



West Lothian Council

West Lothian Civic Centre
Howden South Road
LIVINGSTON
EH54 6FF

2 February 2023

A special hybrid meeting of West Lothian Council will be held within the **Council Chambers, West Lothian Civic Centre, Livingston on Tuesday 7 February 2023 at 2:00pm.**

For Chief Executive

BUSINESS

Public Session

1. Apologies for Absence
2. Declarations of Interest - Members must declare any interests they have in the items of business for consideration at the meeting, identifying the relevant agenda items and the nature of their interests.
3. Order of Business

Public Items for Decision

4. Housing Revenue Account Budget 2023/24 to 2027/28 and Rent Level 2023/24 - report by Depute Chief Executive (herewith)
5. Housing Capital Investment Programme 2023/24 to 2027/28 - report by Depute Chief Executive (herewith)

NOTE **For further information please contact Val Johnston, Tel No.01506 281604 or email val.johnston@westlothian.gov.uk**



West Lothian Council

Cathy Muldoon - Provost
West Lothian Civic Centre, Howden South Road, Livingston, West Lothian EH54 6FF
Tel: 01506 281738

Mr Graham Hope
Chief Executive
West Lothian Council
Civic Centre
Howden South Road
Livingston

24 January 2023

Dear Graham

I am calling a special meeting of full council to deal with the following budget-related reports:-

- **Housing Revenue Account Budget 2023/24 to 2027/28 and Rent Level 2023/24**
- **Housing Capital Investment Programme 2023/24 to 2027/28**

As discussed, please arrange the meeting for Tuesday 7 February 2023 at 2 pm.

Yours sincerely

Provost Cathy Muldoon



CODE OF CONDUCT AND DECLARATIONS OF INTEREST (2021)

This form is a reminder and an aid. It is not a substitute for understanding the Code of Conduct and guidance.

Interests must be declared at the meeting, in public.

Look at every item of business and consider if there is a connection.

If you see a connection, decide if it amounts to an interest by applying the objective test.

The objective test is whether or not a member of the public with knowledge of the relevant facts would reasonably regard your connection to a particular matter as being so significant that it would be considered as being likely to influence your discussion or decision-making.

If the connection does not amount to an interest then you have nothing to declare and no reason to withdraw.

If the connection amounts to an interest, declare it as soon as possible and leave the meeting when the agenda item comes up.

When you declare an interest, identify the agenda item and give enough information so that the public understands what it is and why you are declaring it.

Even if the connection does not amount to an interest you can make a statement about it for the purposes of transparency.

More detailed information is on the next page.

Look at each item on the agenda, consider if there is a “connection”, take advice if necessary from appropriate officers in plenty of time. A connection is any link between the item of business and:-

- you
- a person you are associated with (e.g., employer, business partner, domestic partner, family member)
- a body or organisation you are associated with (e.g., outside body, community group, charity)

Anything in your Register of Interests is a connection unless one of the following exceptions applies.

A connection does not exist where:-

- you are a council tax payer, a rate payer, or a council house tenant, including at budget-setting meetings
- services delivered to the public are being considered, including at budget-setting meetings
- councillors’ remuneration, expenses, support services or pensions are being considered
- you are on an outside body through a council appointment or nomination unless it is for regulatory business or you have a personal conflict due to your connections, actions or legal obligations
- you hold a view in advance on a policy issue, have discussed that view, have expressed that view in public, or have asked for support for it

If you see a connection then you have to decide if it is an “interest” by applying the objective test. The objective test is whether or not a member of the public with knowledge of the relevant facts would reasonably regard your connection to a particular matter as being so significant that it would be considered as being likely to influence your discussion or decision-making.

If the connection amounts to an interest then:-

- declare the interest in enough detail that members of the public will understand what it is
- leave the meeting room (physical or online) when that item is being considered
- do not contact colleagues participating in the item of business

Even if decide your connection is not an interest you can voluntarily make a statement about it for the record and for the purposes of transparency.

The relevant documents are:-

- [Councillors’ Code of Conduct, part 5](#)
- [Standards Commission Guidance, paragraphs 129-166](#)
- [Advice note for councillors on how to declare interests](#)

If you require assistance, contact:-

- James Millar, Interim Monitoring Officer and Governance Manager, 01506 281613, james.millar@westlothian.gov.uk
- Carol Johnston, Chief Solicitor and Depute Monitoring Officer, 01506 281626, carol.johnston@westlothian.gov.uk
- Committee Services Team, 01506 281604, 01506 281621
committee.services@westlothian.gov.uk

January 2022

DATA LABEL: PUBLIC



WEST LOTHIAN COUNCIL

HOUSING REVENUE ACCOUNT BUDGET 2023/24 TO 2027/28 AND RENT LEVEL 2023/24

REPORT BY DEPUTE CHIEF EXECUTIVE

A. PURPOSE OF REPORT

To seek approval for the updated Housing Revenue Account (HRA) financial plan for 2023/24 to 2027/28, as well as the proposed HRA budget, rent and service charges for 2023/24.

B. RECOMMENDATION

It is recommended that Council:

1. Approves the 3.5% per annum rent strategy and financial plan for 2023/24 to 2027/28, which will fund service needs and a five year housing capital investment programme;
2. Approves the rent increase of 3.5% for 2023/24 and the associated HRA budgets for 2023/24, as set out in the report;
3. Approves the 3.5% rent strategy for Sheltered Housing and Homelessness properties, as well as related service and support charges, for 2023/24.

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)	The 3.5% per annum rent strategy will deliver a balanced HRA budget and capital investment programme for the period 2023/24 to 2027/28.
VII. Consideration at PDSP	The proposed budget was considered at the Housing Services PDSP on 26 January 2023.
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 22 February 2022, 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.

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 seeks formal approval for a five year rent strategy with a 3.5% rent increase each year, covering the period from 2023/24 to 2027/28.

D.2 RENT STRATEGY 2023/24 TO 2027/28

Council previously approved both a five year rent strategy and a capital investment strategy in February 2018, following a consultation with tenants in December 2017 and, as such, 2022/23 is the final year of both approved programmes. A new five year strategy is now proposed for the period from 2023/24 to 2027/28.

In developing the new proposed five year financial plan, and in line with the Housing (Scotland) Act 2001, a formal tenants' consultation was undertaken from 25 October 2022 until 12 December 2022 on future housing rent and capital investment strategy. Council Executive agreed on 25 October 2022 to consult with tenants on the proposed rent options of a 3.5% or 4% annual rent increase. Specifically arranged drop in sessions were held and a special edition of Tenant News was produced. All tenants for whom the council has a mobile phone number also received a series of dedicated text messages directing them to the consultation document.

