pandemic, or further budgetary proposals or amendments to the rent strategy or rent levels, will be screened for IIA relevance where required.

D.10 CONSULTATION

Under Section 25 of the Housing (Scotland) Act 2001, the council has a statutory duty to inform and consult tenants on its rent policy. Formal consultation on the five year strategy took place from 9 October to 8 December 2017. During the consultation period, meetings were held with Tenants Panels and Tenant networks, as well as specifically arranged drop in sessions and through a special edition of Tenant News. Annual statutory consultations have been undertaken each year since then.

The Scottish Social Housing Charter sets the standards and outcomes that all social landlords should aim to achieve when performing their core housing activities. Indicator 29 requires all landlords to establish what percentage of tenants feel that the rent for their property represents good value for money. The biennial tenant satisfaction survey was conducted between October 2019 and January 2020, with 2,184 tenants answering the question regarding how they feel about the rent they pay and 80.67% responding that they are satisfied/very satisfied that rent levels represented good value for money. A total of 2,339 tenants completed the survey, the highest response level to the tenant satisfaction survey to date, and an improvement of over 500 responses from the same survey carried out in 2017. The service will repeat this survey activity in 2021, and is embarking on a new partnership with Housemark, a nationwide housing benchmarking organisation, to undertake extensive tenant profiling to ensure that affordability and value for rent paid remains a service priority.

E. CONCLUSION

The proposed updated two year HRA Revenue budget strategy provides a balanced financial plan, incorporating a proposed 3% per annum rent increase, which will allow the council to continue to provide value for money services to tenants and to be responsive to customers' needs. It also enables continued investment in existing housing stock and infrastructure, as well as the expansion of new housing supply.

The balanced budget for 2021/22 includes continued investment and funding of housing infrastructure, to meet the needs of existing and future tenants, as well as enabling the delivery of key priorities and allowing the people of West Lothian to continue to be supported to find a suitable place to live and have quality housing options available to them.

F. BACKGROUND REFERENCES

Rent Consultation – Report by Head of Housing, Customer and Building Services to Services for the Community PDSP on 12 December 2017

Housing Revenue Account Budget and Rent Levels 2018/19 to 2022/23 – Report by Depute Chief Executive to Council on 13 February 2018

2020/21 Housing Revenue Account - Month 9 Monitoring Report - Report by Depute Chief Executive to Council Executive on 9 February 2021

Housing Capital Investment Programme 2021/22 to 2022/23 – Report by Depute Chief Executive to Services for the Community Policy Development and Scrutiny Panel on 9 February 2021

Appendices/Attachments: One

Appendix 1 – Integrated Relevance Assessment Form

Contact Person: Pamela Bell, Senior Service Accountant
Email: pamela.bell@westlothian.gov.uk, Tel: 01506 281282

Graeme Struthers
Depute Chief Executive
9 February 2021

Data Label: Public



Integrated Relevance Assessment Form

1. Details of proposal				
Policy Title (include budget reference number if applicable)	2021/22 to 2022/23 Housing Revenue Account Budget and Rent Level			
Service Area (detail which service area and section this relates to)	Housing, Customer and Building Services			
Lead Officer (Name and job title)	AnnMarie Carr, Head of Housing, Customer and Building Services			
Other Officers/Partners involved (list names, job titles and organisations if applicable)	Sarah Kelly, Performance and Change Manager Kirsty Weir, Service Development Officer Alison Smith, Housing Operations & Community Safety Manager Pamela Bell, Senior Service Accountant Tenant Participation Stakeholders Tenants' Panel			
Date relevance assessed	15/01/2021			
2. Does the council have control over how this policy will be implemented?				
YES	X	NO		
3. The General Duty of the Equality Act 2010 requires public authorities, in the exercise of their functions, to have due regard to the need to: <ul style="list-style-type: none"> • Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct • Advance equality of opportunity between those who share a protected characteristic and those who do not; and • Foster good relations between those who share a protected characteristic and those who do not NB: In this section you must also consider the Human Rights Act and the key PANEL (Participation, Accountability, Non-Discrimination, Empowerment and Legality) principles of Human Rights (further detail on what these are, are provided in the guidance document)				
Which groups of people do you think will be, or potentially could be, impacted upon by the implementation of this policy? You should consider employees, clients, customers and service users (Please tick below as appropriate)				
Age – Older people, young people and children				
Disability – people with disabilities/long standing conditions				
Gender reassignment – Trans/Transgender Identity – anybody who's gender identity or gender expression is different to the sex assigned to them at birth				
Marriage or Civil Partnership – people who are married or in a civil partnership				
Pregnancy and Maternity – woman who are pregnant and/or on maternity leave				
Race – people from black, Asian and minority ethnic communities and different racial backgrounds				
Religion or Belief – people with different religions and beliefs including those with no beliefs				
Sex – Gender Identity - women and men (girls and boys) and those who self-identify their gender				
Sexual Orientation – lesbian, gay, bisexual, heterosexual/straight				

