

Public Document Pack

ADDITIONAL CIRCULATION



To: All Members of the Council

Town House,
ABERDEEN, 12 August 2016

COUNCIL

The undernoted items are circulated in connection with the meeting of the **COUNCIL** to be held here in the Town House on **WEDNESDAY, 17 AUGUST 2016 at 10.30am.**

FRASER BELL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

GENERAL BUSINESS

7(g) Fishing Industry Memorial Working Group (Pages 3 - 6)

7(m) Additional Powers (Pages 7 - 28)

7(n) Affordable Housing Delivery (Pages 29 - 52)

BUSINESS THE COUNCIL MAY WISH TO CONSIDER IN PRIVATE

8(e) AECC Financing

This item has been renamed and moved to item 9(b) as a confidential item of business to follow

**CONFIDENTIAL BUSINESS - SECTION 50A (2) OF THE LOCAL
GOVERNMENT (SCOTLAND) ACT 1973**

9(a) City Deal Agreement (Pages 53 - 132)

9(b) Financing Strategy for the Capital Programmes (to follow)

Website Address: www.aberdeencity.gov.uk

Should you require any further information about this agenda, please contact Martyn Orchard, tel. 01224 523097 or email morchard@aberdeencity.gov.uk

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	17th August 2016
DIRECTOR	Gayle Gorman
TITLE OF REPORT	Fishing Industry Memorial Working Group
REPORT NUMBER	ECS/16/051
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report lays out the proposed roles, remit and membership of a short life working group, to be established to commission a memorial to the fishing industry.

2. RECOMMENDATION(S)

It is recommended that Council:-

- a. Establishes the Fishing Industry Memorial Working Group comprising four people: the Lord Provost, the Cultural Policy and Partnership Manager and two industry experts.
- b. Approves the remit for the working group as being to agree (a) a budget for the commission and installation of the works; (b) the preferred site for the piece; (c) the commissioning process, shortlisting and selection of the artist and art form; (d) the timescale for completion; and (e) any formal opening event, including the invitation of dignitaries; and
- c. Agrees that the working group meets cyclically, or more frequently as required, on the understanding that during the construction of the piece, if there is no business for consideration, progress reports will be sent to each member of the group.

3. FINANCIAL IMPLICATIONS

In the Common Good budget for 2015/16 Council approved £50,000 towards a commission to commemorate the fishing industry. A further contribution from the fishing industry is being considered. There is no lower or upper limit and the commission will be budgeted accordingly. A full budget will be agreed by the working group.

The process of appointing an artist to undertake the commission will be an open call following an agreed brief. There will therefore be no state aid implications arising.

4. OTHER IMPLICATIONS

Legal Services be required to scope and agree the commission and resulting contract. Committee Services will provide clerking for the working group. In relation to the installation of any artwork, subject to the agreed art form, resources may be required to excavate or otherwise investigate a proposed location in order to ascertain the implications for siting the work. Aberdeen City Council has developed a best practice Public Art toolkit which provides online support and best practice when commissioning artworks. The working group will use this framework to ensure the project is carried out to maximise the benefit of the investment.

Officers in Education and Children's Services will manage the commission process.

Depending on the nature of the final commission, ongoing costs for maintenance will need to be considered and this will be factored into the budget for the work.

5. BACKGROUND/MAIN ISSUES

On 17th December 2014 Council approved the following motion by Lord Provost George Adam:

'That Aberdeen City Council agrees to take forward approaches from associates of the local fishing industry to create an appropriate and lasting memorial to the men and women who lived, worked and died in it, in peacetime and in war, and to commemorate the major contribution which fishing has made to the city's life and heritage. Officers are instructed to report on the establishment of a small working group, the scope of a commission, and confirmation of a budget with a view to obtaining contributions to build on external funds already secured'

Establishing a small working group:-

The working group will comprise four people, being the Lord Provost, the Cultural Policy and Partnerships Manager, one external member involved in work already undertaken and one further external industry adviser. The Lord Provost has suggested that Mr Douglas Paterson be appointed as one of the external representatives given the work he has undertaken in bringing the project to its current position.

Frequency of meetings:-

At least cyclical, with more frequent meetings held as business requires it. If there is no business for consideration during construction, then instead progress reports can be sent to members of the group.

Future role:-

This is a short life Working Group which will exist for the lifetime of the project.

Remit:-

The working group will agree: (1) a budget for the commission and installation of the works; (2) the preferred site for the piece; (3) the commissioning process, shortlisting and selection of the artist and art form; (4) the timescale for completion; and (5) any formal opening event, including the invitation of dignitaries.

The scope of the commission:-

At the first meeting of the Fishing Industry Memorial Working Group, officers will propose the scope of a commission. This cannot be determined until the budget is confirmed and the site agreed.

6. IMPACT

Improving Customer Experience –

Aberdeen has a proud heritage relating to the fishing industry, and there is considerable interest in how the city commemorates and reflects that heritage. A recent public petition further highlighted this interest. Recognising the contribution of the industry to the life of the city in a very public manner will contribute significantly to civic pride and the cultural life of Aberdeen.

Improving Staff Experience –

No impact has been identified.

Improving our use of Resources –

By using an open and transparent procurement process, the budget available for the commission will be maximised.

Corporate –

The Single Outcome Agreement: Culture is a multi – lateral priority
Strategic Infrastructure Plan: A better image for Aberdeen:

- Boost the external appearance of the city as a place to live, visit and invest
- Foster greater civic pride
- Celebrate and showcase existing strengths

Education and Children’s Service Plan priority 2-Culture

City Centre Masterplan objectives 1 and 8:

- Changing perceptions- promoting the view of Aberdeen as an energetic, inclusive and fascinating place
- Culturally distinctive – ensuring the city centre reflects its distinctive local culture so it is like no other place

Smarter Aberdeen: Quality of Life

- Enhance the well-being of our communities by creating a stimulating environment for them to work through the delivery of high quality arts and cultural services

- We aspire to be recognised as a City of Culture, a place of excellence for culture and arts by promoting Aberdeen as a cultural centre hosting high quality and diverse cultural events for the whole community and beyond
- We aspire to be recognised as a City of Culture, a place of excellence for culture and arts by promoting Aberdeen as a cultural centre hosting high quality and diverse cultural events for the whole community and beyond

Public –

The fishing industry has been recognised as having a significant long term impact on the City of Aberdeen. It is likely that organisations and individuals associated with the industry will be interested in the City's intentions to commemorate this aspect of heritage, and what the completed art work will look like, including where this is sited. This can be addressed through timely staged press releases and other means of communication, including social networking.

The motion from the Lord Provost recognises the contribution of both men and women to the industry, and the Working Group will ensure that the commission reflects this.

7. MANAGEMENT OF RISK

The risks in relation to this project are primarily relating to the timeline which will be developed to make sure the project is delivered timeously and within budget. The commission will specify a sum within which the artwork is to be delivered, and a timescale, ensuring the commissioned artist is complying with all dates and deadlines. Payments will be made according to agreed progress a final payment will not be made until completion. Depending on the agreed location, some consideration may need to be given to any related building or construction works which could affect the

8. BACKGROUND PAPERS

Agenda and minutes of the 17th December 2014 Council meeting.

9. REPORT AUTHOR DETAILS

Lesley Thomson, Cultural Policy and Partnerships Manager
lthomson@aberdeencity.gov.uk
 01224 522499

Roderick MacBeath, Head of Democratic Services
rmacbeath@aberdeencity.gov.uk
 01224 523054

ABERDEEN CITY COUNCIL

COMMITTEE	Full Council
DATE	17 August 2016
DIRECTOR	Pete Leonard
TITLE OF REPORT	Additional Powers
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

At its March 2016 meeting, the Council instructed the Head of Economic Development to provide an 'options appraisal' of the devolution of existing and proposed (via the Scotland Bill) powers and the different levers that could be available to the Council. The purpose of this report is to update Elected Members on the findings of this work.

2. RECOMMENDATION(S)

It is recommended that the Council:

- (i) Notes the Empowering Scotland's Cities – Empowering City Government analysis undertaken by Scotland's seven cities calling for a new way of working with the UK and Scottish Governments, and agrees it will provide a framework within which further discussions are progressed.
- (ii) Notes the analysis of additional non-fiscal and fiscal powers the Council could seek to pursue (outlined in the Appendix to this report) and the potential 'costs' and 'benefits' of these; and
- (iii) Based on this analysis, note the priority levers outlined in this report, and instructs officers to assess the implications on the Council's finances if these were to be devolved to the Council.

3. BACKGROUND

Delivery of Scotland's Economic Strategy (March 2015) sets out a framework to increase competitiveness and tackle inequality to support long term economic growth across four priority areas of investment, innovation, inclusive growth and internationalisation. The Strategy highlights that many of the key levers to address competitiveness and inequality are reserved to the UK Government, and that the Scottish Government will make a case for priority powers over economy and welfare – control over a range of personal and business taxes and employment policy - to be transferred to the Scottish

Government, as well as using further powers that have been agreed under the Scotland Bill.

In December 2015, the Council approved a new Regional Economic Strategy, “Securing the future of the North East Economy – A 20-year Vision for the Wellbeing of the Place and Our People”. It sets out the overall ambition for Aberdeen and the wider region to remain a major economic driver of the Scotland and UK economies and sets out a number of key priorities across four key programme areas of:

- Investment in Infrastructure;
- Innovation;
- Inclusive Economic Growth; and
- Internationalisation.

The Strategy sets out how delivery will underpin UK and Scottish Government economic priorities and highlights the fiscal challenge for the Aberdeen City region of maintaining and improving the performance of the economy, against a backdrop of reductions in public spending, low oil prices and resulting pressures on the city and regional economies.

The Strategy indicates that the Aberdeen City region has consistently delivered a higher level of economic growth than other parts of the UK and Scotland, and is a globally competitive location, but investment in the economic infrastructure has not kept pace with its economic success.