There were 1,765 responses to the consultation, with 1,312 (74%) of those tenants responding expressing a preference for a 3.5% per annum rent increase over the five-year period 2023/24 to 2027/28. The profile of respondents was as follows:

- 50% indicated that they do not receive any assistance towards their rent
- 47% indicated that that they receive some or all of their rent paid through Housing Benefits or Universal Credit
- 3% preferred not to answer

Of the respondents who indicated that they do not receive any assistance towards their rent, 82% indicated that their preference was for a 3.5% per annum rent increase.

In accordance with statutory and regulatory requirements, Council approval is sought for the proposed 2023/24 to 2027/28 HRA budget and an associated rent rise of 3.5% per annum. The proposed 3.5% increase will apply to all HRA properties, garages and garage sites, Sheltered Housing and Homeless properties, and associated service and support charges over the same period.

An Integrated Relevance Assessment has been undertaken on the proposed five year rent strategy and related budget for 2023/24. The assessment reflects the consideration of 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 council can demonstrate a sound approach to income management that is designed to be strongly preventative in terms of mitigating financial hardship at the earliest opportunity, and which also delivers a supportive and reactive service for tenants who may require individual assistance. The council has in place extensive and long-established financial monitoring arrangements, which pay particular attention to the impact of Universal Credit full service on tenants' ability to pay rent. The combination of a strategic and operational approach to housing finance has led to changes in processes which are now designed to deliver earliest possible interventions to support tenant claimants. The monetary trigger for action

on all arrears has been lowered to a level that enables a discussion on arrears between the council and tenants before the loss of two weeks rent is accumulated in most cases.

Work on the 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 swift action before arrears balances accumulate any further.

Full service Universal Credit was introduced in May 2018, and there are currently 2,310 tenants claiming housing costs through Universal Credit. The self-directed, online only method of the claims process presents some difficulties for the council in identifying tenants who are 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 direct input from council officers to ensure all elements of the claim were correct, and enabled early interventions to be made to mitigate delays in the claims process, thus reducing delays and errors.

The council's programme of ongoing income management, including the comprehensive monitoring and reporting at committee and Local Area Committees, demonstrates that the claim process has had a positive impact on claimants' ability to avoid accumulating arrears. 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 a change in 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 65.4% of Universal Credit claimants carry some form of arrears balance, with an average value of £867.

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 were reviewed in 2022 to lessen impact on tenants primarily, and on rental 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 council 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 move to ensure that monies paid directly to the council for those on managed payments are credited to 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.

Any additional budgetary proposals or amendments to the rent strategy or rent levels will be screened for IIA relevance where required, or where data indicates any significant shift in income management levels or tenants struggling to pay.

D.3 HRA PROPERTIES AND GARAGE AVERAGE RENT

A 3.5% per annum rent strategy will enable delivery of a balanced HRA revenue budget for 2023/24 to 2027/28 and ensure continued investment in housing infrastructure, improving existing homes and creating new affordable homes.

If the proposed rent increase is approved, and based on the latest stock report as at 1 January 2023, the average weekly rental for homes will be £83.22 in 2023/24, increasing

from £80.41 in 2022/23. The equivalent weekly figure for garages is £6.26 in 2023/24, increasing from £6.05 in 2022/23.

In recognition of the cost of living crisis, COSLA has recently committed to keeping the rental and fee increases to an average of less than £5 a week across the country in the next financial year. The current average weekly rent in West Lothian is £80.41 in 2022/23 and the proposed 3.5% increase will result in an average weekly rent increase of £2.81 which will be below the cap proposed by COSLA.

The indicative rent level for HRA properties and garages across the five year period is detailed in the table below:

Table 1: Average Weekly Rent

Average Weekly Rent	2023/24 (£)	2024/25 (£)	2025/26 (£)	2026/27 (£)	2027/28 (£)
HRA Properties	83.22	86.13	89.14	92.26	95.49
Garages	6.26	6.48	6.71	6.94	7.18

If council rents go up by 3.5%, the eligible rent on which the Housing Benefit calculation is based will also go up by 3.5%, so those on full benefit will not suffer further financial detriment. Over 77% of tenants on Universal Credit and/or Housing Benefit receive full housing costs.

The council's focus on rent arrears from a preventative standpoint should assist those who are negatively impacted by the 3.5% raise as Housing officers continue to work in partnership with the Advice Shop to maximise income and improve budgeting skills.

D.4 RENT LEVELS AND AFFORDABILITY

The average weekly rent level in West Lothian for 2022/23 is £80.41, which is slightly above the average rent charged by Scottish Local Authorities of £78.88, but below the average rent charged by local Registered Social Landlords of £96.41.

Affordability of rent remains a priority for the council in a bid to ensure the rent level remains good value when compared to the wider housing sector. It is also a council objective to ensure those most at risk of financial hardship are supported in maintaining their rent payments and avoiding the risk of poverty.

There is no formal guidance on how to define rent affordability. As per Scottish Government guidance, landlords should determine the balance between affordability for the tenants and costs of delivering services and property management. The Scottish Social Housing Charter defined standards and outcomes that all social landlords should aim to achieve:

- Social landlords manage all aspects of their businesses so that: tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay;
- Social landlords set rents and service charges in consultation with their tenants and other customers so that: a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them;
- Tenants receive clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.

In order to demonstrate the affordability of the proposed rent strategy, Table 2 shows an average weekly council house rent in West Lothian and compares this to a gross household income based on a full-time employee who receives the minimum wage (£9.50 per hour for age 23 and over). It is suggested that when housing costs exceed 30%-35% of a household's income, the cost is judged to be unaffordable.

Table 2 – Affordability Levels

	Current Rent Level	3.5% Increase
Average weekly rent	£80.41	£83.22
Minimum wage (gross) – 36 hours/week	£342	£342
Percentage of income spent on rent	23.5%	24.3%

The table shows that current average weekly rent as a proportion of income is below 30%, and the effect of the proposed 3.5% per annum increase is that the rent level remains below 30% in the affordability test. It should be noted that the calculations do not include a national minimum wage increase beyond the current level.

D.5 HOUSING REVENUE ACCOUNT – FIVE YEAR STRATEGY

In formulating the five year strategy, it is assumed that there will be a 3.5% rent increase each year from 2023/24 through to 2027/28, in line with the outcome of the tenants' consultation. This rental increase, along with an increase in housing stock numbers, rising from 14,075 in April 2022 to around 14,425 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 new build additions to the housing stock.