4. Do you have evidence or reason to believe that this policy will or may impact on socio-economic inequalities? Consideration must be given particularly to children and families				
Socio-economic Disadvantage				Impact – please tick below as appropriate)
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing				✓
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				
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				
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)				
Socioeconomic Background – social class i.e. parents education, employment and income				
5. Integrated impact assessment required? (Two ticks (✓) above = full assessment necessary)				
YES		NO	✓	
6. Decision rationale – if you have ticked no above, use this section to evidence why a full IIA is not required				
<p>The Equality and Human Rights Commission (EHRC) Non-Statutory Guidance on “Making Fair Financial Decisions” 2015 outlines a duty to consider the impact of fiscal planning decisions on equality. The impact for tenants of the ongoing UK Government Welfare Reform Act roll-out, Universal Credit in particular, places a duty of care and an ethical obligation as a responsible landlord on the council to consider the social-economic impact of financial decisions on the local economic climate. In particular, there is a duty to consider the needs of those vulnerable to financial hardship or poverty as a result of these decisions. It should be noted that a separate IIA has been conducted on the implementation of Universal Credit in West Lothian during May 2018.</p> <p>Previous related rent setting proposals seeking formal committee approval and IIA screened for relevance are as follows:</p> <ul style="list-style-type: none"> • Approval for the rent strategy consulted on with tenants setting out 3% increases from 2012-17. • The 2017 rent consultation with tenants on proposed rent changes from 2018/19 to 2022/23. • The 2018/19 to 2022/23 HRA 3% rent strategy which will fund current service needs and a five year Housing Capital programme. • Approval for the HRA budgets over financial years 2013/14 to 2020/21. • Approval for rent and garage charge changes over financial years 2013/14 to 2020/21. • Changes to service and support charges for Sheltered Housing properties including rents, service and support charges for Homeless properties over financial years 2013/14 to 2020/21. <p>This assessment deals with the proposals for 2021/22 to 2022/23 which are as follows:</p> <ol style="list-style-type: none"> 1. A rent increase of 3% in 2021/22 which will fund current service needs and the remaining two years of the five year Housing Capital programme as agreed with tenants and approved by council in February 2018; 2. A 3% increase in garage rents in 2021/22; 3. An increase of 3% in rents and service and support charges for Sheltered Housing and Homelessness properties for 2021/22. 				

Rent Levels

The five year Rent Strategy has been fully consulted on with council tenants, individually and via tenant representative groups. The service engages with tenants each year on the annual increase to enable comment and feedback on any further impact. The HRA and rent levels being proposed for 2021/22 to 2022/23 remain in line with the previous strategy. The council has undertaken significant investment in its housing stock over recent years. The 3% increase will enable delivery of a balanced HRA revenue budget, and will allow high quality and responsive housing services to be maintained for tenants and ensure continued investment in housing infrastructure, improving existing homes and new build programme all of which will have a positive impact on equality and support for those within various protected characteristics.

Delivering affordable, socially rented accommodation built to a high standard of specification helps the council meet some of the rising demand for such accommodation within the community and increases housing options for vulnerable people. By investing significantly in our existing stock to meet SHQS and EESSH standards, regenerating local communities, and investing in energy efficiency improvement works, the service will mitigate the effects of rent increases through improving the energy efficiency of older properties that cost more to heat – working towards the outcome of helping vulnerable tenants avoid the threat of fuel poverty.