Funding the level of investment to deliver its priorities will be influenced by a number of policy drivers including the further devolution of powers to Scotland.

In February 2016, the Council’s Finance, Policy & Resources Committee requested officers to provide a report on how the Aberdeen City Region Deal could be strengthened through the use of additional powers devolved from the Scottish Government to the Council to stimulate growth within the economy of Aberdeen and the wider North East.

At the March 2016 Council meeting, Council was provided with a report on how additional powers devolved from the Scottish Government to the Council could be used to facilitate delivery of the Council’s priorities and contribute to the delivery of the Regional Economic Strategy. It recommended that a further appraisal be carried out of the devolution of existing and proposed (via the Scotland Bill) powers and the different levers that could be available to the Council.

4. MAIN ISSUES

In June 2016, Scotland’s seven cities published [Empowering Scotland's Cities - Empowering City Government](#). This builds on the policy framework above and identifies the non-fiscal and fiscal levers that could be most effectively devolved

to the cities to foster growth, create employment and make Scotland's cities more attractive places to live and do business. The Leaders of each city called for a collaboration with the UK and Scottish Governments in four areas:

1. A shared approach to improving connectivity and infrastructure
2. A radical change in the approach to economic development
3. A shared approach to improving our communities
4. A shared approach to setting a diverse tax system across Scotland.

The report provides a template for the economic levers that cities need in order to deliver their city, regional and national economic priorities. It corroborates Aberdeen's position as a key economic driver for Scotland. Combined, the cities generate £65bn of Scotland's total economic output of £120bn (2015), and Aberdeen accounts for 24% of this. The analysis indicates that Scotland's largest cities (Aberdeen, Edinburgh and Glasgow) are projected to be outperformed by their English counterparts, in terms of average annual GVA growth, attributable to the modest growth rates in working age population in the Scottish cities. It suggests that the current trend of devolution deals in the English cities, and corresponding control to the cities and regions could enable further economic growth there at the expense of Scotland.

Globally competitive cities are those that are facilitating R&D, business activity, infrastructure, digital connectivity, high quality local labour force and leadership, while the direction of travel at the EU level (around the EU Urban Agenda) is to support European cities in policy areas including migration, jobs, housing, circular economy, energy transition and digital transition. Regardless of the context of 'Brexit' for UK cities, the relationship between cities and central governments is changing.

The economic needs of the 'city', as catalysts for economic activity at the wider regional level, are at the heart of the approach to City Deals in Scotland that are all building on the foundations of the city as the driver of regional economies.

A policy to transfer economic levers and responsibilities to cities has been a key feature of English city deals, and while each 'deal' is unique, there are a number of common themes and powers being sought to drive economic growth: transport, digital, enterprise, skills and employability, trade and investment, and fiscal levers. As well as these, a key argument is that more devolved decision making from central to local government is likely to result in a more bespoke response to the economic issues of the cities and wider regions.

This trend was a key part of the discussions on the development of the Aberdeen City Region Deal. Although the Heads of Terms Agreement that was signed in January 2016 provided a 50: 50 investment of £250m by the UK and Scottish Governments (and at the same time the Scottish Government committed a further £254m investment), the focus of this programme is on delivery of transformational economic projects, and did not deliver specific powers or fiscal levers. In this sense, the Aberdeen City Region Deal is the starting point of a long-term improvement programme to build further growth into an already

successful regional economy. It is therefore a key delivery mechanism to achieve the ambitions articulated in the Regional Economic Strategy.

However, additional mechanisms are needed, and indeed, throughout the development of the Deal, the Council, and Aberdeenshire Council, were also continuing to make the case for additional levers that were needed, beyond capital investment, to deliver the regional economic needs. These included:

- A Tourism Levy;
- Regional coordination and influence on 'strategic' utilities delivery and investment plans;
- Control of Air Passenger Duty;
- Visa Waiver Scheme for international students wishing to work and live in the North East of Scotland following their studies;
- Powers to vary Council Tax;
- Property Tax; and
- Non-Domestic Rates control.

For Aberdeen, and, as other cities have been developing their thinking on city region deals, a key feature is the collaboration between the cities and the UK and Scottish Governments. This directly reflects the March 2016 refresh by the Scottish Government of Scotland's Agenda for Cities which reiterates the commitment by the Scottish Government to local decision making, and the benefits of collaboration between the different levels of government in order to deliver Scotland's Economic Strategy priority areas.

5. ANALYSIS

The Council has a crucial role in delivery of economic growth. It is responsible for local economic development, and also other levers such as education, planning, licensing and local transport projects. It is also a key service provider, including delivery of the Business Gateway (with Aberdeenshire Council), trade and investment, employability and skills, external funding and transformational projects and programmes.

The Council, as part of the seven Scottish cities have called on the UK Government and the Scottish Government to discuss a redefinition of existing relationships with Government, a 'new deal' between cities and central governments that will set a framework for the devolution of future powers. Officers of the Council participated in this work and provided evidence on a number of priority (for economic growth) **non-fiscal** and **fiscal** levers. The analysis is provided in Appendix 1 to this report, and based on this a number of priority areas have come forward for further consideration and these are summarised below according to each of the four Programme Areas in the Economic Strategy.

Priority Non-Fiscal Powers		
Regional Economic Priority	Lever – Devolved (including via Scotland Bill)	Lever - Reserved
<i>Investment in Infrastructure</i>	<ul style="list-style-type: none"> - Transport Scotland collaboration (assess via City Region Deal approach) - Strategic Infrastructure Agencies – around margins of Strategic Infrastructure Plan and City Region Deal, convene a strategic utilities group forum - Digital (regional approach via City Region Deal & Digital Place strategy) 	<ul style="list-style-type: none"> - Digital (regional approach via City Region Deal & Digital Place strategy)
<i>Innovation</i>	<ul style="list-style-type: none"> - Economic Development – assess implications of SG Review on innovation and business development support 	
<i>Inclusive Economic Growth</i>	<ul style="list-style-type: none"> - Economic Development – assess implications of SG Review on business development support - Skills – assess implications of SG Review of SDS - Packaging funding from multiple sources into longer term programmes of work with specific target groups and delivery metrics would lead to clearer delivery arrangements, greater coherence of approach and better impact - Housing – greater regional delivery mechanisms via additional commitments by Scottish Government announced at same time as City Region Deal 	<ul style="list-style-type: none"> - Welfare – consider response to the impact of the Scottish Government assuming devolved welfare powers and delivery of a new Scottish Social Security Agency - Councils are well-placed to lead delivery with the appropriate level of resource of the significant changes to be introduced in Scotland
<i>Internationalisation</i>	<ul style="list-style-type: none"> - Economic Development – assess implications of SG Review on trade and investment delivery 	<ul style="list-style-type: none"> - Greater collaboration with UKTI and alignment of UKTI/ SDI support to the international reach of

Priority Non-Fiscal Powers		
Regional Economic Priority	Lever – Devolved (including via Scotland Bill)	Lever - Reserved
		Aberdeen and the North East of Scotland - Immigration

The work by the Scottish cities also proposes a ‘menu’ of local taxes and levies as a starting point for future discussions with the UK Government and the Scottish Government to enable cities align revenue generation capacity to economic growth priorities. These are summarised below according to each of the four Programme Areas in the Economic Strategy.

Priority Fiscal Powers		
Regional Economic Priority	Lever – Devolved (including via Scotland Bill)	Lever - Reserved
<i>Investment in Infrastructure</i>	- Increased retention of NDR - Parking Levy (Local decision) - NDR (distribution changes) on business infrastructure	
<i>Innovation</i>		- Low Carbon project development – Climate Change Levy
<i>Inclusive Economic Growth</i>	- Retention of a portion of Income Tax (Local) - Housing – Property Tax - NDR (relief) – stimulate investment	- Housing – retention of a portion of Capital Gains Tax
<i>Internationalisation</i>	- Tourism Levy - Air Passenger Duty	

For Aberdeen city, and the North East of Scotland, there are a number of benefits from the development of additional powers through a closer relationship with both governments:

- Collaborative gain from a collective and integrated approach to economic growth – collectively as seven cities, but also locally within the city regions;
- Clear definition of roles and responsibilities between central government and local government.
- Enabling of city councils to maintain and enhance its role and responsibility for local economic development, accessing greater resources in the delivery of national outcomes.

- An enhanced role in the economic leadership of the city from further devolved fiscal and non-fiscal levers through the transfer of a range of powers from central government. This could be consistent with the Scottish Government's current review of enterprise agencies, Skills Development Scotland (SDS) and the Scottish Funding Council (SFC).

6. FINANCIAL IMPLICATIONS

The devolution of powers and/ or taxes could bring a series of benefits and risks, and matters arising that would need to be considered further by the Council and the Scottish and UK Government:

- Devolution of taxes could provide more sustainable finances by aligning local revenue generation to local public spend
- How to ensure that additional fiscal revenue is 'ring-fenced' for economic growth uses, in a way that needs of citizens, businesses and the well-being of the place;
- The relationship between any changes from local taxation and consequent changes to the Council's general revenue grant.
- The relationship between any changes from local revenue generation and the wider regional economy and finances of Aberdeenshire Council and Angus Council in particular
- Administration of taxes/ levies and costs of collection etc.
- Displacement and substitution effects between different cities, regions within the UK, Scotland.

7. OTHER IMPLICATIONS

The review by the Scottish Government of SE, HIE, SDS and the SFC will inform how the Council progresses the implementation of Empowering Scotland's Cities. The unique challenges faced by the Aberdeen city and regional economies, as outlined in the Regional Economic Strategy, the response to these, by the Council and its regional partners, and development of the Aberdeen City Region Deal with Aberdeenshire Council in delivery of the Aberdeen City Region Deal all indicate an increased focus on enhanced powers and levers on economic development.