In line with legislative requirements, the council will consult with tenants annually on the rent strategy. However, historically, tenants have not deviated from their initial view in terms of the planned five year programme of planned annual rent increases. This provides the council with reassurance that, for the majority of tenants, their rent remains affordable and that, for those who may struggle, available support can then be more accurately targeted. This also demonstrates how the views of tenants continue to play a key element of key strategic decision making in the council.

Budget assumptions take account of latest information and circumstances, and Table 3 below shows the estimated allocation of revenue resources, and the associated funding generated through a 3.5% rent increase, throughout the five year period covered by the proposed HRA budget strategy.

Table 3: Summary HRA Budget

Expenditure	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Employee Costs	5,511	5,619	5,734	5,851	5,970
Premises Costs	23,735	25,099	26,629	28,217	30,096
Transport Costs	102	107	112	118	124
Supplies & Services	2,673	2,673	2,673	2,673	2,673
Third Party Payments	146	157	169	182	195
Transfer Payments	2,311	2,328	2,347	2,366	2,386
Support Services	2,552	2,552	2,552	2,552	2,552
Capital Financing	16,052	17,305	18,716	20,163	21,712
CFCR	8,098	7,599	7,050	6,376	5,211
Total Expenditure	61,180	63,439	65,982	68,498	70,919
Funding	2022/23 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Housing Rents	(60,033)	(62,301)	(64,834)	(67,313)	(69,673)
Garage Rents	(650)	(673)	(697)	(721)	(746)
Miscellaneous	(497)	(465)	(451)	(464)	(500)
Total Funding	(61,180)	(63,439)	(65,982)	(68,498)	(70,919)

The key expenditure assumptions are as follows:

- A provision for increased staffing costs of 5% in 2023/24 and then 2% per annum;

- Inflation of 10% in 2023/24 for Repairs and Gas Servicing and then 6% per annum;
- A range of inflationary pressures of 2% to 3% per annum for insurance costs and void property costs;
- Capital financing charges will fund ongoing prudential borrowing required to support a core housing maintenance and refurbishment programme for existing stock and an increase in the housing supply.

D.6 HRA REVENUE BUDGET 2023/24

The proposed HRA Revenue budget for 2023/24 is based on a 3.5% per annum rent strategy, which will enable high quality and responsive housing services to be maintained for tenants and allow key priorities to be delivered. The 2023/24 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. The council will continue to maximise rental income through effective management of council houses and will continue to work to mitigate the impact of the cost of living crisis.

The council continues to be responsive to social housing regulation and inspection, and the council remains in the lowest category of risk following the annual return to the Scottish Housing Regulator. The council will continue to work to improve the quality of life for tenants, assisting individual households and playing an important role in promoting strong and sustainable communities, especially during the cost of living crisis. Performance remains very high, with the collection rate increasing to 98% in 2021/22. Overall, performance in key areas remains stable, with areas of improvement continuing to be identified and progressed.

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 challenges of recent years, prioritised getting empty houses available for re-let, and has maintained good performance despite ongoing challenges.

The summary HRA Budget for 2023/24 of £61.180 million is outlined below.

Table 4: Summary HRA Budget

Expenditure	2023/24 £'000
Employee Costs	5,511
Premises Costs	23,735
Transport Costs	102
Supplies & Services	2,673
Third Party Payments	146
Transfer Payments	2,311
Support Services	2,552
Capital Financing	16,052
CFCR	8,098
Total Expenditure	61,180
Funding	2023/24 £'000
Housing Rents	(60,033)
Garage Rents	(650)
Miscellaneous	(497)
Total Funding	(61,180)

The key expenditure assumptions are as follows:

- A provision for increased staffing costs of 5% in 2023/24;

- Inflation of 10% for Repairs, Gas Servicing and Transport costs;
- A range of inflationary pressures of 2% to 3% for insurance costs and void property costs;
- Capital financing charges will fund ongoing prudential borrowing required to support a core housing maintenance and refurbishment programme for existing stock and an increase in the housing supply.

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.7 RISKS AND UNCERTAINTIES

In developing the 2023/24 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 significant pressures on pay awards and price indexation as a result of the current cost of living crisis and potential recession, as well as capital borrowing requirements and associated interest rates. Recruitment and retention of skilled staff continues to be a major risk to delivery of planned works, with availability and cost of both material and subcontractors also remaining uncertain and subject to volatility. Resources for reactive repairs remain subject to demand for services and potential impact of winter weather.

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 current and prior year current tenant arrears as at 2 January 2023 was £4.305 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 97% in January 2023.

The council 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.

The increasing compliance demands for properties – with no additional grant available to achieve this – and increasing costs of goods and labour in a post-EU membership landscape presents a very real threat to the council's ability to continue to deliver value for money and the level of property investment enjoyed in previous years. This means that rent levels must reflect the councils' ambitions for the housing stock, the needs of tenants and their families, and factor in these growing strains on the HRA for coming years.

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 2023/24 to provide updates on the financial position and actions to ensure risks are appropriately managed.

D.8 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 7 February 2023, within the month 9 monitoring report, a breakeven position is forecast for the HRA revenue budget for 2022/23. It is therefore projected that the HRA reserve at 31 March 2023 will remain at £926,000 and there is no provision to augment this during 2023/24.

Given the inherent risk associated with the impact of Universal Credit, the cost of living crisis, 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 2023/24 does not assume any use of this reserve.

D.9 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 2023/24 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.10 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 proposed five year financial plan to the Housing Services PDSP, 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 is not required at this point.

The five year rent strategy was fully consulted on with council tenants, individually and via tenant representative groups. The service will continue to engage with tenants each year on the proposed annual increase to enable comment and feedback on any further potential impacts. Although it is not considered necessary for a full Integrated Impact Assessment to be carried out at this point, any material decline in income levels relating to the current cost of living crisis, or further budgetary proposals or amendments to the rent strategy or rent levels, will be screened for IIA relevance where required.

D.11 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 25 October to 12 December 2022. During the consultation period, specifically arranged drop in sessions were held and a special edition of Tenant News was produced. All tenants for whom the service has a mobile phone number also received a series of dedicated text messages directing them to the consultation document. Annual statutory consultations will take place throughout the five year strategy period.

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 25

requires all landlords to establish what percentage of tenants feel that the rent for their property represents good value for money. The service return rate for 2021/22 was good, with 80.63% of tenants answering the question regarding how they feel about the rent they pay responding that they are satisfied/very satisfied that rent levels represented good value for money.