If the rent increase is approved, and based on the latest stock report at 1 January 2021, the average weekly rental for homes will be £78.13 in 2021/22, increasing from £75.85 in 2020/21. The equivalent weekly figure for garages is £5.87 in 2021/22, increasing from £5.70 in 2020/21. The indicative rent level for HRA properties and garages across the three year period is detailed in the table below.

Average Weekly Rent	2020/21 (£)	2021/22 (£)	2022/23 (£)
HRA Properties	75.85	78.13	80.47
Garages	5.70	5.87	6.05

Service and Support Charges

In line with previously agreed strategies, it is proposed that service charges for Sheltered Housing properties will be increased by 3% in 2021/22. A 3% increase for support charges in relation to Homeless Properties for 2021/22 is also proposed.

Other Factors

As a result of either a freeze or minimal uprating for most working-age benefits from 2016 to 2020, the financial situation for benefit tenants has been challenging. A ministerial statement on Welfare was issued by the UK Government on 13 January 2020, which announced that this freeze will be lifted as of April 2020. Local Housing Allowance rates will therefore be increased in line with the Consumer Price Index (CPI). This increase will mean the majority of people in receipt of housing support in the Private Rented Sector will see their housing support increase, on average benefiting by around £10 per month. This uplift will exceed the rent increase for the vast majority of tenants in receipt of LHA, and will therefore mitigate the impact of a rent increase.

Additionally, unlike rents in the private sector, through the Local Housing Allowance limits if council rents go up by 3%, the eligible rent on which the Housing Benefit calculation is based will also go up by 3%, so those on full benefit will not suffer further financial detriment. Someone entitled to full Housing Benefit with a £100 rent whose rent increases to £103 will see their benefit increase to £103. While payment arrangements were impacted by the implementation of Universal Credit in West Lothian in May 2018, a range of initiatives were undertaken separately to manage and mitigate the impact of this. The service continues to monitor the impact of Universal Credit on tenants weekly as part of the income management approach. Affordability in terms of council tenants on benefits is unlikely to be affected, but rather the process for payment.

Those on part benefit, who may have to pay a portion of their rent just now, will see that amount increase, and those already subject to under occupancy charge (bedroom tax) who currently have their £100 Housing Benefit award reduced by £14, will see their £103 award reduced by £14.42 – increased pressure continues to be placed on our Discretionary Housing Payment cash which the council utilises to mitigate this shortfall. The council's focus on rent arrears from a preventative standpoint should assist those who are negatively impacted by the 3% raise as Housing officers continue to work in partnership with the Advice Shop to maximise income and improve budgeting skills.

At the time of the rent consultation in 2017, an exercise was undertaken using the Scottish Federation of Housing Associations (SFHA) rent affordability tool to assess the impact of the proposed rent strategy. The affordability tool presumes that landlords are not able to set affordable rents for every single tenant, but examines the impact of rent on moderate incomes. A low affordability ratio, represented by 25% of net income, is the measure for affordability of social rents. Based on the current highest council rent, for one, two and three bedroom properties, all rents are viewed as being affordable for all household types. Assuming a rental increase of 3% per annum over five years, and a modest income increase of 1% per annum, all average rents are judged to fall within the affordable range over the period of the rent strategy.

This exercise has provided useful evidence to demonstrate the impact of the proposed rent strategy on council tenants going forward. The service has plans to build on this exercise in 2021-2023 through a project designed to conduct intensive profiling of the council's customers, with affordability of rent forming a critical area of focus. The intelligence gained from spending time with customers conducting this study will provide invaluable data to inform future plans on rent setting and will shape our strategic direction.

The service embarked on further engagement with tenants in December 2020, which was designed specifically to determine views on the agreed rent increase for 2021/22 from tenant representatives, the tenants' panel, the online focus group, and across social media on a rolling programme of feedback. There have been no additional comments made, with the panel members agreeing that the 3% agreed during the initial budget strategy consultation is still appropriate. The feedback from the networks and panel was that they felt strongly that the increase allows the service to continue to invest in stock, and support tenants to the standard they expect. The service conducts ongoing quarterly financial scrutiny sessions with the panel throughout the year on the HRA, technical guidance, specific areas of spend/budgeting, and income management performance. This means reps are in a good position to understand not only the income and performance, but they have insight into programming of investments in relation to rental income. This enables a balanced discussion and informed feedback.