There is a sense that the national agencies are not currently configured, best placed or have the flexibility to help deliver inclusive economic growth at local and regional levels, whether they are best delivered through a single organisation, and particularly in the employability/ skills area. SE, and to a lesser extent SDS, still have a range of international and national 'products' that may be better shaped with local or city region influence. For example, the current approach by the national agencies is to focus on support by key sector and/ or business turnover (account management), whereas the Council, through delivery of a number of business support measures via its economic development service and Business Gateway delivery (by Elevator); its business facing services (e.g. planning, licensing, trading standards), and

its leadership of local economic development, would provide better scope for alignment of national products/ programmes – in particular skills, employability and trade/ export support.

As the review is completed officers will come back to the Council or relevant Committee with a further report in the implications of the review on local government, cities and regional economies. The Council would need to consider the implications of any changes to deliver any service/ remit that may currently be provided at the national level.

8. IMPACT

Improving Customer Experience –

At the heart of the work by the Council and its regional and city partners is to improve the impact of delivery on our customers. This report ensures that all the stakeholders and partners continue to work closely with the private sector and other stakeholders in developing the Council's response to this evolving policy landscape to deliver the long -term economic wellbeing and prosperity of the Aberdeen City Region.

Improving Staff Experience –

Greater responsibility and remit or alignment of economic growth powers will contribute to the existing collaboration and leadership, across the Council's services, and working closely with Aberdeenshire Council and our regional partners. .

Improving our use of Resources –

Any devolution of responsibilities and powers will reduce confusion and overlap in deliver, and could provide opportunities for more effective and efficient use of resources that align to the overall economic priorities of the Council and the wider region, and provides the opportunity for other public and private sector investment and confidence.

Corporate -

The Council's role in leading the delivery of local economic development, and its role as a key city within the Scottish Cities Alliance will ensure it is at maintaining its political leadership in delivery of economic outcomes.

Public

This report and further development of the proposals will have an impact on Aberdeen's citizens as it will focus the key areas of inclusive economic growth.

9. MANAGEMENT OF RISK

The following risks and opportunities would need to be considered in order to understand the potential impacts of this report:

- If any of the fiscal levers in the report were devolved, the balance of risk from the Scottish Government could shift to Councils and the nature of this would need to be considered by officers. In an economic downturn, there could be a risk that future revenues from such income streams may be lower than historical revenues which could be a risk to Aberdeen City Council's financial position in the event of these being devolved.
- Depending on the nature of any reduction in the level of income due to local changes made to the operation of taxes e.g. changing rates or bandings, these may need to be funded locally. The implications of this on the Council's finances would need to be considered.
- The actual share of any devolved taxes received by Aberdeen City may not equate directly to the sums raised in the Aberdeen City Council area, and the distribution methodology would need to be discussed with the Scottish Government.

10. BACKGROUND PAPERS

Aberdeen City Region Deal - Joint Committee, Aberdeen City Council
 December 2015 (Agenda Item 7(d))
 Regional Economic Strategy & City Region Deal Update, Aberdeen City
 Council December 2015 (Agenda Item 7(c))
 Aberdeen City Region Deal Heads of Terms Agreement, Finance, Policy &
 Resources Committee February 2016 (Agenda Item 7.7)

11. REPORT AUTHOR DETAILS

Richard Sweetnam
 Head of Economic Development
RSweetnam@aberdeencity.gov.uk
 01224 522662

Appendix 1 – Analysis of Empowering Scotland’s Cities

1. Non- Fiscal Powers

Lever	Status	Ask/ Rationale	‘Costs’ (of not devolving)	‘Benefits’	Priority for Aberdeen
Transport Scotland	Devolved (D)	<p>Cities require influence on the prioritisation of projects and investment plans</p> <p>Share decision-making on prioritisation of projects and investment</p> <p>Connectivity is key to economic growth and, for Aberdeen, vital in relation to its geographic peripherality and its international economy links</p>	<p>Extensive negotiation at individual city level with Transport Scotland.</p> <p>Transparency and focus on transport outcomes without consideration of city/ regional workforce and business needs</p> <p>Transport development is in isolation to inclusive economic growth mechanisms</p>	<p>Improve relationship between cities and national agencies as cities work collectively with Transport Scotland to deliver joined-up solutions across cities/ metropolitan areas</p> <p>City leadership/ autonomy provides significant profile and investor confidence, and enables cities to work with local stakeholders to maximise connectivity</p> <p>Alignment of local government policies – land use planning, housing, economic development – within city regions and ‘inter-city’</p>	Yes – consider within development of transport proposals under the Aberdeen City Region Deal and city and regional delivery
Infrastructure Agencies	D	Cities require influence on the prioritisation of projects and investment plans	Extensive negotiation at individual city level with a number of agencies	Improve relationship between cities and ‘non-transport’ agencies including Scottish Water,	Yes. While there are good links between agencies and Council services, greater

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)	'Benefits'	Priority for Aberdeen
		Share decision-making on investment plans around water, sewage, waste, low carbon, land and property infrastructure		SEPA, SFT, utilities companies and Zero Waste Scotland etc.	coordination at the city and regional level would result in bringing forward investment in line with other major projects. For example, the role of Scottish Water in delivery of Aberdeen Harbour expansion
Digital	D and Reserved (R)	<p>Fast and effective roll out of digital infrastructure is key to economic growth and productivity gains.</p> <p>Aberdeen city and the wider region performs poorly in relation to the proportion of postcodes with access to superfast connectivity</p> <p>Key part of the City Region Deal and wider public sector efficiency as highlighted in the Digital Place Strategy</p>	Deterring economic growth, and business growth, export growth and inward investment	<p>Shared role in setting policy on digital infrastructure roll-out</p> <p>Scaling up of demand across city region</p>	<p>Yes – consider within development of digital under proposals the Aberdeen City Region Deal and city and regional delivery</p> <p>Aberdeen already has a Digital Place Strategy. Consideration could be given to city-to-city joint working</p>
Economic Development	D	The relationship with Scottish Enterprise could be improved with greater alignment by SE to the Regional Economic Priorities	While the relationship between Aberdeen city region and SE is good, it is recognised that the	As drivers of Scotland and regional economic growth, city councils are best placed to lead, drive and	Yes, although in certain areas – e.g. trade and inward investment delivery may be best

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)	'Benefits'	Priority for Aberdeen
		<p>The establishment of Opportunity North East and a Regional Economic Strategy Group provides an opportunity for a more coherent local and regional support network.</p> <p>This is exacerbated by the additional delivery by SDI and UKTI, and there may be a cluttered landscape</p> <p>In 2015/16, SE employed 1,400 people and has a budget of £228m, the same level of investment by Scotland's Councils.</p>	<p>cities have a role, as civic leaders, for creating the conditions for economic growth</p> <p>At a policy level, cities and their regions can be detached from designing local solutions, and cannot generate the resources to respond</p>	<p>coordinate delivery of business development and enterprise, working with the national agency.</p> <p>Setting of local taxes & levies (see below)</p> <p>City-to-city and regional working to develop local solutions to our economic priorities</p> <p>Greater clarity and leadership on the distinct offer for Aberdeen and wider region and reduced overlap</p>	<p>delivered by a national agency, but at a regional level</p> <p>However, any reconfiguration should be discussed following the review by the Scottish Government of SE. The Council is contributing to the response by Scotland's cities, and regionally through the Regional Economic Strategy Group</p>
Skills	D/ R	<p>While there is a regional skills strategy (draft) the connectivity of that to implementation, and across what is often a cluttered landscape across public, third and private sector organisations, is poor</p> <p>Connectivity between supply side interventions (skills) and demand (employers) is not cohesive</p>	<p>Lack of coordination between cities, regions, government and FE/ HE sectors is resulting in confusion and fragmented delivery, with users (business and learner) potentially contacting a range of agencies</p>	<p>Efficiency and economies of scale, and greater employability and job outcomes</p> <p>Tailoring of national skills interventions to regional and city labour market need (e.g. health, energy, tourism and hospitality)</p>	<p>Yes and especially in context of downturn in oil and gas and Council's emerging locality plans in priority areas</p> <p>However, any reconfiguration should be discussed following the review by the</p>

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)	'Benefits'	Priority for Aberdeen
		<p>The presence of two universities and NESCOL in Aberdeen provides a good opportunity for greater collaboration regionally, and also the labour supply element of inward investment.</p> <p>Local Authorities are responsible for other key strands to achieve economic growth including Business Gateway, Local Economic Development strategies, Education, and Social Care - for employability support to be effectively linked to these strands, it is essential that Local Authorities can directly influence employment support provision based on a robust understanding of their functional economic market area.</p> <p>Local Authorities are ideally situated to contract employment support provision that will be effective in meeting the specific needs of their residents, particularly those with the most complex needs. The key to success is to contract support that takes greater account of local economies and local labour market need</p>	<p>City and regional influence is key to alignment of programmes across public, private and HE/ FE sectors</p>	<p>Closer regional working to improve delivery and drive greater efficiency – for local government there is an obvious link between education, skills programmes and demand</p> <p>The effective devolution of this power would provide responsibility for all funding for employment support and skills development within Council and regional areas. This would provide Councils with the ability to align every aspect of the skills delivery in response to need in their area, and for Aberdeen, embed a regional approach to delivering national policy.</p> <p>By packaging funding from multiple sources into longer term programmes of work with specific target groups and delivery metrics would lead to clearer delivery arrangements, greater coherence of approach and</p>	<p>Scottish Government of SDS and SFC. The Council is contributing to the response by Scotland's cities, and regionally through the Regional Economic Strategy Group</p>