E. CONCLUSION

The proposed HRA Revenue budget strategy provides a balanced financial plan, incorporating a proposed 3.5% 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 2023/24 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

Housing Rent Consultation 2023/24 to 2027/28 – Report by Head of Housing, Customer and Building Services to Council Executive on 25 October 2022

Rent Consultation – Report by Depute Chief Executive to Housing Services Policy Development and Scrutiny Panel on 26 January 2023

Housing Revenue Account Budget 2023/24 to 2027/28 and Rent Level 2023/24 – Report by Depute Chief Executive to Housing Services Policy Development and Scrutiny Panel on 26 January 2023

Housing Capital Investment Programme 2023/24 to 2027/28 – Report by Depute Chief Executive to Housing Services Policy Development and Scrutiny Panel on 26 January 2023

2022/23 Housing Revenue Account - Month 9 Monitoring Report - Report by Depute Chief Executive to Council Executive on 7 February 2023

Housing Capital Investment Programme 2023/24 to 2027/28 – Report by Depute Chief Executive to West Lothian Council on 7 February 2023

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
7 February 2023

DATA LABEL: PUBLIC



Integrated Relevance Assessment Form

1. Details of proposal																						
Policy Title (include budget reference number if applicable)		2023/24 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)		Julie Whitelaw, Interim Head of Housing, Customer and Building Services																				
Other Officers/Partners involved (list names, job titles and organisations if applicable)		Kirsty Weir, Service Development Officer Mark Barnes, Service Development Officer Jodie Fullerton, Service Development Officer Alison Smith, Housing Operations & Community Safety Manager Pamela Bell, Senior Service Accountant Tenant participation group and CX surveyed tenants Tenants' Panel																				
Date relevance assessed		11/01/2023																				
2. Does the council have control over how this policy will be implemented?																						
YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>	<input type="checkbox"/>																		
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 <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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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 3.5% increases from 2023/24 to 2027/28. The 2023/24 to 2027/28 HRA 3.5% rent strategy which will fund current service needs and a five-year housing capital investment programme. Approval for the HRA budgets over financial years 2023/24 to 2027/28. Approval for rent and garage charge changes over financial years 2023/24 to 2027/28. Changes to rents and service and support charges for Sheltered Housing properties and Homeless properties over financial years 2023/24 to 2027/28. <p>This assessment deals with the proposals for 2023/24 which are as follows:</p> <ol style="list-style-type: none"> A rent increase of 3.5% in 2023/2024 which will fund current service needs and the housing capital investment programme; A 3.5% increase in garage rents in 2023/24; An increase of 3.5% in rents and service and support charges for Sheltered Housing and Homelessness properties for 2023/24. 				

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 budgets and rent levels being proposed consists of a five-year rent strategy, with a 3.5% per annum rent increase covering the period 2023/24 to 2027/28. The council has undertaken significant investment in its housing stock over recent years. The 3.5% 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 proposed rent increase is approved, and based on the latest stock report as at 1 January 2023, the average weekly rental for homes will be £83.22 in 2023/24, increasing from £80.41 in 2022/23. The equivalent weekly figure for garages is £6.26 in 2023/24, increasing from £6.05 in 2022/23.

In recognition of the cost of living crisis, COSLA has recently committed to keeping the rental and fee increases to an average of less than £5 a week across the country in the next financial year. The current average weekly rent in West Lothian is £80.41 in 2022/23 and the proposed 3.5% increase will result in an average weekly rent increase of £2.81 which will be below the cap proposed by COSLA.

If council rents go up by 3.5%, the eligible rent on which the Housing Benefit calculation is based will also go up by 3.5%, so those on full benefit will not suffer further financial detriment. Over 77% of tenants on Universal Credit and/or Housing Benefit receive full housing costs. The council's focus on rent arrears from a preventative standpoint should assist those who are negatively impacted by the 3.5% raise as Housing officers continue to work in partnership with the Advice Shop to maximise income and improve budgeting skills.

The indicative rent level for HRA properties and garages across the five-year period is detailed in the table below:

Table 1: Average Weekly Rent

Average Weekly Rent	2023/24 (£)	2024/25 (£)	2025/26 (£)	2026/27 (£)	2027/28 (£)
HRA Properties	83.22	86.13	89.14	92.26	95.49
Garages	6.26	6.48	6.71	6.94	7.18

Service and Support Charges

In line with previously agreed strategies, it is proposed that service charges for Sheltered Housing properties will be increased by 3.5% in 2023/24. A 3.5% increase for support charges in relation to Homeless Properties for 2023/24 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 during the period of the Rent Strategy. A ministerial statement on Welfare was issued by the UK Government on 13 January 2020, which announced that this freeze would end in April 2020. Local Housing Allowance rates were increased in line with the Consumer Price Index (CPI). This increase meant the majority of people in receipt of housing support in the Private Rented Sector saw their housing support increase as of mid-2020, on average

benefiting by around £10 per month. This uplift exceeds the rent increase for the vast majority of tenants in receipt of LHA, and will therefore mitigate the impact of a rent increase for most.

Additionally, unlike rents in the private sector, through the Local Housing Allowance limits if council rents go up by 3.5%, the eligible rent on which the Housing Benefit calculation is based will also go up by 3.5%, 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 £103.50 will see their benefit increase to £103.50.

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.

Increased pressure continues to be placed on our Discretionary Housing Payment cash which the council utilises to mitigate the shortfall for those who are in receipt of part benefit. The council's focus on rent arrears from a preventative standpoint should assist those who are negatively impacted by the 3.5% raise as Housing staff continue to work in partnership with the Advice Shop to maximise income and improve budgeting skills.

Consultation and Engagement

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 25 October 2022 until 12 December 2022. During the consultation period, meetings were held with Tenants Panels, as well as specifically arranged drop in sessions and through a special edition of Tenant News. Annual statutory consultations will also be undertaken throughout each year of the lifetime of the strategy. Additionally, the Tenants' Panel has dedicated half of the programme of its meetings each year (since 2016) to financial scrutiny of service activity budgets to ensure full understanding and transparency of how rent is spent.

Understanding Customer Experiences

In light of the increasing pressures on households, and the need to design services and support around tenant need, the service launched the Customer Experience (CX) Affordability pilot in July 2021. Under the pilot, the service conduct one on one sessions with our tenants to understand their lived experiences of services. The team are building deeper understanding of our customers, their circumstances, pressures and aspirations through virtual sessions, in-depth conversations, and online data gathering. This is reshaping policy and practice to meet customer needs, improve outcomes and enables swift interventions. This is the new approach to collaboration in the service, with ongoing feedback on the developments stemming from our work, building trust, real transformation and better services.