The ongoing effect of general economic conditions and Welfare Reform changes, including direct housing costs to tenants on Universal Credit, continue to present risk and uncertainty to all social landlords. Pressure on rent collection will be closely monitored following the implementation of Universal Credit within West Lothian.

As a responsible landlord, the council continues to actively pursue housing arrears and there is a continued focus on reducing arrears balances. The service will continue to maximise rental income through effective management of council houses, and work mentioned previously to mitigate the impact of welfare reform. The service is now in year two of the successful launch of a redesigned arrears approach, which involved a move to the automation of a proportion of the rent arrears process, where low balance arrears trigger an automatic engagement with the tenant, prompting early intervention with housing staff to take action before the balance accumulates any further. The first focus for council staff is to provide support, advice and interventions as soon as possible for any tenant experiencing arrears, and the evidence to date this year is that this approach is seeing improved outcomes and is helping to mitigate the impact of Universal Credit, with non-UC related arrears being reduced, and support to tenants through arrangements and alternative payment methods proving beneficial in managing finances. A corporate approach to debt continues to be taken forward, to ensure resources are most appropriately targeted and that services are working in partnership to break the cycle of debt in complex and high level arrears cases where tenants have instances of multiple debts.

This planned programme of ongoing income management, including the comprehensive monitoring and reporting at committee and Local Area Committees, demonstrates that the claim process has had an impact on claimants' ability to avoid accumulating arrears. The processing time can vary as any change

in circumstances results in further delays. The Department for Work and Pensions (DWP) aim to process and make the first payment to claimants within five weeks of a new claim. However, difficulties and further delays can arise where applicants have to change their circumstances, resulting in the 'zeroing' of the process back to the start. This is not unusual for households in temporary accommodation, or when people are in crisis. Historically, this has resulted in a minimum of five weeks' delay in rent payments, with the impact that arrears balances accumulate during this delay and 67% of Universal Credit claimants carry some form of arrears balance, with an average value of £750.

This is not a process that the council has any control or influence over, and the new system effectively cuts the service out of the claims process, where previously the service had the ability to assist and ensure information was accurate, helping to minimise impact and delays. However, the strategy to mitigate the harshest impacts of UK Government welfare reforms on those most vulnerable to poor socio-economic effects has been to radically change the approach to arrears management, lowering trigger points, instigating much earlier interventions, and signposting/referring those who need additional financial support and assistance. The service has worked with Anti-poverty partners as a key members of the board in planning and delivering activities to lessen impact on those most in need. Campaigns and communication have changed to encourage conversations as early as possible before arrears can accumulate. This has been a successful approach to date. The service has redesigned the entire customer arrears journey to ensure critical interventions are aligned with the information available on when tenants begin to become worried about finances, and when they retreat from communication with the service. By initiating a discussion early, we can prevent this from happening, maintain better contact, and ensure all possible steps are taken for tenants to get through the claims process as quickly as possible.

The recent move to ensure monies paid direct to the service for those on managed payments reach tenants' account more quickly is a positive step in reducing technical rent arrears. The old system would show tenants in arrears due to processing delays and payments being made on a fixed cycle that did not match rent due dates, causing avoidable distress. The new process has accelerated the application of payments to accounts, and gives a more accurate view of current arrears with payments reaching tenants' rent accounts closer to rent due dates.

The service is conscious of the potential financial strain of Covid-19, and measures are in place to support and signpost impacted tenants to funds and assistance. The current monitoring and reporting does not show any material impact at this point, and the extensive monitoring of income and impacts will continue to highlight the new threat to income and tenant finances posed by the pandemic and ongoing restrictions. As the full impact of both Covid and Universal Credit full service becomes clearer through the ability to identify trends in impact on tenants, it may be necessary to conduct a further IIA in order to identify and mitigate negative impacts on tenants with specific protected characteristics, and the service will conduct this where required. Any further budgetary proposals or amendments to the rent strategy or rent levels will be screened for IIA relevance where required.