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)	'Benefits'	Priority for Aberdeen
		In 2015/16, SDS employed 1,300 people and has a budget of £170m.		better impact measurement. Decision making for socio-economic development powers, along with resources, would give a more localised solution to inclusive economic growth targets	
Immigration	R	<p>Scotland's economy, and city regions need access to high value skills and working age (16-64 years) people</p> <p>There is a need to increase net migration to provide labour resources to meet demand</p> <p>The restriction on post study work visas for international graduates is a barrier to accessing these skills, which could be exacerbated depending on the detail of negotiations to exit the EU</p>	There is no influence of immigration policy by cities, and particularly internationally competitive city regions such as Aberdeen	<p>Working with the Governments, and HE sector, influence over post study work visa policy would ensure access to international talent and skills</p> <p>Opportunity for greater net migration into cities to boost productivity and economic growth</p> <p>Talent attraction/ retention</p>	Yes but this is a Scottish and cities issue and therefore the Council could contribute through existing networks such as Scottish Cities Alliance
Welfare	Scotland Act 2016	Reform of funding and delivery of welfare has been enacted that will result in £2.6bn of the welfare budget being devolved to Scottish Government. This represents 15% of benefit expenditure to Scotland, and	Replacing the current Work Programme with another centralised system would represent a lost opportunity.	Councils are well-placed to lead delivery with the appropriate level of resource of the significant changes to be introduced in Scotland	Yes and in relation to responding to the impact of the Scottish Government assuming devolved welfare powers and delivery of a

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)	'Benefits'	Priority for Aberdeen
		<p>has more of a focus on non-WA benefits</p> <p>Universal credit will remain reserved. Scottish Government will need to work with cities and regions on a new model</p> <p>Reduced budgets on Work Programme will result in an immediate funding gap in delivery of welfare</p>		<p>Decision making for socio-economic development powers, along with resources, would give a more localised solution to inclusive economic growth targets</p>	<p>new Scottish Social Security Agency</p>
Housing	D	<p>Cities and surrounding regions have a key role in delivery of the Scottish Government's affordable housing targets (50,000 new homes in the next 5 years)</p> <p>£20m of the Government's £50m infrastructure fund is earmarked and committed to Aberdeen and the North East of Scotland (flexible grant/ loan); five-year certainty on affordable housing grant</p> <p>Additional levers may be needed - influence on the prioritisation of projects and investment plans, including first refusal of all public sector land for housing</p>	<p>Threatens the deliverability of Scottish Government targets</p> <p>Difficulty to compete for talent attraction and retain talent/ skills to enable economic growth</p> <p>Piecemeal development of wider public sector estate into housing sites</p>	<p>Already strong relationships between cities and Scottish Government</p> <p>Local administration and delivery of national policy more likely to deliver national targets</p> <p>City-to-city working and at regional level more likely to realise scale of regional housing supply</p> <p>Investor/ developer confidence raised, and key role in delivery</p>	<p>Yes – consider as development of housing proposals under proposals the Scottish Government announced as part of the Aberdeen City Region Deal could provide city and regional delivery</p> <p>(See also Council Report August 17 on Affordable Housing Delivery)</p>

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)	'Benefits'	Priority for Aberdeen

2. Fiscal Powers

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)/ consideration	'Benefits'	Priority for Aberdeen
Tourism Levy	D (new tax)	<p>This would be a new lever to Aberdeen city and would involve a levy on tourists staying in hotels of c£1 a night for each hotel room occupied. The revenue made could be reinvested in cultural assets, help fund the Destination Marketing Organisation and/ or used to fund tourism/ event related activities</p> <p>Needs further analysis by VisitAberdeenshire and partners to understand better the effect on demand and hotel occupancy</p>	<p>Lack of investment in in the well-being of the place (public realm etc.)</p> <p>Pressure across partners to identify budgets for tourism/ leisure/ culture investment</p>	<p>There is an estimated 6,000 hotel rooms in Aberdeen.</p> <p>We also estimate c3,000 rooms in 'future pipeline'. Based on a modest occupancy rate of 60% (from monitoring monthly occupancy rates), a potential levy would attract c£2.0m annually. This does not include any cost of administration of such a scheme.</p>	Yes – and in context of consideration by other cities
Local Income Tax	D	<p>For Aberdeen, the benefit from investment often accrues to the Scottish Government and UK Government via income tax.</p> <p>HMRC report £933m revenues were raised in Aberdeen City from income tax in 2013/14. Retaining 25% of income tax, as proposed by the</p>	<p>Misalignment between spending and direct benefits could constrain realising of economic ambition and impacting the sustainability of public finances.</p>	<p>Depending on nature of settlement, revenues could be used to invest in social infrastructure</p>	Yes, but further analysis required on understanding where tax is generated – e.g. work-place (cities) or residence-place boundaries and the effect on other areas/ travel to work/ learn

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)/ consideration	'Benefits'	Priority for Aberdeen
		Scottish Government, could see Aberdeen City Council take on around £235m of revenue per annum (Edinburgh, £405m; Glasgow £219m, Dundee £50m).			areas
Capital Gains Tax	R	<p>Given its close links to income tax the devolution of Capital Gains Tax could be considered along with proposals for local retention of income tax.</p> <p>We estimate that £13m per annum is generated from Aberdeen City Council area based upon a population share.</p>	Misalignment between spending and direct benefits could constrain realising of economic ambition and impacting the sustainability of public finances	<p>Capital Gains Tax generated £293m in 2014/15 in Scotland.</p> <p>Revenues could be ring-fenced for social-housing and/ or public realm</p>	Considered in context of local income tax retention above
Reformed Council Tax	D	<p>The link between infrastructure investment and the additional tax accrued from investment is not clear, and for cities, the benefit often accrues to neighbouring authorities via council tax distribution.</p> <p>Council tax currently accounts for £105m of Aberdeen City Council's revenue per annum, with an existing freeze in Council Tax being lifted in 2017 and councils being given the freedom to raise the rate by 3%. The tax represents 17% of Local Government funding.</p>	This misalignment between investment in economic infrastructure and distribution of the financial benefits impacts on the sustainability of public finances	Further analysis needed in context of potential changes, and the wider Council budget. However, likely that the redistribution of revenues from any changes would be invested into delivery of frontline services	Yes – Not key to the economic growth drivers on assumption it is ring-fenced for frontline service delivery. The future of Council Tax in Scotland remains uncertain with the Commission for Local Tax reform recommending a series of potential changes including a greater alignment of the tax with property values and

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)/ consideration	'Benefits'	Priority for Aberdeen
					land values.
Property Tax	D	<p>Councils can lobby for devolved discretion over elements of the Land and Building Transaction Tax.</p> <p>Affordable housing and particularly targeting 'key workers' is a key strand of the Regional Economic Strategy (RES).</p> <p>LBTT raised £200m on residential transactions and £214m from non-residential transactions in Scotland in 2015/16.</p> <p>This equates to £17m per annum generated from Aberdeen City Council area based upon a population share.</p>		Proceeds could be used to support development of affordable housing/ related frontline services	<p>Yes – but could be taken forward as part of the housing proposals under the additional commitment by the Scottish Government to affordable housing as part of its additional investment alongside the City Region Deal.</p> <p>The Scottish Parliament's Finance Committee will conduct an inquiry, during 2016, into the first year's operation of the tax. Council officers will seek to represent the views of the Council through this inquiry.</p>
Congestion/ Parking levy	Local decision (new tax)	Precedent – no congestion charges or parking levies currently operate in Scotland.	Reducing the number of cars in the City Centre is a priority	If introduced, revenues from a scheme could be ring-fenced for improving public transport or incentivising	Yes – could be considered within the Strategic Parking Review being

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)/ consideration	'Benefits'	Priority for Aberdeen
		Nottingham operates a Workplace Parking Levy that generates £9m annually based on £379 for each car parked for employers who provide 11 or more 'liable' places. Applying this methodology to Aberdeen, around £6m per annum could be generated		other sustainable modes within the city centre area	undertaken as part of the Council's City Centre Masterplan Further analysis would be needed to understand the effect on businesses and people working in the city
Non-Domestic Rates	D	Devolution of business rates in England by 2020 provides a precedent for future consideration in Scotland. Potentially three 'asks' to support the occupation of new empty commercial and industrial property and support inward investment: - Setting / varying the poundage rate locally to incentivise private investment. - Application of rates relief – local control. For example, new but unoccupied properties and new build properties already benefit from New Start rates relief for up to 18 months. Extending may be justified on the basis of attracting business relocation to the area - increasing NDR income in the	Potential displacement and substitution effects need to be understood – city-to-city and in neighbouring administrative areas Business need consistency in setting rate across Council areas	Any ringfencing could be used to accelerate other key business infrastructure – e.g. digital technology infrastructure	Yes but should be considered on a regional/ national basis and discussed with neighbouring councils Consider in context of Community Empowerment Bill

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)/ consideration	'Benefits'	Priority for Aberdeen
		<p>medium term but attracting jobs and demand for houses in the short-term.</p> <p>- Ring-fencing of collected rates in the City / Region</p> <p>Non-domestic rates in Scotland raised £2.8bn in 2015/16, 23% of total council funding. In Aberdeen, non-domestic rates raised £0.21bn in 2015/16, 47% of total council funding.</p>			
Climate Change Levy	R	<p>The climate change levy is one of a number of energy taxes in the UK. The levy is closely linked to emissions targets and energy policy. Its aim is to provide an incentive to increase energy efficiency and to reduce carbon emissions and the revenue from devolving the tax could be used more effectively if it were captured locally and invested in low carbon and fuel poverty initiatives.</p> <p>A proportion of the Climate Change Levy raised in Scotland based on Aberdeen City and Aberdeenshire's share of Scottish GVA (14.8%) suggests Aberdeen City and Shire account for £19m of the overall £131m</p>	Differences in the climate change levy across the UK may give rise to economic distortions whereby activity that produces emissions is moved to lower tax jurisdictions.	If introduced, any additional revenues could be ring-fenced for low carbon projects	Yes – relevance in relation to track record in this area, and diversification plans within the wider energy sector