Ensuring affordable social housing in the current landscape of universal credit, food and fuel poverty is crucial. We have entered into partnership with Housemark Scotland using their sector-leading Affordability Model to enable insight into tenant finance. This ensures future rents and budgets reflect tenants' real life experiences, and balances tenant incomings and outgoings to assess the affordability of the rent they pay.

The CX Affordability project is a key strand of this work. The objectives for the pilot are to undertake surveying activity on a one to one basis with our tenants to understand their experiences, pressures and aspirations. Understanding financial constraints and how affordable the current and planned future rent levels are is integral to achieving this understanding. The CX Affordability pilot will run for the two-year period, and many conversations are with tenants experiencing budget pressures and financial strain. CX officers make immediate referrals to supporting services to get help quickly. This has resulted in many referrals for financial support and further help.

This approach breaks down barriers with historically non-engaging customers to source the support they need and joins up services in the council, and compliments the data driven income management work of the service with real-life experiences. In order to ensure equitable representation of the council's tenants, the approach has been to use a random sampling of all tenants, with parameters to ensure that a

proportionate number of those in arrears, those on Universal Credit, and those who use different methods of payment are included in the sample. This ensures that the views collected on affordability reflect the range of tenants' experiences. In the sample group, 100% of customers stated that, had the team not called, they would not have sought the help they needed due to stigma around mental health, debt and isolation. The team produce a comprehensive report to senior management team at the end of each quarter on the key elements of affordability, financial pressures and tenant views on their income vs outgoings.

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, to date, performance shows no indication of any significant impact. The service continues to monitor this closely; interventions and links with support continue to be in place for any tenants experiencing financial difficulty in terms of affordability.

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 25 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, combined with CX Survey data during 21/22. 2,215 tenants answered the question regarding how they feel about the rent they pay and 80.63% responding that they are satisfied/very satisfied that rent levels represented good value for money. This is attributable to the intensive work undertaken by the CX team through a continually running affordability project, designed to evaluate tenant financial profile, assess affordability of rents, and identify where interventions and support can be put in place.

The service enables complete transparency of rent and how it is spent each year, and presents this in a manner tenants have told us they prefer – showing what proportion is spent on running costs, and what is spent on investment and improvements to homes – linking into our capital investment plan. This enables tenants to see in practical terms what their rent pays for. We also ensure we benchmark our rent against other local RSL's, and the private sector, so tenants understand the range of rents in the local housing market.

This project will continue, and is projected to grow into more partnership working with our Advice Shop, to access earlier financial interventions and budget support sooner.

The ongoing effect of general economic conditions and Welfare Reform changes, including direct housing costs to tenants on Universal Credit and the cost of living crisis, 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 four 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 act 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. 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 65.4% of Universal Credit claimants carry some form of arrears balance, with an average value of £867.

This is not a process that the council has any control or influence over and the 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 member of the Anti-Poverty 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 and reviewed 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 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 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, causing avoidable distress. The reviewed 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 current income reporting and monitoring illustrates that there is still little evidence of any material impact on the service collection as a result of the pandemic or cost of living crisis at this point. The extensive monitoring of revenue and impacts will continue to highlight any new threats to income and tenant finances posed by the wider cost of living situation.

As a result, it is not considered necessary for a full IIA to be carried out at this point, however, any notable decline in income or 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 IIA be carried out at this point.

Signed by Lead Officer	Julie Whitelaw
Designation	Interim Head of Housing, Customer and Building Services
Date	11/01/23
Counter Signature (Head of Service or Depute Chief Executive responsible for the policy)	Graeme Struthers, Depute Chief Executive
Date	11/01/23

DATA LABEL: PUBLIC



WEST LOTHIAN COUNCIL

HOUSING CAPITAL INVESTMENT PROGRAMME 2023/24 TO 2027/28

REPORT BY DEPUTE CHIEF EXECUTIVE

A. PURPOSE OF REPORT

To seek approval for the proposed Housing Capital Investment Programme for 2023/24 to 2027/28 and to note the scope of works to be undertaken by Building Services under the terms of the Best Value Framework.

B. RECOMMENDATION

It is recommended that Council:

1. Approves the proposed 2023/24 to 2027/28 Housing Capital Investment Programme and related funding as detailed in the report;
2. Notes the scope of works to be undertaken by Building Services 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 Investment 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 £157.972 million for 2023/24 to 2027/28, with £26.592 million planned for 2023/24. |
| VII. Consideration at PDSP | The proposed budget was considered at the Housing Services PDSP on 26 January 2023. |
| 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 previously approved a five year rent and capital investment strategy for 2018/19 to 2022/23 in February 2018 and, as such, 2022/23 is the final year of the approved programme. In developing a new proposed five year financial plan, and in line with the Housing (Scotland) Act 2001, a formal tenants' consultation was undertaken from 25 October 2022 until 12 December 2022 on future housing rent and capital investment strategy. 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 seeks formal approval for the proposed Housing Capital Investment programme for 2023/24 to 2027/28.

D.2 2022/23 HOUSING CAPITAL OUTTURN POSITION

An updated 2022/23 Housing Capital budget of £46.055 million was approved by Council Executive on 21 June 2022. 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 7 February 2023, expenditure totalling £30.485 million is forecast for the 2022/23 programme. The month 9 projected expenditure represents a net slippage position of £15.570 million against the budgeted resources for 2022/23.

The forecast slippage position is mainly due to common good issues at two of the smaller new build sites in Bathgate and ongoing issues with the planned Westerinch new build site. Significant ground condition and access issues identified during site investigations have resulted in the site not being deemed affordable to develop at this time. Suitable replacement sites have been identified and are included in the proposed new supply budget outlined in this report. The final outturn position for the year will be reported to Council Executive in June 2023.

Any further slippage or acceleration on projects in the 2022/23 programme will be rolled forward into the proposed 2023/24 to 2027/28 programme, and an updated programme will be presented to Council Executive for approval in June 2023.

D.3 HOUSING CAPITAL INVESTMENT PROGRAMME 2023/24 TO 2027/28

The five year Housing Capital Investment Programme for 2023/24 to 2027/28 will see total investment of £157.972 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 programme will see continued investment to increase housing supply, while external upgrading will continue in areas identified with greatest need and an increasing emphasis will be placed on the new requirements of the Energy Efficiency Standard for Social Housing (EESH2).