Housing, Customer and Building Services Senior Management Team, the Senior Service Accountant, income management staff and the service equality lead were involved in the consultation of this assessment. The details of the budget proposals within this report support these findings and it is unnecessary that a full Integrated Impact Assessment be carried out at this point. It is however recommended that any further budgetary proposals or amendments to the rent strategy or rent levels be screened for IIA relevance where required.

Signed by Lead Officer	AnnMarie Carr
Designation	Head of Housing, Customer and Building Services
Date	15/01/2021
Counter Signature (Head of Service or Depute Chief Executive responsible for the policy)	Graeme Struthers, Depute Chief Executive
Date	15/01/2021

Services for the Community PDSP- 09/02/2021 (AGENDA SETTING 26/01/2021)								
1	Finance	Housing Capital Investment Programme 2019/20 to 2022/23	Annually	Y	Y	Y	N	AnnMarie Carr
2	Finance	Housing Revenue Account and Rent Levels 2019/20 to 2022/23	Annually	Y	Y	Y	N	AnnMarie Carr
Culture & Leisure PDSP (Customer Services) 25/02/2021 (AS TBC)								
Council Executive 23/03/2021 (AS TBC)								
Services for the Community PDSP- 30/03/2021 (AGENDA SETTING 16/03/2021)								
1	Housing Operations	Safer Neighbourhood Performance Q3	NO	1/4	No	No	No	Alison Smith
2	Housing Needs	Q3 Property Turnover Report		1/4	No	No	No	Katy McBride
3	Performance & Change	HCBS Performance Q3	NO	1/4	No	No	No	Sarah Kelly
4	Housing Strategy & Development	Q3 Affordable Housing Delivery Update	NO	1/4	No	No	No	Marjory Mackie
5	Housing Strategy & Development	Fuel Switching		Once	No	Yes	Yes	Marjory Mackie
6	Housing Strategy & Development	Review of the Scheme of Assistance		Once	No	No	Yes	Marjory Mackie
7	Housing Strategy & Development	HEEPS:ABS programme update		Annual	No	No	No	Marjory Mackie
Council Executive 20/04/2021 (AS TBC)								
1	Housing Strategy & Development	Review of the Scheme of Assistance		Once				Marjory Mackie
Partnership & Resources PDSP (Customer Services) 23/04/2021 (AS TBC)								

(AS TBC)								
1	Housing Needs	Q4 Property Turnover Report	No	1/4	No	No	No	Katy McBride
2	Housing Strategy & Development	Q4 Affordable Housing Delivery Update	No	1/4	No	No	No	Marjory Mackie
Council Executive 18/05/2021 (AS TBC)								
Culture & Leisure PDSP (Customer Services) 27/05/2021 (AS TBC)								
1	Customer & Community Services	Management Plan- 2021-2022		Annually	Yes	Yes	Yes	Ralph Bell
Services for the Community PDSP- 01/06/2021 (AGENDA SETTING 18/05/2021)								
1	Housing Operations	Safer Neighbourhood Performance Q4		1/4	No	No	No	Alison Smith
2	Housing Needs	RRTP Annual Update		Once	No	No	No	Katy McBride
3	Housing Strategy & Development	Housing Asset Management Plan Annual Update		Annual	No	No	No	Marjory Mackie
4	Performance & Change	Management Plan- 2021-2022		Annual	Yes	Yes	Yes	Sarah Kelly
5	Housing Strategy & Development	Local Housing Strategy 2017-22 Annual Update		Annual	No	No	No	Marjory Mackie
Council Executive 08/06/2021 (AS TBC)								
1	Housing Needs	RRTP Annual Update		Annual	No	No	No	Katy McBride
2	Housing Strategy & Development	Housing Asset Management Plan Annual Update		Annual	No	No	No	Marjory Mackie
Partnership & Resources PDSP (Customer Services) 18/06/2021 (AS TBC)								
1	Customer & Community Services	Management Plan- 2021-2022		Annually	Yes	Yes	Yes	Ralph Bell

Council Executive 22/06/2021 (AS TBC)								