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)/ consideration	'Benefits'	Priority for Aberdeen
		<p>Scotland pays towards the levy.</p> <p>Aberdeen City share is likely to be around £9m per annum</p>			
Airport Passenger Duty	D	<p>Internationalisation is a key strand of the RES, and global connectivity from the North East of Scotland must be maintained/ enhanced</p> <p>Councils could argue for the authority to set the rates locally to increase affordability of our air travel to and from a City Region, incentivising people to come and go from that airport and increase the economic viability of new routes, both supporting the area's attractiveness to business and leisure tourists.</p> <p>A related ask could be to retain an element of the Duty locally for reinvestment in related air travel infrastructure and route development</p> <p>EY estimates that £305m of Air Passenger Duty is raised in Scotland.</p> <p>In 2015 there were 1,494,849 departing</p>	<p>While it could be advantageous to Aberdeen, it could disadvantage neighbouring airports and regions at the Scottish level.</p>	<p>Aberdeen Airport is more price competitive than competing areas</p> <p>Revenues from any retention could be ring-fenced for investment in related infrastructure/ route development</p>	<p>Yes - should be considered and particularly in response to current economic downturn</p>

Lever	Status	Ask/ Rationale	'Costs' (of not devolving)/ consideration	'Benefits'	Priority for Aberdeen
		terminal passengers from Aberdeen airport and this equates to Aberdeen airport generating an estimated £20.6m per annum in APD.			

The work by the Scottish cities also noted a number of other taxes in the 'menu' that it concluded were less of priority areas at this stage. Areas for future discussion included:

- VAT
- Aggregates Levy
- Betting/ Gaming duties
- Corporation Tax
- North Sea Oil Fund
- Fuel Duty
- Inheritance Tax
- Insurance Premium Tax
- National Insurance Contributions
- Tobacco/ alcohol duty
- Vehicle Excise Duty

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	17 th August 2016
DIRECTOR	Pete Leonard
TITLE OF REPORT	Affordable Housing Delivery
REPORT NUMBER	CHI/16/181
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

Council at its meeting on 25th February 2016 agreed to “instruct the Chief Executive to bring forward to the Communities, Housing and Infrastructure Committee proposals for the Council to accelerate the delivery of affordable and social housing within the Aberdeen city boundary utilising all relevant fiscal mechanisms, including asking the Scottish Government to use their devolved powers to help support these opportunities and to report back to Council at its meeting in August 2016”.

This report provides the background on the extent of affordable housing in the city, the current delivery mechanisms and potential future issues.

2. RECOMMENDATION(S)

It is recommended that the Council:-

1. Note the content of this report
2. Instruct the Chief Executive to develop specific actions to accelerate the delivery of housing in the city and report any actions which need agreement by Council to its meeting in December 2016.

3. FINANCIAL IMPLICATIONS

No direct financial implications arise from this report.

The report provides information on a number of the financial issues associated with the delivery of affordable housing.

4. OTHER IMPLICATIONS

The increased provision of good quality affordable housing will make a significant contribution towards tackling the housing need identified in Aberdeen and in particular increase provision of housing for homeless households.

5. BACKGROUND/MAIN ISSUES

The report highlights key issues impacting on the delivery of affordable housing, current affordable housing stock, current new build projects and funding issues.

5.1 Organisational roles in delivering affordable housing

The City Council has a number of roles in the delivery of affordable housing;

- as a landlord with a new build programme within a 30 year business plan;
- as a partner in Shaping Aberdeen Housing LLP it is delivering new affordable housing;
- as the housing authority it is responsible for directing Scottish Government Affordable Housing Grant through the Strategic Housing Investment Plan liaising with RSLs and developers, preparing a Local Housing Strategy (LHS), Housing Needs and Demand Assessment (HNDA) etc;
- as the housing authority it can assist all housing delivery organisations by co-ordinating services and working to maximise delivery;
- as a funding organisation it is responsible for disbursing grant to RSLs;
- as the planning authority it is responsible for ensuring a Local Development Plan and associated Affordable Housing Policy is in place and for processing planning applications;
- as a land owner it ensures that land in the council ownership is used to deliver affordable housing.

Scottish Government

The Scottish Government is the main grant funder for affordable housing to the City Council and RSLs for their new build programmes; It sets national housing and planning policy frameworks to enable the delivery of housing

Registered Social Landlords (RSLs)

RSLs are a direct provider of affordable housing as a landlord with new build programmes.

Grant funding from the Scottish Government and City Council are required to deliver housing at affordable rent levels. RSLs undertake

private borrowing to cover the rest of the delivery costs ensuring that they are in financial position to achieve this. Due to market values for land in Aberdeen most of their new build programme is in partnership with developers as open market land values are normally too high to facilitate the delivery affordable of housing.

Housing Developers

A number of housing developers operate in the Aberdeen Housing market. Their affordable housing obligations are normally delivered by sale of units to RSLs or as Low Cost Home Ownership to individual households. It is essential that developers are supported to build housing for the market, without market housing their delivery of affordable housing would not happen.

Infrastructure Delivery Organisations

Scottish Water delivers public drinking water and sewerage services as a public sector corporation. Scottish Water is accountable to Scottish Ministers and through Ministers to the Scottish Parliament. Delivery of capacity through Scottish Water for new housing developments is critical to facilitating new affordable housing delivery.

5.2 Existing Affordable Housing Stock

Details of the existing affordable housing stock is provided at Appendix 1.

There are 26,787 affordable units within the housing stock of 114,234 (NRS) in the city which equates to 23.4% of the total housing stock.

5.3 Housing Needs and Demand Assessment

The Scottish Government requires that development plans and local housing strategies are informed by the preparation of a housing need and demand assessment. The HNDA estimates the future number of additional homes to meet existing and future housing need and demand. It also captures information on the operation of the housing system to assist local authorities to develop policies on new housing supply, management of existing stock and the provision of housing-related services.

Its purpose is to provide a robust, shared and agreed evidence-base for housing policy and land use planning and to ensure that both LHSs and Development Plans are based upon a common understanding of existing and future housing requirements.

The HNDA also provides a calculation for the number of additional affordable housing units required to meet the need for affordable housing. To meet this requirement an annual need for an additional 415 affordable units has been assessed over a 10 year period (2011).

The HNDA is currently being updated by Aberdeenshire Council, Aberdeen City Council and the Aberdeen City and Shire Strategic Development Planning Authority.

5.4 Future affordable housing delivery

Aberdeen City Council as a landlord should ensure that it maximises its own delivery of affordable housing within the financial parameters of its 30 year business plan. This will include reviewing land opportunities in the ownership of the Council, other public sector bodies and in private ownership. This review could also highlight opportunities for Shaping Aberdeen LLP and RSLs to deliver further affordable housing beyond those opportunities which already have a committed deliver.

5.5 Strategic Housing Investment Plans

The Scottish Government Affordable Housing Supply Programme for the delivery of new build RSL and Council housing is managed in association with local authorities. Local authorities are responsible for preparing Strategic Housing Investment Plans (SHIPs) which are part of the Local Housing Strategy (LHS) process and set out the key development priorities in each local authority to inform Scottish Government housing investment decisions.

The SHIP then becomes the investment programme jointly agreed between the Council and Scottish Government directing the grant allocation to specific new build projects.

The Communities, Housing & Infrastructure Committee receive regular reports seeking agreement to new projects being added to the programme. The SHIP is therefore able to respond to new delivery opportunities as they arise.

Increased grant levels for RSLs and Councils were announced in January 2016 which will help ensure projects are deliverable.

	Old Grant Level	New Grant Level January 2016
Social Rent	£58,000 (3 person equivalent, benchmark)	£70,000 (3 person equivalent, benchmark)
Mid Market Rent	£30,000 (3 person equivalent, benchmark)	£44,000 (3 person equivalent, benchmark)
Council	£46,000 flat rate	£57,000 flat rate

To reflect this grant increase the overall investment budget for Aberdeen was also increased and certainty for this funding over a 5 year provided as part of the £254m Scottish Government funding announced along with the City Region deal. The 2014/15 budget was £6.176m.

This 5 years funding is at a higher level than published for other local authorities for the period 2017/18 – 2019/20 due to the City Region deal position. The figures for Aberdeen are shown below

	RPA £m	Minimum RPA £m
2016/17	10.956	10.956
2017/18	9.945	8.765
2018/19	9.945	6.574
2019/20	9.945	4.382
2020/21	9.945	Not yet published

One significant issue remains with the Affordable Housing Funding process which is that it is managed as an annual budget with no carry forward of funds available. As with all building projects affordable housing delivery can take longer than planned. Where a project is programmed to draw down funds in a financial year but this is not achieved, this funding can not be transferred to the next financial year. To utilise these funds another project needs to be able to take forward earlier spend than programmed. Programme management by RSLs and the Council new build teams and a close working relationship with developers is critical to ensure full utilisation of funds.

Currently there are potential projects to spend £15 - £21m this financial year but Scottish Government expenditure is limited to the grant of £10.956m. If this funding shortfall can not be addressed then development opportunities could be delayed or lost due to a lack of certainty over their funding. This could be resolved by the Scottish Government identifying further funding for the city as soon as possible.

5.6 Discretion To Reduce Council Tax Discount On Second Homes And Long-Term Empty Properties

From 1 April 2005 Ministers granted local authorities the discretion to reduce or retain the council tax discount on second homes and long-term empty properties. Aberdeen City Council has used this power and the additional income is retained locally and used as grant funding for RSLs and the Council for the provision of new-build affordable social housing.

Income received to date and current commitments are shown below.