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	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	TOTAL £'000
New Housing Supply	2,105	11,085	11,585	1,735	735	27,245
Major Refurbishment	182	0	0	0	400	582
Major Elemental Upgrades	5,492	6,781	5,025	6,368	6,873	30,539
Planned Programmes	7,906	8,302	8,716	9,153	9,610	43,687
Environmental Upgrading	275	289	303	319	334	1520
Statutory Compliance	10,542	10,062	10,566	11,093	11,649	53,912
Miscellaneous	90	94	97	101	105	487
Total Expenditure	26,592	36,613	36,292	28,769	29,706	157,972

New Housing Supply

Significant resources will continue to be invested in the creation and acquisition of new homes. This includes the continuation of approved projects which will deliver 240 new houses over the five year period and a further 140 new houses from budgeted resources of £27.245 million factored into the investment programme. This will deliver an overall total of 380 new houses, including both new build and open market acquisition additions, over the five year period and 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 major works at the Lochs Scheme in Whitburn, and windows, roof and render works at Almondell Road in Broxburn. A total of £582,000 of major refurbishment works are planned over the five year period.

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 £30.539 million to be invested in fifteen individual projects over the period from 2023/24 to 2027/28.

Planned Programmes

Planned programmes cover a broad range of activities, including kitchens and bathroom replacements, window and door refurbishments, painting and fencing programmes. These works are of preventative maintenance in nature, and are prioritised based on condition.

It is recognised that increasing legislative standards relating to insulation and energy efficiency of housing stock, in tandem with modern day lifestyles can create challenges relating to air quality and ventilation. As such, planned programmes contain air quality and ventilation in addition to the energy efficiency measures included within statutory compliance works. Works to the value of £43.687 million are anticipated from 2023/24 to 2027/28.

Environmental / External Upgrading

Planned work, to the value of £1.520 million, 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.

It is proposed that the tenants' environmental improvements budget continues to be included as part of the Community Choices programme. An update was presented to Council Executive in June 2021, which set out the progress on delivering the programme as well as obtaining approval for a number of process improvements and developments, including consideration of the future options to build West Lothian Community Choices into being a key process undertaken by the council to engage and deliberate with communities on the allocation of resources. A further update on progress was presented to Council Executive on 17 January 2023.

Statutory Compliance Works

The Scottish Housing Quality Standard (SHQS) remains a key focus for investment in existing stock, however in addition there are range of legislative requirements that require to continue to be met including aids and adaptations, fire safety, electrical safety and management of asbestos.

Statutory compliance works include projects to deliver energy efficiency measures, central heating replacements, aids and adaptations, electrical testing and repair, external wall insulation upgrades and asbestos management projects. Works to the value of £53.912 million are anticipated from 2023/24 to 2027/28.

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 year 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 £487,000, are encompassed within this heading, comprising feasibility studies and a range of home security measures, which support tenants to live safely and independently within their homes.

D.4 HOUSING CAPITAL RESOURCES 2023/24 TO 2027/28

The split of the £157.972 million resources to fund the proposed 2023/24 to 2027/28 capital programme is detailed in Table 2. Financing of the programme will continue to be met largely through borrowing, with £111.068 million of borrowing planned over the 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 budget 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 3.5% per annum. The projected ratio of gross rental income to capital financing charges is forecast to increase from 24.0% in 2022/23 to 30.8% by 2027/28, however there are ongoing risks around interest rates that can adversely affect borrowing cost projections and these ratios are regularly reviewed to identify the impact of any increases in costs on the overall funding of the capital programme.

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 assumed to be £75,000 per unit, and for open market acquisitions the grant available is assumed to be £40,000 per unit. A total of £9.170 million is anticipated for 2023/24 to 2027/28, to support both the new build programme and open market acquisitions.

With regards to other sources of financing, funding of £500,000 is expected from developer contributions and £400,000 from council tax on second homes, which will be directed towards the creation of new social housing, and £2.5 million is budgeted from capital receipts. In total, £3.4 million is anticipated from these income sources over the five-year period from 2023/24 to 2027/28.

Table 2 below summarises the updated capital resources available to fund the Housing Capital Investment Programme.

Table 2: Capital Funding

Investment Area	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	TOTAL £'000
CFCR	8,098	7,599	7,050	6,376	5,211	34,334
Borrowing	17,494	24,583	24,588	20,588	23,815	111,068
Government Grants	320	3,750	3,975	1,125	0	9,170
Developer Contributions	100	100	100	100	100	500
Council Tax on 2 nd Homes	80	80	80	80	80	400
Capital Receipts	500	500	500	500	500	2,500
Total Funding	26,592	36,612	36,293	28,769	29,706	157,972

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 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 22 February 2022, 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 no longer sets a pre-determined threshold over which works must be subject to competitive tendering and exemptions are not specified. Instead, it recognises that there is a range of benefits though in-house delivery but that issues relating to available capacity, skills and resources may result in the need to procure external support or service delivery. Where that is the case, Standing Orders for the Regulation of Contracts and Corporate Procurement Procedures apply. Decisions to proceed in-house or through external provision must be made on a case-by-case basis and must be informed by and justified against the Best Value Framework.

A review of the Housing Capital Investment Programme for 2023/24 to 2027/28 has been undertaken to determine works that may be carried out by external providers and works that may be carried out in-house to ensure compliance with the Best Value Framework. The outcome of that exercise will be kept under review at regular intervals over the duration of the programme and tested against the Best Value Framework. It is proposed that works on elements of the Refurbishment and Investment programme continue to be carried out by Building Services and this work includes:

- Major Refurbishment
- Major Elemental Upgrades
- Planned Programmes – Kitchens and Bathrooms
- Planned Programmes – Windows and Door Refurbishment/Renewal
- Statutory Compliance Work – Central Heating programme
- Statutory Compliance Work – Periodic Testing and Smoke and Heat Detector 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.

Assessment of the proposed five year Housing Capital Investment Programme has demonstrated that 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. In previous years, 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, an integrated relevance assessment has been carried out for the updated 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 Housing Capital Investment 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 proposed Housing Capital Investment Programme for 2023/24 to 2027/28, with proposed investment of £157.972 million over the five year period, and anticipated expenditure of £26.592 million in 2023/24. 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 the Housing Services Policy Development and Scrutiny Panel on 26 January 2023, which indicated that the majority of responses from tenants supported a 3.5% rent increase per annum.

There is a strong focus within the programme on the creation of additional social housing including continuation 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 significant 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.