	£
Income	13,580,835
Paid	6,129,861
Commitment	<u>2,438,141</u>
Available Balance	5,012,833

This Council Tax Discount reduction provided an income of £1.527 million for 2015/16. Based on current void rates in both the private and public sector, projected annual income is assumed to be around this figure, but shall be closely monitored every year and assumptions adjusted accordingly. These funds are disbursed by the Communities Housing & Infrastructure Committee to support the delivery of affordable housing. As projects come forward these monies will be of particular assistance as there may not be sufficient funding or certainty of funding from the Scottish Government.

5.7 Section 75 Affordable Housing contributions

Section 75 agreements (under section 75 of the Town and Country Planning (Scotland) Act 1997) negotiated through the planning process with Housing Developers may, on occasion, require that the developer makes a financial contribution toward affordable housing rather than delivering affordable housing on the specific site to which the planning permission applies. Such agreements to date have provided an income detailed below. Agreements are in place to provide an anticipated income of £1.77 million during 2016/17 with agreements currently being negotiated to provide a further anticipated income of £1.5 million.

Section 75	£m
Income received	4,464,434
Interest received (to 31.3.16)	163,501
Grants paid to RSLs	2,301,640
Commitments to RSLs	<u>1,826,028</u>
Available Balance	500,267

The funding received comes with a requirement to be spent within 5 years of receipt, with the money held in an interest bearing account. The Council has used all funds received up until July 2012. There is therefore no likelihood that any money would have to be repaid to developers, permitting the Council to disburse further grant up until July 2017.

In negotiating onsite affordable housing through the planning system it is important that the Council can assist in the delivery of the finance required by RSLs to acquire completed properties from a developer.

5.8 Strategic Housing Investment Plans

The current plan is detailed at Appendix 2

5.9 Shaping Aberdeen

The availability of housing, including the cost, in both the rental and buying markets, is a fundamental problem and is recognised as one of the key priorities of Shaping Aberdeen.

Shaping Aberdeen will support and under pin these priorities by delivering the following numbers of affordable housing units starting in 2017:

- A new, Council led development pipeline, which will deliver an additional 1026 units.
- The establishment of a joint venture company with a development partner to ensure delivery

On 8th October 2015, the council selected housing developer Places for People Group Limited as preferred bidder to deliver this step change in the supply of affordable housing. The partnership deal was signed on 22 March 2016 and a company in the name of Shaping Aberdeen Housing LLP has been formed.

The deal follows a commitment in the local authority's Strategic Infrastructure Plan (SIP) to start building 2,030 homes by 2017, including those from the new pipeline and those in the SHIP.

Shaping Aberdeen LLP will build, own and manage housing for rent targeted at a range of needs, which include key workers on modest incomes.

5.10 Infrastructure Fund

The Scottish Government has introduced a new five-year Housing Infrastructure Fund with up to £50m available in 2016/17.

They have recently announced that the fund will support the delivery of housing through the use of financial assistance. While all types and tenures of housing are eligible for support, the Scottish Government has prioritised those projects delivering affordable and private rented housing within the next five years.

The fund will operate at a national level and will be managed and administered by the Scottish Government. As part of the £254m Scottish Government funding announced along with the City Region

deal, £20m of the £50m has been ring fenced to Aberdeen City and Aberdeenshire.

Local authorities have been invited as part of the development of their Strategic Housing Investment Plans to identify priority housing sites that could, with support from the fund, be unlocked to bring forward housing within the next five years.

The Housing Infrastructure Fund comprises two main elements:

- Infrastructure loans (to non-public sector organisations)
- Infrastructure grant available to local authorities and registered social landlords (RSLs) to support affordable housing delivery

Housing Infrastructure Grant will be available to local authorities and RSLs for the delivery of affordable housing sites where the scale and nature of infrastructure costs would prevent it from being supported through the Affordable Housing Supply Programme.

Previous Infrastructure Funds have been made available without any draw down of monies in this area. This is disappointing as infrastructure continues to be identified as a significant factor limiting the delivery and development of many of the larger housing sites.

The City Council will therefore work with Aberdeenshire Council, Scottish Government, RSLs and developers to identify appropriate projects where grant or loan funding could be utilised with the greatest economic benefit for the area.

The £20m infrastructure funding is welcomed but a longer term plan to deliver infrastructure requirements has to be the outcome with the necessary funding secured for local priorities. The infrastructure funding offered at a project level does not provide a holistic approach to resolving the issues.

Individual discussions with developers will take place to ensure that all appropriate opportunities to utilise the infrastructure funds are considered and to refocus a coordinated strategic approach to the delivery of new housing in the city ensuring that the Council works to support and accelerate housing delivery which in turn supports the delivery of affordable housing.

5.11 Aberdeen City Council Planning Policy – Affordable Housing Supplementary Guidance

Policy H5

Housing developments of 5 units or more are required to contribute no less than 25% of the total number of units as affordable housing.

The affordable housing is secured as part of a Section 75 agreement and is delivered directly as Low Cost Home Ownership by the developer, by sale of units to a RSL or in a design and build contract to a RSL for delivery as rented accommodation.

When residential land opportunities come on the Aberdeen housing market the land values are higher than RSLs are able to pay to allow the delivery of affordable housing within the previous and new grant regimes. Most of the delivery of affordable housing by RSLs has therefore been as part of these Section 75 agreements. The affordable housing policy has therefore been and will continue to be a very important mechanism for the delivery of affordable housing in the city.

This reliance on developers taking forward sites and agreeing the affordable housing delivery with RSLs has also created issues as the timing and speed of delivery is largely outwith the control of RSLs which when set against annual grant budgets from the Scottish Government adds further difficulties.

The existing challenges in the local housing market also has an impact by providing greater uncertainty on when developments will commence and the speed at which affordable housing may be delivered.

However, there are also opportunities to see the delivery of affordable housing earlier on a site when a RSL can fund such opportunities. When a RSL is buying property they will normally pay for the delivery as it is being built which could provide a cash flow for the developer in advance of market sales which are paid for on settlement.

5.12 Emerging Policy – Aberdeen Local Development Plan 2016 & Supplementary Guidance

Due to the challenging nature of the market and the reliance on planning policy to secure affordable housing, every effort is being made to broaden the spectrum of opportunities. As part of ongoing engagement with the development industry, through the Affordable Housing Forum, the proposed Supplementary Guidance for the 2016 LDP, due for adoption in January 2017, has looked at a number of other opportunities to deliver affordable housing. These include:

1. Alternative methods for delivering affordable housing such as Off-Site delivery are being considered. Other options such as banking affordable housing which is provided up front against future market housing is also being considered, but does require further discussion.
2. An increase of the level of commuted payments on a banded basis across the city, ranging from £35,000-£85,000. This is an increase from the current figure of £25,000.
3. The inclusion of both Student Accommodation and Key Worker Accommodation within the guidance with an understanding developers of this accommodation will be exempted from having to

provide affordable housing. While this does not provide additional affordable housing units it does relieve pressure on the more affordable end of the housing market, in the case of student accommodation, and makes the delivery of key worker accommodation more attractive to non housing organisation like the NHS/universities to deliver.

4. Greater guidance being provided about what information is required at the planning stage to help speed up the process of agreeing S75's and help design out problems which may impact on the delivery of affordable housing.
5. Clarity on when a reduction in affordable housing contribution is sought in the new guidance. It is clear that only where the actual viability of the development is at risk will a reduction be considered. In such cases a full financial assessment of the development will be required.

All of the above is aimed at providing clarity and speeding up affordable housing delivery.

Areas for continued improvement and further investigation

It is also recognised that there are other areas where the service can improve and work is underway to address a number of topics including:-

Earlier engagement

It is clear that one of the most valuable tools available to the planning service is early engagement. While this is something which the council actively seeks, it is not always availed of by the development industry. Within the revised guidance we have emphasised the importance of early engagement and have stated that where alternative options for the delivery of affordable housing are being proposed, such as offsite delivery, they will only be considered where early engagement takes place. The planning service will also continue to communicate this directly to applicants and through the affordable housing forum.

More clarity

As noted earlier work is ongoing to provide greater clarity both within supplementary guidance and the planning process more generally. The purpose of this is to speed up the determination of applications and S75 legal agreements. It is noted however that this can only work where the development industry works with the planning service to both provide the information required and engage with the development industry at an early stage.

S75 & Planners Reports

Work is already underway examining ways to provide more information within the planners report in relation to developer obligations, including affordable housing. The purpose of this is to provide greater clarity before an application is determined about the detail of how the affordable housing policy will be satisfied.

Additional delivery options

As mentioned earlier while a number of delivery options are included within the guidance, the Planning and Housing services will continue to examine any alternative method of securing affordable housing through the planning process. Discussions are already underway through the Affordable Housing Forum, and alternatives such as banking affordable housing units are being considered before a wider discussion with elected members.

Site acquisition

An alternative option for securing affordable housing contribution is for the developer to offer the equivalent portion of the site to the Council or an RSL for those parties to deliver the affordable housing. This may be beneficial where an RSL, the Council or the Council's joint venture company has capacity to deliver these units. In such cases it could significantly speed up the delivery and allow greater control over the type and tenure of units to be provided.

Unlocking Development Potential

While not solely a planning issue, there may also be opportunities through the developer obligations process and the City Region Deal to support the opening up of sites where initial infrastructure investment is required. This could be of interest where it provides the opportunity to unlock larger sites, particularly where it provides access to council owned land which could be developed for affordable housing. Work on this is currently underway across a number of services and with the Scottish Government.

5.13 National Planning Review

In September 2015, an independent panel was appointed by Scottish Ministers to review the Scottish planning system. The panel was tasked with bringing together ideas to achieve a quicker, more accessible and efficient planning process.