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 Review – Report by Head of Finance and Property Services to Council Executive on 22 February 2022

Housing Rent Consultation 2023/24 to 2027/28 – Report by Head of Housing, Customer and Building Services to Council Executive on 25 October 2022

Rent Consultation – Report by Depute Chief Executive to Housing Services Policy Development and Scrutiny Panel on 26 January 2023

Housing Revenue Account Budget 2023/24 to 2027/28 and Rent Level 2023/24 – Report by Depute Chief Executive to Housing Services Policy Development and Scrutiny Panel on 26 January 2023

Housing Capital Investment Programme 2023/24 to 2027/28 – Report by Depute Chief Executive to Housing Services Policy Development and Scrutiny Panel on 26 January 2023

2022/23 Housing Capital Programme – Month 9 Monitoring Report – Report by Depute Chief Executive to Council Executive on 7 February 2023

Housing Revenue Account Budget 2023/24 to 2027/28 and Rent Level 2023/24 – Report by Depute Chief Executive to West Lothian Council on 7 February 2023

Appendices/Attachments: Three

Appendix 1: Housing Capital Investment Programme 2023/24 to 2027/28

Appendix 2: Housing Capital Investment Programme 2023/24 to 2027/28 – Further Information

Appendix 3: Integrated Relevance Assessment Form

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Graeme Struthers
Depute Chief Executive
7 February 2023

DATA LABEL: PUBLIC

Appendix 1

Housing Capital Investment Programme 2023/24 to 2027/28

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
NEW SUPPLY						
New Build	990	9,060	9,560	1,660	660	21,930
Open Market Acquisition Scheme	1,040	1,950	1,950	0	0	4,940
Mortgage to Rent	75	75	75	75	75	375
TOTAL NEW SUPPLY	2,105	11,085	11,585	1,735	735	27,245
REFURBISHMENT AND INVESTMENT						
Major Refurbishment						
Almondell Road, Broxburn	0	0	0	0	400	400
Harrison Houses, Lochs Scheme, Whitburn	182	0	0	0	0	182
	182	0	0	0	400	582
Major Elemental Upgrades						
Auldhill Cottages, Bridgend	0	446	0	0	0	446
Belvedere/ Dundas, Bathgate	0	0	0	0	1,241	1,241
Brown Street, Armadale	0	776	0	0	0	776
Craiginn Terrace, Blackridge	0	0	0	302	0	302
Croftmalloch, Whitburn	800	821	0	0	0	1,621
Dedridge, Livingston	3,250	3,413	3,583	3,762	3,950	17,958
Eldrick Avenue, Fauldhouse	0	0	0	231	0	231
Harestanes, Armadale	0	0	1,021	0	0	1,021
Heights, Blackridge	0	0	0	880	0	880
Hillside Place, Longridge	0	0	0	0	682	682
McLeod, Ferguson, Greendykes, Broxburn	180	0	0	0	0	180
McNeil/ King Street, Armadale	0	0	0	1,021	0	1,021
Preston Area, Linlithgow	382	401	421	172	0	1,376
School Place, Broxburn	0	0	0	0	1,000	1,000
Seafield	880	924	0	0	0	1,804
	5,492	6,781	5,025	6,368	6,873	30,539
Planned Programmes						
Air Quality, Dampness and Ventilation	150	158	165	174	182	829
Common Access Door Upgrades	100	105	110	116	122	553
Common Stair Upgrades	42	44	46	49	51	232
Fencing	200	210	221	232	242	1,105
Kitchens and Bathrooms	3,996	4,196	4,406	4,626	4,857	22,081
Painting	150	158	165	174	182	829
Planned Reactive/ HIO Investment	500	525	551	579	608	2,763
Rainwater Goods Testing and Upgrading	140	147	154	162	171	774
Windows & Doors Refurbishment / Renewal	2,628	2,759	2,898	3,041	3,195	14,521
	7,906	8,302	8,716	9,153	9,610	43,687
Environmental / External Upgrading						
Aerial Upgrades	25	26	28	29	30	138
Play Areas	50	52	55	58	61	276
Programmed Drainage	50	52	55	58	61	276
Tenant Environmental Projects	150	159	165	174	182	830
	275	289	303	319	334	1,520
Statutory Compliance Works (Direct and Assistive)						
Aids and Adaptations - Building Services	850	600	630	661	695	3,436
Aids and Adaptations - Occupational Therapists	200	210	221	231	243	1,105
Asbestos Management	400	420	441	463	486	2,210
Central Heating	2,801	2,941	3,088	3,242	3,405	15,477
Energy Efficiency/Carbon Zero Works	4,000	4,200	4,410	4,631	4,862	22,103
Orlit Remedial Upgrades	680	0	0	0	0	680
Periodic testing and Electric Upgrades	841	883	927	974	1,022	4,647
Smoke and Heat Detector Upgrades	560	588	617	648	681	3,094
Stock Condition Surveys/Energy Performance Certificates	200	210	221	231	243	1,105
Water Safety	10	10	11	12	12	55
	10,542	10,062	10,566	11,093	11,649	53,912
Miscellaneous						
Feasibility Surveys	20	20	20	20	20	100
Home Safety Service	70	74	77	81	85	387
	90	94	97	101	105	487
TOTAL REFURBISHMENT & INVESTMENT	24,487	25,528	24,707	27,034	28,971	130,727
TOTAL HOUSING CAPITAL INVESTMENT PROGRAMME	26,592	36,613	36,292	28,769	29,706	157,972

HOUSING CAPITAL INVESTMENT PROGRAMME 2023/24 TO 2027/28**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.

Details of indicative sites included as part of the new supply programme are provided below. It is anticipated these units will be constructed during the period of the programme. The list of sites is at present indicative and updates on new build council housing will be reported as part of the overall affordable housing programme updates.

Site	Units
Houston Road, Livingston	30
Simpson Parkway, Livingston	32
Almondvale Crescent, Livingston	21
Mossend, West Calder	19
Total	102

The council will also add to its stock by purchasing houses, and resources for the acquisition of 38 former council houses through the Open Market Acquisitions Scheme are included in the planned programme. Provision has 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). The first part of EESH has now been subsumed within the Scottish Housing Quality Standard Energy Efficiency criteria.

The Scottish Government recognises that the current economic climate with rising inflation leading to increased costs for construction and maintenance, rising energy bills and the moratorium on rent increases has added pressure to the need for investment and has had an impact on landlords and tenants. The Zero Emissions Social Housing Taskforce (ZEST) recommended that the Scottish Government bring forward its review so it better aligns with the Net Zero strategy and the ZEST transition. The Scottish Government agreed to bring forward and accelerate the review. The review commenced in September 2022 and should take nine months to complete. Whilst the review is underway, the 2025 and 2032 EESH2 milestones are on hold. EESH1 continues to apply during this period.

Whilst social landlords are not required to meet or show progress towards EESSH2 milestones in reporting their performance for 2023/2024, Social Landlords should however continue to collect data for their own use, including:

- The number of properties in each EPC band at the end of the year;
- The value of investment in energy efficiency improvements in each reporting year.

Whilst the review is under way social landlords are also advised to continue to invest in energy efficiency measures and zero direct emissions heating where appropriate. Investment should be driven by a cost-effective investment policy. During this time the priority remains:

- Fabric first approach using measures to improve thermal efficiency and ventilation;
- Measures that use zero emissions heating;
- Reducing energy use;
- Projects for district heating/communal heating systems;
- Projects that make a significant difference to hard-to-treat properties;
- Projects that help to model the actual performance of new technologies and their impact.

The review will develop new targets for domestic dwellings which will meet the aims outlined in the ZEST Report and the Scottish Government's response to it. The timing of this presents a risk to the programme in that the precise statutory requirements and timescales remain unknown at this time, however by following the principles above the council can ensure positive outcomes for tenants and make best use of tenants' rent money.

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 is anticipated that the investment programme will ensure that all stock continues to meet with the SHQS and will also ensure that the stock moves toward Net Zero whilst maintaining the Scottish Housing Quality Standard.

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.

Almondell Road, Broxburn

This project will include extensive external works across 1-45 Almondell road, involving roofs, windows and new and more secure stairwells as well as remedial external wall repairs.

Harrison Houses, Whitburn

This project will comprise final phases to ongoing maintenance issues with high cost roof repairs at the Whitburn Harrison Houses in Gareloch Way, Loch Awe Way, Loch Earn Way, Loch Fyne Way, Loch Maree Way and Loch Trool Way, which have been receiving both

external and structural upgrades.

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 from 2023/24 to 2027/28 is detailed below:

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	TOTAL £'000
Auldhill Cottages, Bridgend	0	446	0	0	0	446
Belvedere/ Dundas, Bathgate	0	0	0	0	1,241	1,241
Brown Street, Armadale	0	776	0	0	0	776
Craiginn Terrace, Blackridge	0	0	0	302	0	302
Croftmalloch, Whitburn	800	821	0	0	0	1,621
Dedridge, Livingston	3,250	3,413	3,583	3,762	3,950	17,958
Eldrick Avenue, Fauldhouse	0	0	0	231	0	231
Harestanes, Armadale	0	0	1,021	0	0	1,021
Heights, Blackridge	0	0	0	880	0	880
Hillside Place, Longridge	0	0	0	0	682	682
McLeod, Ferguson, Greendykes, Broxburn	180	0	0	0	0	180
McNeil/ King Street, Armadale	0	0	0	1,021	0	1,021
Preston Area, Linlithgow	382	401	421	172	0	1,376
School Place, Broxburn	0	0	0	0	1,000	1,000
Seafield	880	924	0	0	0	1,804
TOTAL	5,492	6,781	5,025	6,368	6,873	30,539

c) Planned Programmes

Air Quality, Dampness & Ventilation

This programme supports required individual upgrades and investment in ventilation systems.

Common Access Door Upgrades

This budget undertakes work which keeps the properties in compliance with the SHQS. This requires Secure Door Entry System upgrades or replacements in order to keep them in compliance with the SHQS. The budget funds around 7 communal blocks each year.

Kitchens and Bathrooms

This category incorporates work which keeps Kitchens and Bathrooms in compliance with the SHQS. The budget funds around 350 full kitchen and bathroom installations each year.

Cyclical Maintenance

Cyclical Maintenance (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 the service as part of the five year rolling programme. The survey programme is pre-determined as shown in the table below:

Year	Areas
2023/24	Broxburn, Uphall, Winchburgh & Linlithgow
2024/25	Armada & Blackridge
2025/26	Fauldhouse & Breich
2026/27	Blackburn, Whitburn & Bathgate
2027/28	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 to ensure compliance with the Scottish Housing Quality Standard.

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 (EESH). This funds around 390 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, while the Tenant Led Environmental Projects support the council's Community Choices works.

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	TOTAL £'000
Aerial Upgrades	25	26	28	29	30	138
Play Areas	50	52	55	58	61	276
Programmed Drainage	50	52	55	58	61	276
Tenant Environmental Projects	150	159	165	174	182	830
TOTAL	275	289	303	319	334	1,520

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

Central heating upgrades are undertaken in order to keep the properties in compliance with the SHQS and meet EESSH. The budget funds around 700 full central heating systems each year.

EESSH2 / Carbon Zero Additional Works

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 EESSH.

Orlit Remedial Upgrades

The final phase of the structural work to the Orlit houses in Armadale is planned which will ensure these houses meet SHQS.

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.

On 5 May 2020, the Scottish Government published updated guidance on the SHQS. The amendment included changes to bring the guidance in line with changes to the tolerable standard for fire and smoke alarms and carbon monoxide detectors. A review of the programme has taken place and all properties are now compliant with the new standard. The proposed budget will ensure continued compliance with the standard.

Stock Condition Survey/Energy Performance Certificates (EPC)

This budget funds stock condition 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.

To date 1,550 properties have been surveyed, with the remainder of the stock to receive a full house condition survey by 2027/28.

This will also help focus investment measures required to ensure the council complies with the SHQS and EESSH.

f) Miscellaneous

Feasibility Surveys

This budget will support the 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.

DATA LABEL: PUBLIC



Integrated Relevance Assessment Form

1. Details of proposal																			
Policy Title (include budget reference number if applicable)	Housing Capital Investment Programme 2023/24 to 2027/28																		
Service Area (detail which service area and section this relates to)	Housing, Customer and Building Services																		
Lead Officer (Name and job title)	Julie Whitelaw, Interim 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	11/01/2023																		
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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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 proposed 2023/24 to 2027/28 housing capital programme details where the 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 (SHQS), 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 Energy Efficiency Standard for Social Housing (EESH) compliance) and equipment and adaptations.</p> <p>The focus on meeting the 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 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 EESH over the course of the investment programme. 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 is 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. There is funding commitment within the Housing Capital Investment Programme allocated for improvements include boiler and heating system replacements, the installation of energy efficient loft and cavity wall insulation, and double/triple glazing window and door replacements. 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>				

A key focus in the direction of capital funding is new housing supply. The new supply programme seeks to address the gap in supply and demand issues for good quality 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 significant 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 also ensures all stock is more accessible at a basic level. 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 more accessible housing 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 Housing Capital Investment Programme be screened for IIA relevance where required.

Signed by Lead Officer	Julie Whitelaw
Designation	Interim Head of Housing, Customer and Building Services
Date	11/01/2023
Counter Signature (Head of Service or Depute Chief Executive responsible for the policy)	Graeme Struthers, Depute Chief Executive
Date	11/01/2023