On the 31st of May 2016 the panel produced a report with recommendations called, "Empowering Planning to Deliver Great Places". This report was considered by the Scottish Government and on the 11th of July 2016 it produced its response. Included in this was support for a number of recommendations relating to housing. While none were specifically aimed at delivering additional traditional affordable housing a strong emphasis was placed on the need to adapt and look at alternative delivery methods.

The report included *10 Immediate Actions* to "...demonstrate our commitment to the planning review and ensure the report has an immediate impact, ten key actions will be taken forward as a priority."

These actions included:-

1. Help local authorities to strengthen their skills and capacity for housing delivery in the short term through a range of measures including financial assistance where appropriate (Recommendations 13 and 16).
2. Finalise the draft advice on planning for housing and infrastructure delivery, including a clear definition of effective housing land which will be consistently applied within the current system. (Recommendation 13).

13. There is an urgent need to establish a clearer definition of effective housing land so that local development plans can move on from this to take a positive and flexible approach to addressing the housing land requirement for their area.

Much of the problem with defining whether or not land is suitable for housing development arises from ongoing confusion about what is needed to unlock development and specifically the definition of 'effectiveness'. Understanding development viability is essential to allocating effective land, requiring an open book approach by developers which is properly scrutinised. This will require planning authorities to have fuller access to expertise in development economics. Independent adjudication on effective housing land, much earlier in the plan preparation process, could significantly reduce conflict.

16. A programme of innovative housing delivery should be progressed in a way which is fully aligned with local development plans.

Planning needs to become more responsive to the diverse housing needs of Scotland's current and future population. This could drive a step-change in affordable housing provision and drive forward alternative models including self-build, private rented sector, off-site construction and energy efficient homes. Work with disabled people's organisations and building standards to innovate and embed accessible housing, and a proactive approach to expanding homes for the elderly are key priorities. It is, however, important to ensure that support for new sectors does not inadvertently provide opportunities to build mainstream homes which do not meet established needs. Where special measures are introduced to promote the private rented sector, an assurance of the retention of use in perpetuity would therefore, in our view, be essential.

Supported recommendations 13 and 16 from the initial report "Empowering Planning to Deliver Great Places".

From the recommendations supported by the Scottish Government it appears that they are placing greater emphasis on the deliverability of housing rather than simply on its allocation. They also appear to be willing to support this through improving skills within local authorities and direct financial assistance. Support is also shown for "innovative housing delivery" which may include "alternative models" for affordable housing.

A commitment to finalise the Draft Planning Delivery Advice: Housing and Infrastructure, which was consulted on earlier this year and which the Communities, Housing & Infrastructure Committee agreed a response to on the 15th March 2016, is also included. The guidance would see a significant increase in the work required at the site identification and allocation point of the Local Development Plan process. While the impact of this guidance could be beneficial, careful consideration will be required to examine its impact on the capacity and skills within the planning service.

5.14 Scottish Cities Alliance - Empowering Scotland's Cities

In June 2016, the Scottish Cities Alliance published "Empowering City Government." The report sets out a range of fiscal and non-fiscal levers that if devolved under a New Deal for Scottish cities would ensure that they continue to build on their current economic success and compete effectively with other cities at home and abroad. It includes specific powers around housing policies detailed below.

The housing issues have significant similarities to the issues identified in this report.

<p>Greater power for Scotland's cities to deliver Scottish Government's affordable housing targets</p> <p>The cities want to be consulted on new housing policies set at a national level</p> <p>The cities want new regional housing infrastructure funds to be administered locally, in addition to the national housing infrastructure fund</p> <p>Cities to have first refusal on all surplus public sector land for affordable housing.</p> <p>The cities want five year certainty over affordable housing grant.</p>	<p>Work as a cross city collective to accelerate the use of newly available tools and powers to increase affordable homes supply</p> <p>Work as the hubs of city regions to deliver solutions to unlock regional housing supply at scale</p>	<p>Planning authorities</p> <p>Scottish Government</p> <p>Registered Social Landlords</p> <p>Housing developers</p> <p>Communities</p> <p>Business (including financiers)</p>	<p>A better opportunity to achieve Scottish Government's target of 50,000 new affordable homes</p> <p>Acceleration of housebuilding across the cities which will attract and retain key talent and skills.</p> <p>A cohesive housebuilding strategy has the potential to create local skills in the construction market</p> <p>Better use of surplus public sector land could have a range of inclusive growth benefits, e.g. creation of affordable housing for veterans, elderly, etc.</p>
---	--	---	--

4.5.3 Delivering Scotland's Affordable Housing Targets

The proposal

The cities want greater powers and levers from Scottish Government to deliver Scottish Government's affordable housing targets.

The need for change

The Scottish Government's target of building 50,000 affordable homes across Scotland over the next five years will require a step change in the approach to housing development across the country. The Agenda for Cities report highlights that many will be built in Scotland's cities.

On 29th February, the Scottish Government announced a new national £50m infrastructure fund to unlock priority sites. The fund, to be administered at a national level, would consist of flexible grant and loan. The Scottish Government also announced that further innovative financing mechanisms are being explored to enable local authorities to deliver.

The cities recognise that the national fund is a welcome step in the right direction to enable Scotland's local authorities to deliver on the 50,000 new affordable homes target. However, to deliver such a step change in housing supply, Scottish local government will require a range of new tools and freedoms in relation to land supply, funding, financing and housing delivery.

The overarching view of the cities is that the current relationship between cities and Scottish Government housing teams is strong. Cities have strong links with Government departments and sit on influential committees such as the Joint Housing Policy and Delivery Group. Innovation in housing has been allowed to develop as evidenced by new models such as the National Housing Trust. However, greater development of this relationship and continuity with Scottish Government finance colleagues will be required in order to accelerate the roll out and use of new mechanisms going forward if Government ambitions are to be achieved.

The solution

The cities want:

- To be consulted on new housing policies set at a national level
- New regional housing infrastructure funds to be administered locally, in addition to the national housing infrastructure fund
- To have first refusal on all surplus public sector land for affordable housing
- Five year certainty over affordable housing grant

The cities will:

- Work as a cross city collective to accelerate the use of newly available tools and powers to increase affordable homes supply
- Work as the hubs of city regions to deliver solutions to unlock regional housing supply at scale

Benefits and impact

A range of benefits could flow from the proposed new approach to joint working:

- The impact of the proposed changes to working would be that cities carry greater confidence in the ability to meet Scottish Government's ambitious target of 50,000 affordable homes in the next parliament.
- Critically this confidence can be passed on to the private sector who will play a key role in the delivery of these ambitious targets. The housebuilding sector and investment market offer opportunities for critical mass in terms of delivery structures and funding models. The delivery of 50,000 affordable homes over the next parliament could require up to 150,000 private homes over the same period in order to create sustainable mixed tenure communities
- The acceleration of housebuilding across Scotland's cities is vital if they are to attract and retain the talent and skills to enable city economies to grow
- A key target for cities would be to create local skills in the construction market as opposed to the previous house building surge that saw a large amount of imported temporary labour. A more cohesive strategy and secure pipeline of housebuilding could reap significant benefits at the city level in terms of skilled job creation
- In addition, the cohesion delivered by better use of surplus public sector land could have a range of benefits in particular linked to inclusive growth. Specific examples could include MOD land being transformed into affordable housing for veterans and surplus NHS land being used to develop purpose built facilities for the elderly. This type of flexible and pragmatic approach to a wide range of housing needs would be unlocked by greater partnership working.

5.15 Scottish Government Advice

The Scottish Government has recently indicated that from conversations with stakeholders it believes that there may be additional resources, skills and expertise which might assist increase housing supply.

For example, some issues which have come up in conversations as being worthy of further consideration have included: support with legal expertise; project and programme management; procurement advice; technical skills to support compulsory purchase orders; and addressing particular issues in respect of specific housing development sites. The Scottish Government proposes to specify and put in place a flexible resource that can provide a range of assistance and which can be called upon when needed. We welcome this opportunity and will look to the assistance as appropriate to further the delivery of affordable housing in the city.

5.16 Key drivers and issues

The delivery of affordable housing requires access to land to allow the construction to proceed and appropriate levels of finance to deliver housing at an affordable value.

Availability of land in Aberdeen continues to be a critical issue with the market value for land higher than the value from which affordable housing can be delivered. This means that RSLs are not able to compete for the purchase of land with most of their delivery being in

association with developers where they have a planning obligation to deliver affordable housing. Only Sanctuary HA own land on which they can deliver affordable housing. This land is at Craiginches a site facilitated by the Scottish Government and at Donside where there are still some development opportunities.

The value a RSL can pay for land could be increased if their cash flow was increased by charging higher rentals or by greater levels of grant being provided. As detailed below the levels of grant per unit were significantly increased in January 2016.

A reduction in land values to make land more accessible for affordable housing is not strictly under the control of the government or the council as it is largely determined by market forces and their interaction with the Council's affordable housing policy.

The use of surplus public sector land is currently facilitating the delivery of affordable housing. Capturing future opportunities when Public Sector land is declared surplus will be of great importance in continuing the delivery of affordable housing.

The City Council is delivering housing at the former Smithfield Primary School site and at Manor Walk. These developments are being funded through the SHIP with additional grant funding having been agreed from the Income from the Reduced Council Tax Discount.

Shaping Aberdeen LLP is also delivering affordable housing on a number of sites which are owned by the City Council across the city.

At Craiginches the Scottish Government facilitated the purchase of the site from the Scottish Prison Service by Sanctuary Housing Association. They are now taking forward the delivery of 124 affordable housing units which are to be targeted at key workers. This project is being funded outwith the SHIP funding allocated to Aberdeen City.

Other than Council facilitated developments this is probably the first project solely delivering affordable housing on ex public sector land. Other public sector land has been disposed of for market housing delivery with an element of affordable housing delivered through the planning process. This disposal has been to the market to ensure maximum receipt for NHS, Universities etc to reinvest in their services.

There is currently a joint planning application by NHS and Grampian Housing Association for the delivery of 110 affordable units on a site owned by the NHS at the Foresterhill Campus.

Further work is required to ensure that such sites deliver the housing outcomes to the benefit of the city as a whole.

The Scottish Cities Alliance has an ask that "Cities to have first refusal on all surplus public sector land for affordable housing". This needs to go further with the land being available at an affordable housing value

to facilitate affordable housing delivery. The North East Public Sector Property Group also has a role to play in taking these issues forward.

The Scottish Government has indicated that the use of Compulsory Purchase Order powers for land could be considered where housing development is not progressing. This currently requires that the land be purchased at market value which makes the use of these powers unlikely when the aim is to accelerate the delivery of affordable housing. Is there a case for this market value requirement to be reviewed?

As a planning authority the Council is responsible for processing planning applications. Proposed changes to the planning system have been announced by the Scottish Government with the aim to help deliver more homes and speed up the planning process. This is welcomed and the Council along with other parties needs to be engaged in dialogue to deliver the best outcome from this opportunity. Whilst this will take time to deliver the Council needs to continue to determine planning applications in the current system.

The £20m infrastructure funding announced alongside the City Region Deal is welcomed but a longer term plan to deliver infrastructure requirements has to be the outcome with the necessary funding secured for local priorities. The infrastructure funding offered at a project level does not provide a holistic approach to resolving the issues. The Aberdeen City Region Deal Joint Committee should have the lead role in agreeing where the funds should be directed. Opportunities to utilise the £20m Infrastructure funds need to be developed to maximise the delivery of housing and the wider economic benefits that the funding can deliver.

Delivery of market housing must be supported to ensure affordable housing delivery as part of the Affordable Housing Planning process is delivered. Land allocated for future housing through the planning system needs to be able to deliver that housing effectively.

Annuality of Scottish Government funding for affordable housing is a limiting factor for the delivery of affordable housing. A move to a minimum 3 year rolling programme with the ability to carry forward funds would assist in the delivery of affordable housing which would also assist the government meet their own 50,000 affordable housing target. The Scottish Government grant available to the city for 2015/16 was £6.17m with an outturn of £4.796m. A number of projects which were forecast to draw down funding were delayed. The funding is an annual budget with no ability to carry forward to meet known commitments. With Scottish Government funding utilised for the purchase of the Craiginches site the total expenditure in the city was £9.198m. Currently the potential exists to spend £15 - £21m but this limited to the grant of £10.956m. If this funding shortfall can not be addressed this year then development opportunities could be delayed or lost due to a lack of certainty over their funding. This could be

resolved by the Scottish Government identifying further funding for the city as soon as possible.

The Scottish Government offer of Expert Advice should be used. They have indicated that the use of Compulsory Purchase Order Powers could be considered where development is not progressing.

5.17 Actions the Council can undertake to accelerate delivery of affordable housing

- The City Council use their resources to maximise delivery of affordable housing within the financial parameters of the Housing Revenue Account business plan;
- The City Council ensures that the £20m infrastructure fund for the City Region is discussed with all housing developers including Shaping Aberdeen LLP, the City Council and RSLs to identify opportunities to maximise its benefits with a view to ensuring longer term plans to deliver infrastructure meeting local priorities;
- The City Council ensures that a focused, coordinated strategic approach to the delivery of new housing in the city is adopted ensuring that the Council works to support and accelerate housing delivery which in turn supports the delivery of affordable housing;
- The City Council ensures that changes to supplementary planning guidance and the planning process locally are implemented as soon as possible to maximise the delivery of housing along with changes following the National Planning Review;
- The City Council supports the work of the Scottish Cities Alliance in seeking greater powers for Scotland's cities to deliver Scottish Government's affordable housing targets.

5.18 Actions the Council can pursue with the Scottish Government and other partners to accelerate delivery of affordable housing

- Work with Shaping Aberdeen LLP and RSLs to ensure they use their resources to maximise delivery of affordable housing within the financial parameters of their individual business plans;
- Work with the Scottish Government and other public sector partners to ensure the effective use of all surplus public sector land to maximise housing delivery;
- Work with the Scottish Government to ensure that when public sector land is declared surplus it should be available for purchase at affordable housing value if it is to be used for the delivery of affordable housing;
- Work with the Scottish Government to ensure that where CPO powers are used for land where the intended delivery is affordable housing that the purchase be at affordable housing values;

- Work with the Scottish Government to ensure its housing grant changes from annual funding to a minimum 3 year rolling fund to maximise delivery opportunities;
- Work with the Scottish Government to ensure that the grant funding shortfall identified for 2016/17 is addressed to ensure affordable housing projects are not delayed or potentially lost;

6. IMPACT

Improving Customer Experience –

The accelerating of housing delivery and in particular affordable housing will help meet the housing needs of the citizens of Aberdeen;

Improving Staff Experience –

Not applicable

Improving our use of Resources –

The accelerating of housing delivery and in particular affordable housing will help ensure that the most effective use of all financial and land resources is achieved.

Corporate -

SOA, National Outcome 10, “We live in well-designed, sustainable places where we are able to access the amenities and services we need”.

- Work with Registered Social Landlords to develop affordable housing including 2,000 new affordable houses

The 5 Year Corporate Business Plan and Housing and Environment Business Plan housing priorities:

- We will build new houses to increase provision of affordable houses for the council
- We will play our part in partnership working on community safety, protecting vulnerable people , health and well being and other community planning priorities

Aberdeen- Smarter City Vision

- We will improve access to affordable housing in both the social rented and private sectors, by supporting first-time buyers, regenerating areas within the city and by working with developers to maximize the effective use of developer contributions.
- We will invest in the city where that investment demonstrates financial sustainability based on a clear return on investment

- We will work with partners to promote the city as a place to invest, live, work and export from.

Strategic Investment Plan (SIP) Outcomes

- To provide 2,000 new homes by 2017, of which 1,000 will be provided by the private and RSL sectors.

Public –

This report will be of interest to the public because it details the plans for the provision of affordable housing– something that greatly impacts on the lives of people in Aberdeen.

7. MANAGEMENT OF RISK

If the Council does not approve this report there is a risk that the provision of new affordable housing will not meet the housing needs identified for the City. Aberdeen City Council would not be able to meet the need for affordable housing in the City, which would result in a range of detrimental effects, including economic ones.

Any delay in the delivery of market housing is likely to impact on the delivery of affordable housing.

8. BACKGROUND PAPERS

Scottish Cities Alliance - Empowering Scotland's Cities

9. REPORT AUTHOR DETAILS

Graeme Stuart
Housing Strategy & Performance Manager
Email:- gstuart@aberdeencity.gov.uk
☎ 01224 523043

Existing Affordable Housing Stock

At 31st March 2016 the City Council owned an affordable housing stock of 22,098 units held on the Housing Revenue Account.

The 8 RSLs operating in the city had a combined 'social' rental stock of 4,561 with a small stock of mid market rent, shared equity and shared ownership properties.

RSL	Number of Properties
AHP	8
ARK	12
Blackwood Homes	81
Castlehill HA	976
Grampian HA	1295
Hanover HA	121
Langstane HA	1373
Sanctuary	703
Total	4,561

The National Housing Trust initiative currently provides 37 units as mid market rent housing.

Low Cost Home Ownership Properties delivered directly by house developers provides a further 86 units.

This provides 26,787 affordable units against a housing stock of 114,234 (NRS) in the city which equates to 23.4% of the total housing stock.

On 31st July 2016 the Right to Buy for those Council and RSL tenants who still had a tenancy which allowed this opportunity ended. The change in legislation was introduced to protect the remaining affordable housing. There will still be the potential for specific disposals of existing stock for management reasons in the future.

Strategic Housing Investment Plan

Project	Developer	Units - Tenure		Units - Completions	
		Social Rent	Mid Market Rent	2016/17	2017/18
Maidencraig Phase 1	Castlehill Housing Association	36		36	
Manor Walk / Park	Aberdeen City Council	80			80
Mugiemoss Road	Castlehill Housing Association	22	16	38	
Smithfield Primary School	Aberdeen City Council	99		99	
Countesswells Phase 2	Aberdeenshire Housing Partnership	35	34		69
Ashgrove Road	Langstane Housing Association		6	6	
Burnside Gardens	Grampian Housing Association		97	50	47
Eastneuk Pub	Langstane Housing Association	26		26	
Granton Place	Langstane Housing Association		6	6	
Mugiemoss Phase 2	Grampian Housing Association	20		20	
Summerhill Road	Langstane Housing Association	26		26	
Woodside	Sanctuary Housing Association	30	89		119
Cloverleaf	Aberdeenshire Housing Partnership	22	11	33	
Abbotswell Road	Aberdeenshire Housing Partnership	24		24	
Pittengullies Brae	Grampian Housing Association	8			8
Mugiemoss Road	Grampian Housing Association	11	2	13	
Loirston	Hillcrest Housing Association	23			23
Froghall Road	Langstane Housing Association	6		6	
Cloverleaf	Places for People		35	35	
Maidencraig Phase 2 South	Grampian Housing A Association	12			12
Total		480	296	418	358
Non SHIP Project Craiginches	Sanctuary Housing Association		124		124

Shaping Aberdeen LLP

East Woodcroft	LCHO	2016/17	14
Tillydrone	MMR	2017/18	92
Tillydrone	Social rent	2017/18	10
Craighill	MMR	2017/18	46
Craighill	LCHO	2017/18	20
Summerhill	MMR	2017/18	116
Greenferns	MMR	2018/19	75
Tillydrone	MMR	2018/19	92
Craighill	MMR	2018/19	30
Summerhill	MMR	2018/19	113
Greenferns	MMR	2019/20	292
Tillydrone	MMR	2019/20	92
Summerhill	MMR	2019/20	140

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank