

Public Document Pack



To: All Members of the Council

Town House,
ABERDEEN, 21 November 2025

COUNCIL

The Members of the **COUNCIL** are requested to meet in Council Chamber - Town House on **WEDNESDAY, 3 DECEMBER 2025 at 10.30am.** This is a hybrid meeting therefore Members can attend remotely.

JENNI LAWSON
CHIEF OFFICER - GOVERNANCE

B U S I N E S S

NOTIFICATION OF URGENT BUSINESS

1.1 No urgent business at this stage

DETERMINATION OF EXEMPT BUSINESS

2.1 No exempt business at this stage

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

3.1 Declarations of Interest and Transparency Statements

GENERAL BUSINESS

4.1 Housing Revenue Account Budget 2026/27 - CORS/25/278 (Pages 3 - 48)

EXEMPT / CONFIDENTIAL BUSINESS

5.1 No exempt/confidential business at this stage

IIAs related to reports on this agenda can be viewed [here](#)

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	3 December 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Housing Revenue Account Budget 2026/27
REPORT NUMBER	CORS/25/278
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Helen Sherrit
TERMS OF REFERENCE	2

1. PURPOSE OF REPORT

- 1.1 To provide elected members with information to enable the Council to approve a Housing revenue and capital budget for 2026/27, including setting of the rents and other charges on the Housing Revenue Account (HRA) for the financial year.

2. RECOMMENDATIONS

That the Council -

- 2.1 Approve the budget as attached in Appendix 1, page 2, of this report;
- 2.2 Approve the setting of the weekly unrebated rents, an increase of 12%, for municipal homes in Appendix 1, pages 3 to 4 of this report, to take effect from Monday 6th April 2026;
- 2.3 Note the level of revenue contribution to the Housing Capital budget for 2026/27 is £nil as detailed in Appendix 1, pages 27 to 29;
- 2.4 Note the proposed budget leads to a surplus for the year of £1.765m, which will increase the HRA working balances as at 31 March 2027, and this supports the approved strategy of restoring the working balances to 10% of HRA Revenue to meet future operational requirements and risks, noting that if the Housing Revenue Account records a deficit and has no reserves then the Council's General Fund must make a contribution to balance the Account;
- 2.5 Approve the level of miscellaneous rents and service charges, including Heat with Rent and the General Fund Support Services Charges as detailed in Appendix 1, pages 22 to 23, to take effect from Monday 6th April 2026;
- 2.6 Approve, based on a rental increase of 12% the Base Capital Programme for the financial years 2026/27, 2027/28, 2028/29, 2029/2030 and 2030/31 Appendix 1, pages 27 to 29;

- 2.7 Note the inclusion of the tiered trend analysis of the Housing Revenue Account Budget 2026/27, page 5 in Appendix 1, and the current actions to move spend from Tier 2 Early Intervention to Tier 1 Prevention;
- 2.8 Approve the permanent inclusion of a £1,000,000 Rent Assistance Fund from, 2026/27;
- 2.9 Note the results of the tenant consultation in respect of the move from a 48 week to a 52 week rent structure, alongside affordability considerations and determine whether to implement a change or to maintain the status quo, page 15; and
- 2.10 Delegates Authority to the Chief Officer – Corporate Landlord in consultation with the Chief Officer – Finance, Chief Officer – Capital and the Chief Officer – Housing to vire monies within the Housing Capital Plan to support any works that may be required to review the non-traditional housing stock and city centre multi storeys, retrospectively reporting any virement to the next available meeting of the Finance & Resources Committee as part of the Quarterly Financial Performance reports.

3. CURRENT SITUATION

Projected Out-turn 2025/26

- 3.1 In looking at the position for the next financial year it is useful to put into context the financial estimates for the current financial year.
- 3.2 The HRA budget in 2025/26 has a balanced budget, using £0.792m of HRA reserves. It is currently estimated to stay within budget this year, although this is not financial sustainable as there are several areas of pressure. There is a potential risk that there will be a further over spend in repairs and maintenance from the cost of materials, voids, and staff required to complete routine and statutory maintenance, maintain buildings to current national standards and return housing voids. At present, the higher costs currently anticipated are being offset by a reduction in management and admin costs. A review of the repairs and maintenance spend has been undertaken and is reported in Appendix 1 page 6.

Institutional Framework

- 3.3 The Council is required to give its tenants 28 days' notice of any change in the level of rent. With the decision on rent levels due to be taken on 03 December 2025, taking account of the various system amendments required, the change in rent levels will start on 06 April 2026.
- 3.4 The rent consultation was carried out from 20 October 2025 with a closing date of 07 November 2025 for responses. There were a number of questions asked regarding the priorities for spending the rent, whether rent paid represents good value for the home they in and the services they receive. Further details are included in Appendix 1, Pages 11 to 19.

- 3.5 This year there is no consultation on a longer term rent policy due to the level of uncertainty on inflation and the implications of the Housing (Scotland) Act 2025.
- 3.6 Officers have continued to bring forward annual rent increase decisions from March Full Council meetings to December. This approach ensures that we are in line with other services, internally and externally, in setting rents at the beginning of financial year in April and reduces the risk of potential failures in the system. It also ensures that we are maximising our rental income and removing potential losses to the HRA.
- 3.7 Schedule 15 of the Housing (Scotland) Act 1987 requires expenditure in the following main areas to be charged to the HRA:
- Capital Financing Costs in respect of monies borrowed for the purpose of providing and improving the Council's housing stock;
 - Management, administration and maintenance of the Council's housing stock; and
 - Other expenditure such as loss of rents for vacant periods, insurance, communal lighting and heating, cleaning and security.
- 3.8 Items of income that must be credited to the HRA are:
- Council house rents; and
 - Other income attributable to the HRA. For example, income recovered from tenants for heating, interest on revenue balances and, when available, transfers from working balances generated by the HRA in previous years.
- 3.9 In the absence of any central or local authority financial support for the HRA, the HRA is regarded as "ring-fenced". Consideration must be given to the level of capital to be financed from revenue (CFCR) within the HRA budget, as this will have an impact on the Housing Capital Budget and the affordability of capital expenditure in improving the housing stock. This report, therefore, whilst indicating a proposed HRA Budget, also provides information on the Capital Budget.

Underlying Strategy

- 3.10 The [30 Year Business Plan](#) presented to the Communities, Housing and Public Protection Committee on 11 November 2025 stated that to achieve a balanced position each year, a contribution towards reserves in year 1 and in year 2 allows a contribution to capital expenditure through CFCR, taking this approach would support a gradual reduction in debt charges. At year 5 the level of reserves would have achieved the recommended 10%. After year 2, this scenario would see CFCR at £5.8m, Year 3 at £13.5m, Year 4 at £24.6m and Year 5 at £31.5m. This level of increase would provide for alternatives, e.g. balancing contributions to capital with increasing more quickly. This would involve rent increases of the following –

Years	Annual % rent increase
1-5	12
6-10	10
11-15	8
16-20	6
21-30	4

- 3.11 As part of the consultation, ACC asked tenants if they would like to move from a 48 week to a 52 week rent structure, as this would help keep weekly rents lower, make it easier to budget, and match up better with benefit payments. Tenants provided mixed feedback, with no strong preference for either option. On balance therefore, it is considered that moving to a 52-week cycle would allow rent payments to be spread across the full year, which could help improve affordability and reduce financial pressure for tenants in the longer term.

Housing Market Overview

Local Housing Strategy

- 3.12 [Aberdeen City Local Housing Strategy](#) 2025-2030, agreed at the Communities, Housing and Public Protection Committee in August 2025, sets out our vision and priorities for the future delivery of housing and housing related services.
- 3.13 The Aberdeen City Local Housing Strategy 2025-2030 emphasises the importance of promoting health through housing by ensuring good quality, affordable, and energy-efficient homes. This includes providing homes with access to sufficient, well-maintained outdoor spaces, which better support mental and physical health outcomes.

To realise this priority, the [Housing Asset Plan](#), agreed at the Communities, Housing and Public Protection Committee on 11th November 2025, focusses on:

- Improving the condition of existing homes and carefully balancing investment in new homes with investment in older homes to improve the demand for older stock;
- Ensuring new-build homes are built to a high standard, but remain affordable and not allowing the investment in new stock to trigger an underinvestment of older homes;
- Increasing the supply of affordable housing in areas of greatest demand, including homes for varying needs (including wheelchair accessible homes), those who may have been hospitalised, those seeking asylum and homes for larger families;
- Reducing fuel poverty by improving energy efficiency across the estate and delivering on the recommendations of the Local Heat and Energy Efficiency Strategy (LHEES) to support the delivery of Net Zero Aberdeen;
- Ensuring Technology Enabled Care (TEC) is considered in the design of future specialist housing;
- Monitoring the demand for adaptations and work with partners to ensure they are available to support people to live independently;

- Continuing to meet national standards;
- Work to address the volume of housing voids; and
- Consider where to disinvest, for example properties in minority ownership.

Delivery of the Housing Asset Plan is dependent on the resources being made available. The Plan identifies that further investment is required in existing homes and carefully balancing investment in new homes and these requirements have informed this Report.

Private Rented Sector Market Update

- 3.14 As of Q3 2025, the average rent in Aberdeen City across all property sizes is £887 per month, which is a 2.1% increase on Q3 2024. This continues the upward trend seen in recent years, with a 24.2% increase since 2020. The rate of increase over the past 12 months has been highest for 4 bed properties with 3.3%, and 2 bed properties experiencing the least growth with 1%. Since 2020 however, the rate of increase for 1, 2 and 4 bed properties are all between 23-26%, whereas 3 bed properties are significantly lower at 17.9%.
- 3.15 59% of all properties are let within one month, with 4 beds generally being the slowest to let, with 49% let within a month, whereas 1 beds are the quickest to be let with 62% let within a month. This trend is similar when comparing with the percentage of properties that are let within a week.
- 3.16 The current demand for Council housing is borne out by the waiting lists which as of October 2025 have a total of 6,297 live applications for a council tenancy. Therefore, this is still an option for many, and demand is the highest for 1 bedroomed properties. Analysis shows that around 35% of applicants are currently living in a Council property, 15% are currently private tenants, 11% live in an RSL property and 10% are currently owner occupiers. Around 15% of applicants do not live within Aberdeen City, and there is some evidence that these external applicants may have submitted applications to multiple authorities.
- 3.17 The gap between housing applications and outcomes in 2023/24 (the last available data set) was better than the national average. 558 per 10,000 households are actively seeking local authority housing in Aberdeen City, compared to a national rate of 697 per 10,000. Aberdeen City is the 4th lowest of all authorities and is therefore more able to provide homes to those who request them than most. This would suggest that the rent levels remain attractive.
- 3.18 **Housing (Scotland) Act 2025 – Flexibilities for Local Authority Housing Revenue Account and General Fund – update**
- The Housing (Scotland) Bill completed Stage 3 in the Scottish Parliament on 30 September 2025, receiving Royal Assent on 06 November and becoming an Act.
 - Section 78 allows the transfer of funds into the HRA from the General Fund. Guidance will be issued by Scottish Government in due course on exactly how this will operate.

- It is clear though that HRAs must continue to operate as self-financing accounts, meaning rental income and related charges must cover all expenditure on managing, maintaining, and improving council housing stock.

Housing (Scotland) Act 2025 - Rental Controls for Private Rented Sector

- 3.19 There is an obligation on local authorities to report on their own rental markets by Spring 2027 to identify if there is a case for rent controls, which have been set at up to CPI + 1% to a maximum of 6% per annum. These controls will be applicable within and between tenancies, but Build to Rent and Mid Market Rent will be exempt.
- 3.20 The private sector appear relatively positive on the outcome of the act and the hope is now the uncertainty is over the sector will start to attract investment again after it was stalled by the rent freezes implemented three years ago.

Housing Capital Plan - New Build Council housing

- 3.21 Updates regarding the New Housing Capital Programme Delivery will be reported to the Communities, Housing and Public Protection Committee through the Housing Board Bi-Annual Report. The latest summary is provided in Appendix 1, Page 21.

Ongoing Capital Expenditure

- 3.22 The draft budget for 2026/27 and the following four years is attached as Appendix 1. This shows net expenditure of £118.530 million financed by £113.530 million of borrowing along with Other Income of £5 million.
- 3.23 This capital budget reflects and includes a rental increase of 12%. The details of the potential projects to be included in this programme are contained in Appendix 1, pages 27 to 29.

Reserves & Risk

- 3.24 The Council has a working balance; the HRA Reserve, which has been built up over several years created from surpluses achieved by the HRA. This reserve is necessary to ensure the HRA is financially resilient and can meet any unforeseen or exceptional circumstances for example inflationary pressures, or the emergence of new risks. In 2025/26 it was agreed to utilise £0.792m of the reserves to approve a lower increase in rents; 7.5% instead of 12% which followed on from the 2024/25 budget where it was agreed to utilise £3.161m of the reserves to approve a lower increase in rents; 4.7% instead of 8.5%.
- 3.25 Where a one-off solution, such as the use of reserves, can help fill a budget gap, enabling services to continue as currently delivered, due consideration must be given to the long-term implications, e.g. replacing the one-off income with recurring income or reducing costs. The Council's reserves statement, as approved by the Council in March 2025, identifies that reserves are primarily for financial resilience and financial risk management. The policy of the Council has been to increase the HRA reserve over time without being excessive, such that 10% of HRA Income is held in the reserve, which would be c.£13m. That policy has been challenged in both 2024/256 and 2025/26 by making use of reserves to support the budget. A rental uplift of 12% would allow a small

surplus of £1.765m, which would start to build back the working balance which would then continue to support financial resilience and protect the HRA from financial shocks, particularly as it is recognised that inflation is a constant.

- 3.26 Based on projected income and expenditure for 2025/26, the opening figure for 2026/27 should be approximately £7.413 million as detailed below:

Movement in Working Balances		£'000
Working balance as at 1 April 2025		10,889
Less: Earmarked sums (2024/25)		
Housing Repairs	(2,375)	
House Sales – Non RTB	(309)	(2,684)
Uncommitted Working Balances 1 April 2025		8,205
25/26 Use of working balance		(792)
Projected Uncommitted Working Balances 1 April 2026		7,413
26/27 Contribution to working balance		1,765
Projected Uncommitted Working Balances 1 April 2027		9,178

- 3.27 As shown above, the budget is expected to deliver a level of HRA reserve, working balance, equivalent to c.6.9%, and is progress towards restoring the working balance to 10% of HRA Income as per the policy objective. The retention of HRA Reserves cannot be understated given the role they play in good financial management, planning and resilience as well as being mindful of the terms that are set out in national guidance:

From the HRA guidance issued in 2014 “Under paragraph 9(2) of Schedule 15 to the 1987 Act, if a HRA deficit arises in any one year, the local authority must make a contribution to make good the deficit from the General Fund. Scottish Ministers consent is not required for this contribution. Prudent practice is for the local authority to hold HRA reserves (either as a specific reserve or an earmarked part of the General Fund reserves). HRA reserves are the result of years where the HRA income exceeds the HRA expenditure, i.e. a surplus rather than a deficit. These surpluses (reserves) will therefore be available to apply to the HRA in any year when a deficit arises negating the need for the General Fund contribution.”

Prudential Code

- 3.28 Councils are required by Regulation to have regard to the Prudential Code when carrying out their duties under Part 7 of the Local Government Scotland Act 2003.
- 3.29 In setting a capital programme, members will be aware that under the Prudential Code, the level of capital investment is determined at a local authority level. The base programme for consideration is £118 million. This is attached in Appendix 1 at pages 27 to 29.
- 3.30 The fundamental objective, in the consideration of the affordability of the Council's capital programme, is to ensure that the total capital investment of the authority remains within sustainable limits and in particular to consider the impact on the “bottom line”.

- 3.31 The Council's Prudential Indicators were most recently reviewed and presented to the Finance & Resources Committee ([CORS/25/243](#)) as part of the Quarter 2 Financial Performance report and will be included within the General Fund Budget report on 04 March 2026.

Business Plan

- 3.32 The [HRA 30 Year Business Plan](#) was presented to the Communities, Housing and Public Protection Committee on 11 November 2025 which concluded that the HRA cannot demonstrate that there is financial viability over the 30-year life of the Business Plan without rents increasing by 12% annually in the short term.

Impact of cost pressures 2025/26 and 2026/27 onwards

- 3.33 The HRA is coming under increasing pressure which necessitates taking a cost of service approach to rent setting and not an inflation based approach which has been affected by:
- Pay awards of 4% in 2025/26 compared to the budgeted 3% and 3.5% in 2026/27 compared to the budgeted 3%.
 - Increase in Employers National Insurance, of approximately £1,000 per employee.
 - Rent freezes in 2021/22 & 2022/23 resulting in a loss of £360m (in cash terms) over the 30 years. (Appendix 1, Page 17, shows we were one of the few local authorities who implemented a rent freeze for two years)
 - A continuing high level of spend being required on void properties driven by capital works, catch ups, construction costs, inflation and high turnover of properties. (11% of turnover locally compared to a national average of around 7%).
 - Spend on repairs & maintenance increasing year on year, and including insurance costs, planned maintenance, and compliance with national standards.
 - Increasing level of debt charges due to New Build Programme.
 - Future requirements for spend and decisions to be made in relation to the age and profile of the stock including managing outcomes from properties with multi-storey investment and other non-traditional properties.
 - Funding solutions to address the need to achieve / contribute to net zero and other energy performance improvements required to the stock for which no grant funding has been identified, and likely to increase costs to repairs and maintenance budgets considerably.
- 3.34 It should be noted that in accordance with the Housing (Scotland) Act 1987, section 210 (3) "In determining standard rents to which their housing revenue account relates, a local authority shall take no account of the personal circumstances of the tenants".

4. FINANCIAL IMPLICATIONS

- 4.1 Setting the budget for the HRA enables the housing stock to be managed in an effective and responsible way. The income supports in full the payment of ongoing costs of providing social housing in Aberdeen and incorporated costs of voids, debt charges, rent arrears as well as meeting the costs of repairing and maintaining the housing stock.
- 4.2 Given that the purpose of this report is to set the HRA budget for 2026/27 the financial implications are contained within the report and the attached Appendix.

5. LEGAL IMPLICATIONS

- 5.1 The Housing (Scotland) Act 1987 requires local authorities to maintain a Housing Revenue Account.
- 5.2 Section 25 (4) of the Housing (Scotland) Act 2001, states that a local authority: “..to increase the rents or any other charges payable by all, or any class of, its tenants it must, before giving notice under subsection (1)—
(a) consult those of its tenants who would be affected by the proposal, and
(b) have regard to the views expressed by those consulted”
- 5.3 Aberdeen City Council must comply with the public sector equality duty as prescribed in the Equality Act 2010. An Integrated Impact Assessment has been prepared to assess the impact of the proposed rent increases on persons with relevant protected characteristics and which will include the results of the consultation.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The budget proposed indicates several areas where energy improvements are recommended, or monies set aside to identify sustainable energy solution in the future.

7. RISK

- 7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Management of the Housing Revenue Account not	Through the Housing Revenue Account Business Plan	L	Yes

	<p>achieving intended strategic objectives.</p> <p>Audit, Risk & Scrutiny Committee on 12 Feb 24 refreshed the Risk Appetite Statement. The RAS sets out how the Council will balance its risks and opportunities in pursuit of delivering the outcomes set out within the Local Outcome Improvement Plan and associated strategies.</p>	<p>The recommendations and risk assessment carried out are consistent with the Council's RAS. Should Council be minded to depart from the recommendations, it is important in doing so that the Council considers the potential impacts across the organisation and on the Council's pursuit of strategic outcomes.</p>	M	
Compliance	Non-compliance with Housing Revenue Account Guidance.	Review process undertaken as part of budget process	L	Yes
Operational	Housing Revenue Account should be effective in enabling the most efficient method to provide housing to over 23,000 tenancies and maximising the efficiency of the account to provide Best Value.	Ensure Best Value is achieved for the 23,000 tenancies.	L	Yes

Financial	Every organisation has to manage the financial risks inherent in the operation of large and complex budgets.	These risks are minimised by the regular review of financial information by services and corporately by Elected Members.	H	Yes
	In relation to capital projects there is a risk that following the procurement process tendered costs will vary from that assumed at the time of project approval.	Quantification and review of indicative projects costs by suitable qualified staff or external body, where appropriate.	M	
	As the age profile of the stock increases there will be increasing repair and maintenance obligations and strategic decisions will be required on some property types. Solutions to this risk will be complicated by high levels of owner occupation.	Risk will be quantified through future 30 yr business plan and asset management model. Ongoing statutory compliance and stock survey work will manage short term risk.		
Reputational	The reputational risks to the	All staff and Elected Members advised.	L	Yes

	Council are minimised by the regular review of financial information by CMT, the Performance Board and Elected members throughout the Financial year.			
Environment / Climate	The budget proposed indicates a number of areas where energy improvements are recommended, or monies set aside to identify sustainable energy solution in the future. Not to proceed with this would create risks.	Risks minimised if report recommendations are approved	M	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2024-2025</u>	
	Impact of Report
Aberdeen City Council Policy Statement	Housing Revenue Account should be effective in enabling the most efficient method to provide housing to the over 23,000 tenancies and maximising the efficiency of the account to provide Best Value.
<u>Aberdeen City Local Outcome Improvement Plan 2016-26</u>	
Prosperous Economy Stretch Outcomes	The housing capital programme is delivering works on loft insulation, replacing old/obsolete boilers with modern equivalents, external wall insulation, heat

	pumps and photo voltaic panels all enhancing the energy efficient of homes which will assist tenants with affordable warmth. In addition the HRA Budget in 2024/25 introduced a Pilot Rent Assistance Fund the aim of which is to assist Council tenants facing financial hardship, in 2026/27 looking for approval to make this Fund permanent.
Prosperous People Stretch Outcomes	<p>The health outcomes for older people, people living with long-term conditions and people with disabilities is enhanced by the provision of accessible and adapted properties. The Strategic Housing Investment Plan includes a wheelchair accessible target of 15% of all new build affordable properties. The council's new build programme has delivered new wheelchair and accessible properties in excess of this target.</p> <p>The Council has a statutory duty to house those who are homeless or at risk of homelessness, with the Council's housing stock playing a key role in providing accommodation.</p>
Prosperous Place Stretch Outcomes	The council new build homes are some of the most energy efficient homes in Aberdeen which will contribute to addressing climate change.
Regional and City Strategies	The HRA is sustainable through the HRA business plan this delivers the sustainability of over 23,000 tenancies.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	New Integrated Impact Assessment has been completed.
Data Protection Impact Assessment	Not required.
Other	Not required.

10. BACKGROUND PAPERS

10.1 Benchmarking from Scottish Housing Regulators data sets

10.2 [Citylets Quarterly Report Q3 2025 – Aberdeen](#)

10.3 ALACHO HRA Business Planning Masterclass – Arneil Johnston

11. APPENDICES

11.1 Appendix 1 Draft Housing Revenue Account 2026/27 Budget

11.2 Appendix 2 Detailed Draft Housing Revenue Account 2026/27 Budget

12. REPORT AUTHOR CONTACT DETAILS

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Aberdeen City Council

Appendix 1

Housing Revenue Account

Rental increase

The analysis below shows the original budget for 2025/26, and the proposed budget forecast for 2026/27 taking into account known potential increases. This is based on a rent increase of 12% in order to maintain current service standards.

HRASummary	Budget 2025/26 £'000	Budget 2026/27 £'000	Reasons for Uplift and revision
Housing Staff Management & Operations	18,408	16,418	Confirmation of pay award
Property Planned & Response Maintenance	43,462	50,957	Confirmation of pay award
Other Operational Costs (Grounds/Cleaning etc)	17,651	19,685	Confirmation of pay award.
Cost of Repaying Borrowing	24,621	27,963	Reflects increase in debt and interest rate
Loss of Rent – Voids and Bad Debt	14,505	15,114	Uplift due to the potential rent increase of 12%
Total Expenditure	118,645	130,136	
Council House Rents	(112,214)	(125,679)	Reflects uplifts in rents from 7.5% to 12%
Misc Rental (Including Heat with Rent, Garages etc)	(5,639)	(6,222)	
Total Income	(117,854)	(131,901)	
Net Expenditure/(Income)	792	(1,765)	
This enables the following to be made -			
Contribution to Capital Investment (CFCR)		0	
Contribution to/(from) HRA Reserve		1,765	

Further details are contained in Appendix 2.

In the table below are the main assumptions in the 2026/27 budget -

Assumptions	% uplift	Reason
Repairs and Maintenance	10	Pay, material and standards increases
Maintenance of Grounds	3.5	Pay Increase
Cleaning Services	3.5	Pay Increase
Utilities	5	Anticipated increase
Admin and Management	3.5	Pay Increase

Impact of the rent increase

Below are the proposed rent increases based on a 12% rental increase excluding new build.

2025/26 rent on a 48 week basis					
	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
£	£	£	£	£	£
Multi/flat/maisonette	76.31	90.97	98.31	105.67	112.99
Four in a block	83.65	98.31	105.65	113.00	120.33
Cottage/house	91.00	105.67	113.00	120.36	127.68
Potential 2026/27 rent with a 12% uplift on a 52 week basis					
	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
£	£	£	£	£	£
Multi/flat/maisonette	78.89	94.05	101.64	109.24	116.82
Four in a block	86.48	101.64	109.23	116.83	124.40
Cottage/house	94.08	109.24	116.83	124.43	132.00

Weekly increase on a 52 week basis					
	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
£	£	£	£	£	£
Multi/flat/maisonette	2.58	3.08	3.33	3.58	3.82
Four in a block	2.83	3.33	3.58	3.82	4.07
Cottage/house	3.08	3.58	3.82	4.07	4.32

Below is the proposed rent increases based on a 12% rental increase for the new build homes. This applies to the following properties that are first let, or thereafter have a change in tenancy, having been handed over to the Council after 18 March 2021, with effect from 07 April 2025.

Approved 2025/26 rent levels with 15% premium for new build					
	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
	£	£	£	£	£
Multi/flat/maisonette	87.75	104.62	113.06	121.51	129.94
Four in a block	96.19	113.06	121.50	129.96	138.38
Cottage/house	104.65	121.51	129.96	138.41	146.84
Potential 2026/27 new build premium rent with a 12% uplift on a 52 week basis					
	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
	£	£	£	£	£
Multi/flat/maisonette	90.72	108.16	116.89	125.63	134.34
Four in a block	99.45	116.89	125.61	134.35	143.07
Cottage/house	108.19	125.63	134.35	143.09	151.81
Weekly increase on a 52 week basis for new build					
	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
	£	£	£	£	£
Multi/flat/maisonette	2.97	3.54	3.83	4.11	4.40
Four in a block	3.26	3.83	4.11	4.40	4.68
Cottage/house	3.54	4.11	4.40	4.68	4.97

Tiered trend analysis

Similar to the HRA Budget papers for 2025/26 included is the tiered trend analysis for 2026/27 -

HRA Budget 2026/27			
	Tiers		
	1	2	3
	£'000	£'000	£'000
Housing Staff Management & Operations	4,743	9,928	1,743
Property Planned & Response Maintenance	10,191	40,765	-
Other Operational Costs (Grounds/Cleaning etc)	13,744	2,173	3,771
Cost of Repaying Borrowing	27,963	-	-
Loss of Rent – Voids and Bad Debt	-	69	15,044
Total	56,641	52,936	20,559

Summary of the tiers

1 – Prevention -Taking action to prevent the occurrence of harm through universal measures.

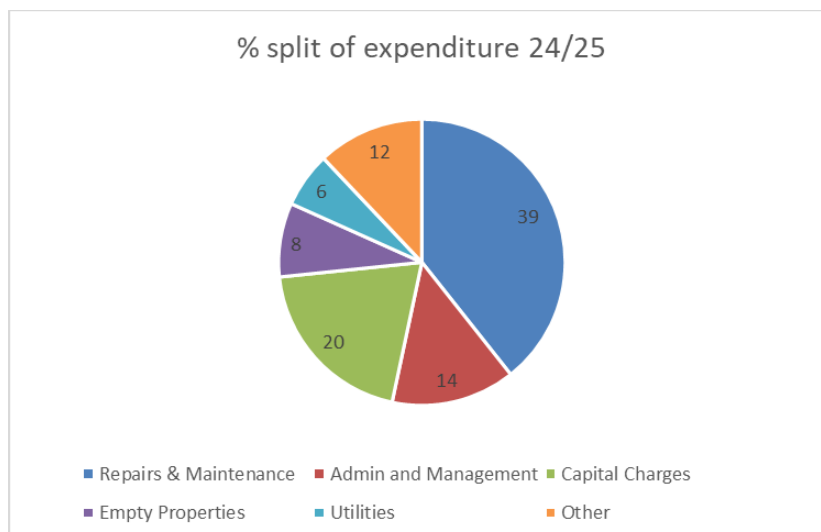
2 - Early intervention - Interventions that ward off the initial onset of harm and create empowered resilient communities and staff (human demand) Intervening before further harm takes place in a way that avoids the later costs in both human and financial terms of handling the consequences of that harm. (resource demand)

3 – Response - "Significant harm has occurred or is assessed as being imminent, significant resource is required to provide specialist and / or intensive support to reduce harm and demand.

During 2026/27 the aim is to move spend in premises costs from tier 2 to 1, this is detailed in the section on Repairs and Maintenance page 6 and to reduce the spend on voids within tier 3 detailed on page 7 and move towards planned maintenance.

Where we spend the money

We keep all of the income and expenditure for our council houses in the Housing Revenue Account (HRA). In 2024/25 the greatest proportion (39%) of revenue spend is on repairs and maintenance, followed by Capital charges (20%).



Repair & Maintenance	Ongoing maintenance costs of properties
Admin & Management	Staff costs including salary, national insurance and pension
Capital Charges	HRA borrowing costs for the spend on new build and capital programme.
Empty Properties	When a property is empty we can't charge rent - this is the cost.
Utilities	The vast majority of this cost is covered by heat with rent charges, the balance is for the heating of communal areas.
Other	Includes grass cutting around homes, pest control, cleaning.

Repairs and maintenance

As detailed in the 30 Year Business Plan there are a number of challenges which have developed in repairs and maintenance, such as the cost of maintaining homes to national standards (such as SHQS and EESSH), the stock condition of our older properties, upcoming damp and mould expectations, the increasing cost of insurance and increasing cost of planned maintenance. These challenges trigger the need to think about how to spend resources differently, particularly given that some national standards are as yet unknown.

A review of the repairs and maintenance spend in 2025/26 Quarter 2 indicated that if spend continued at the current rate there would be a potential overspend of £10m. A review of all spend has been undertaken to establish if there was revenue spend which could be capitalised. This review indicates to date, from the billed and the current work in progress, there is potentially £7m of spend which can be capitalised, therefore this provides reassurance that at this stage of the financial year there will be the

potential to capitalise revenue work. Therefore an overspend within repairs and maintenance is not anticipated.

Voids

Voids also remain a challenge, however, not investing in clearing the voids backlog will hamper work to reduce the level of lost income and perpetuate the voids issue.

In 2024/25 the following costs were incurred on voids:

Expenditure	£'000
Cleaning	470
Council Tax	2,156
Repairs & Maintenance	17,422
Rent loss	8,441
Total expenditure 2425 voids	28,489

In 2026/27 the following costs have been budgeted for voids:

Expenditure	£'000
Cleaning	470
Council Tax	2,964
Repairs & Maintenance	21,141
Rent loss	8,741
Total expenditure budget 26/27 voids	33,316

Note although the budget rent loss in 2026/27 is higher than expenditure for 2024/25 this is due to the rent increase of 7.5% in 2025/26 and forecast 12% in 2026/27, a reduction of £1m is built in.

The [Housing Board Bi Annual report](#) presented to the Communities Housing and Public Protection Committee on 11 November 2025 details the action plan to address our Local Housing Emergency which includes the improvements to the void path with actions to be taken on the following:

- Notice to terminate property received
- Keys returned from tenant
- Keys to Housing inspectors for inspection
- Keys to building services
- Property to be cleared/cleaned
- Works complete by building services and returned back to housing
- Mainstream properties advertised through CBL.
- Offer of accommodation generated
- Outcome of offer – withdrawn or refused, property to be reallocated
- Lease signing
- Property relet- housing support- annual visits-increased tenancy sustainment
- Voids returned to housing- allocations stage

Rent Policy

There is currently no rental policy in place, as the previous rental policy of 4% ended on 31 March 2024.

In December 2024, the Council took the decision to increase rents for 2025/26 by 7.5%, which was below the recommended rent increase of 12%. For this to be affordable, the Council is using £0.792m of HRA reserves and made savings of £600k within Grounds Maintenance. This meant a reduced cost to tenants, but did not address the underlying costs being experienced by the HRA.

It is not recommend fixing the rent policy for 3 or 4 years at this stage, as although core inflation has slightly improved to 3.5%, services inflation remained high and there is uncertainty regarding future rate cuts due to upcoming budget measures. Also we need to better understand the implications of the recently approved Housing (Scotland) Act 2025 which covers such areas as rent controls, which will not impact local authorities, however, there may be consequences in relation to homelessness prevention, housing standards (including damp and mould) and the flexibilities for the HRA and General Fund.

We must consult on a rent policy for 2026/27 as per the Housing (Scotland) Act 2001 below:

- S.25(4) states:

Where the landlord under a Scottish secure tenancy proposes to increase the rents or any other charges payable by all, or any class of, its tenants it must, before giving notice under subsection (1)—

- (a) consult those of its tenants who would be affected by the proposal, and
- (b) have regard to the views expressed by those consulted.

In 2025/26 there was a move by local authorities to adopt a fixed rent policy, for example, Aberdeenshire Council agreed a 5% rent increase for each of the next 3 years in 2025/26 to 2028/29, however the majority are approving on an annual basis. There are no restrictions on setting rent in 2026/27 from either COSLA or the Scottish Government.

Moving from a 48 to 52 week rent year

Currently ACC's Housing system (NEC Housing) is set up for tenants to pay rent (including car parking, garages, heat with rent, insurance) on a 48-week basis with a rent free week at the end of each quarter. Officers during 2025/26 have been investigating a move to a 52 week basis (annual rent charge spread over the full year) for all housing charges and testing the appropriate systems and are content this move can happen.

The existing tenancy leases allow ACC to make variations to the number of weeks in a rent year provided tenants are given 4 weeks' notice of the change.

Tenants were asked their thoughts on moving to a 52 week rent year as part of the rent consultation. The responses were mixed, which indicates no strong preference either way. When considering affordability for our tenants, the move to a 52 week rent year should help tenants budget their money better, avoid getting into debt, simplify the administration of benefits, and manage the monthly Universal Credit payments.

The main Councils who have successfully moved to a 52 week rent year are Edinburgh and Dundee City Council. Other Councils, such as Falkirk and Fife Councils maintain the 48 week rent year and are not looking to change.

Rental affordability

Tenants currently receiving full or partial assistance through Housing Benefit (HB) or Universal Credit (UC) will not be directly affected by a rental increase. This is because their benefit entitlements would be adjusted to reflect changes in housing costs, ensuring they remain financially supported as rents rise.

As of 31 October 2025, 68% of our current tenant's benefits are paid direct to ACC, which is through either Universal Credit Alternative Payment Arrangement or Housing Benefit and Department of Social Security (DSS) Rent direct. We do not know how many tenants receive a full UC award and then pay their rent by direct debit.

To mitigate negative impacts of any rent rise, the Rent Assistance Fund (RAF) serves as a crucial policy lever for those currently in receipt of benefits and those who are not. By looking to target financial support to those households not receiving benefit support, the RAF could help prevent financial crisis before escalation.

As a general affordability rule, rent should not exceed 30% of a household's gross monthly income. This is to ensure there is enough money left for utilities, food, transport, savings, and other essentials. Spending more than 30% is considered "rent burdened", and over 50% is "severely rent burdened."

If a household had a gross weekly income of £462, this would mean an affordable rent would be up to £138 per week. As per table 10, in 2025/26, our 3 bedroomed houses are charged at £127.68 per week on a 48-week basis. If a 12% rent increase was added and there was a move to rent being charged on a 52-week basis, this would mean a charge of £132 per week. This would suggest that the rental income is within the affordability limits, and spreading the cost over 52 weeks would be beneficial.

The Joseph Rowntree Foundation, in partnership with the Centre for Research in Social Policy (CRSP) at Loughborough University, publishes the annual Minimum Income Standard (MIS). This is a benchmark for the income required to achieve a minimum socially acceptable standard of living in the UK. The MIS is based on detailed research and public consensus about what is needed to participate fully in society—not just to survive, but to thrive.

Key Findings from the 2025 MIS Report:

- A single working-age adult needs to earn £30,500 per year (before tax) to reach the MIS in 2025. This equates to approximately £586 per week before tax.
- This figure is calculated to cover all essential living costs, including food, housing, utilities, transport, and participation in society (such as leisure and social activities).
- The MIS is updated annually to reflect changes in prices and public expectations. The 2025 figure represents a significant increase from previous years, largely due to inflation and rising living costs.

Even with the recent rise in the National Living Wage (to £12.21 per hour for those aged 21+), a single adult working full-time on the minimum wage will earn about 76% of the MIS, meaning many still fall short of the minimum standard.

As noted in the covering report at 3.34 that in accordance with the Housing (Scotland) Act 1987, section 210 (3) "In determining standard rents to which their housing revenue account relates, a local authority shall take no account of the personal circumstances of the tenants."

Tenant Consultation

Consulting with tenants is not only set in legislation and monitored by the Scottish Housing Regulator, but is recognised as best practice.

In terms of rent consultations, the Housing (Scotland) Act 2001 requires social landlords to consult tenants and take account of their views when making decisions about proposed rent increases.

The Housing Board have reviewed the current practices and agreed a different approach to rent consultations which meant that those tenants we hold an e-mail for, received a link to the survey to complete online via Common Place on the Council's website or at one of the various drop in events at various centres/hubs. In addition, all those who do not have digital access received a paper form. There was also support for those in sheltered and very sheltered accommodation. Shopping vouchers were offered as means of promoting uptake in responses.

Organisations such as Turning Point, Cyrenians, Bon Accord Care and ACVO advertised the consultation on their website and their staff were available to tenants who required support in completing the survey.

In total there were 824 responses. For the 2025/26 rent consultation there were 538 responses.

A summary of the responses shows that 10.5% of respondents agree/strongly agree with a 12% increase in rent, while 12.3% neither agree nor disagree. Most respondents, 77.1% disagree/strongly disagree with a 12% increase in rents.

A total of 268 tenants stated they receive help with paying their rent. Of these, 44 (16.4%) respondents agree/strongly agree with the 12% increase. 46 (17.16%) neither agree or disagree, and 176 (65.67%) disagree/strongly disagree with a 12% increase.

A total of 550 respondents stated they do not receive any help in paying their rent. Of these 42 (7.63%) agree/strongly agree with increasing rent by 12%, while 53 (9.63%) neither agree nor disagree, 455 (82.72%) who disagree/strongly disagree with increasing rent by 12%.

When asked about the proposed change from a 48-week rent cycle to a 52-week cycle, tenants provided mixed feedback, with no strong preference for either option. On balance therefore, it is proposed that moving to a 52-week cycle would allow rent payments to be spread across the full year, which could help improve affordability and reduce financial pressure for tenants in the longer term.

Questions and Responses:

Question 1

This proposed rent increase would allow us to maintain services, and target areas of investment such as carrying out planned maintenance, fixing empty properties, addressing damp and mould concerns, together with other improvements and upgrades.

**What is most important to you when it comes to spending the rent we collect?
Please list your top 3 priorities.**

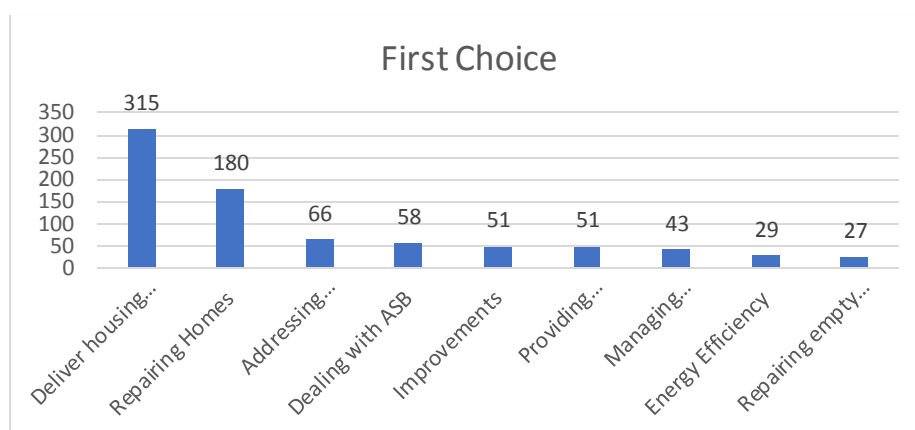
The options were:

- Continuing to deliver the housing service
- Repairing homes
- Fixing empty properties
- Addressing damp & mould concerns
- Looking after and managing the estate or neighbourhood where you live
- Dealing with anti-social behaviour and community safety
- Improvements & upgrades, for example new kitchens, bathrooms etc.
- Installing energy efficiency measures
- Providing housing support to tenants in need or Other, please specify

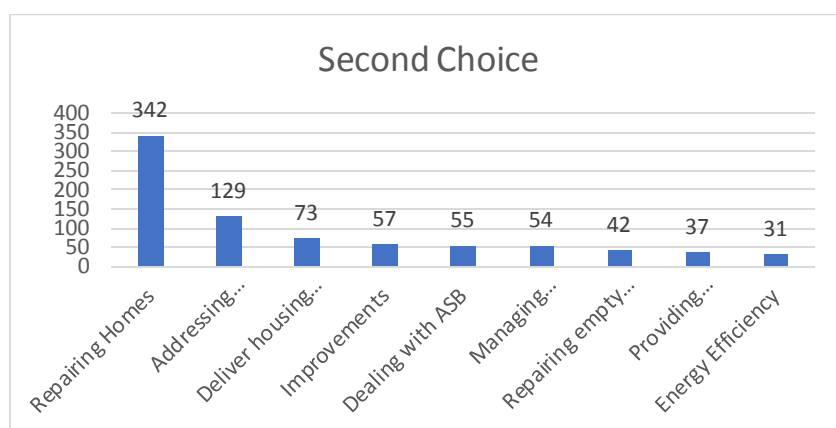
The results were as follows:

Tenants were asked to rank the top three services they receive from the council when it comes to spending the rent we collect.

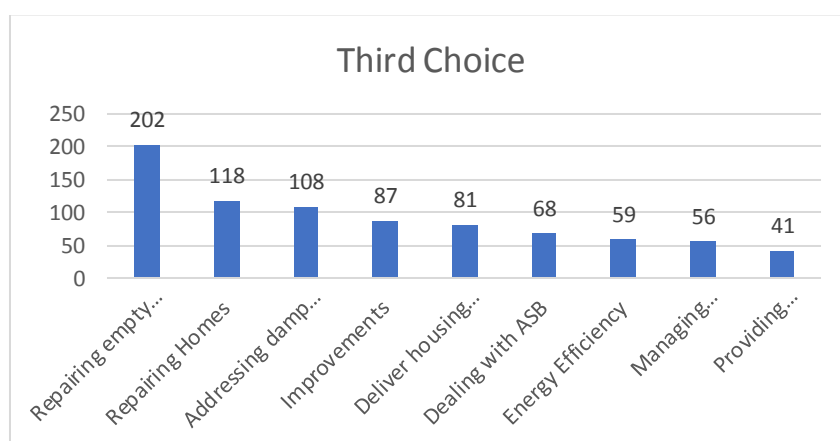
1st Choice



2nd Choice



3rd Choice

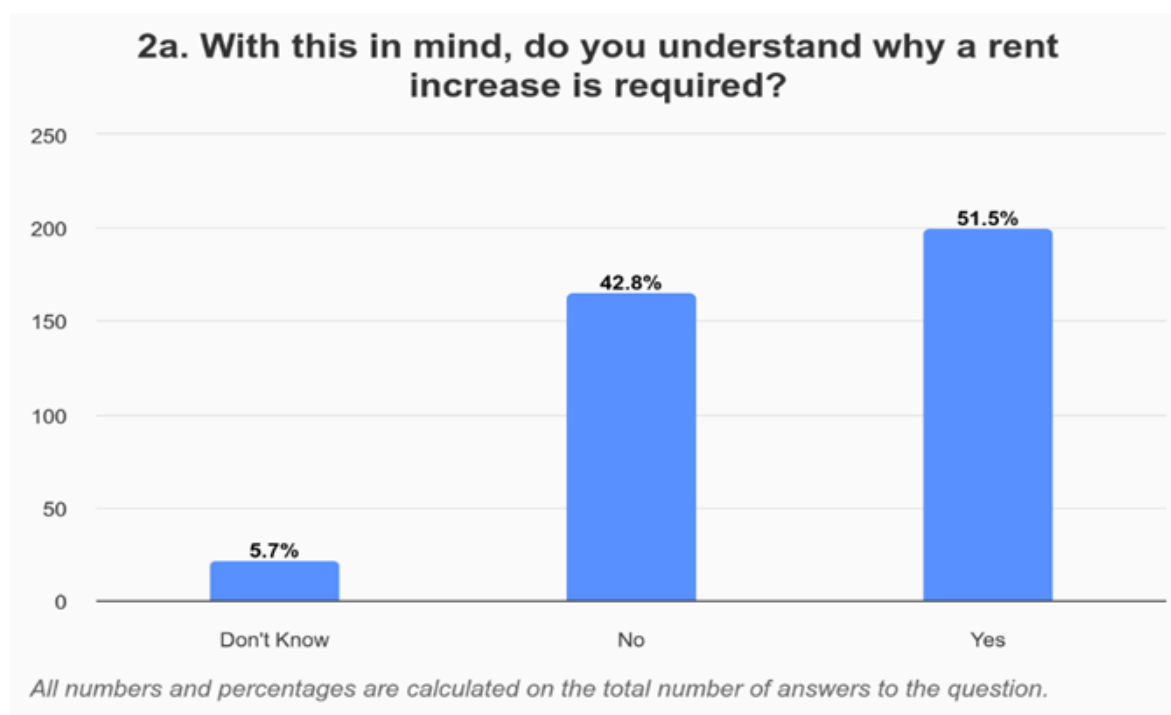


Overall, the highest-ranking services were:

- Repairing Homes (640)
- Continue to Deliver Housing Services (469)
- Damp and Mould (303)

Question 2

Tenants were advised that without an increase in rents, we would likely need to reduce some of the services currently provided. Maintaining service quality is a priority, and any rent adjustment is intended to protect the standards tenants expect. Feedback from the consultation shows that 51.5% of respondents understand the reasons behind a rent increase, recognising that it helps sustain essential services and supports investment in homes. While we acknowledge that affordability is a concern, our approach aims to balance financial pressures with the need to deliver safe, well-maintained properties and responsive services.



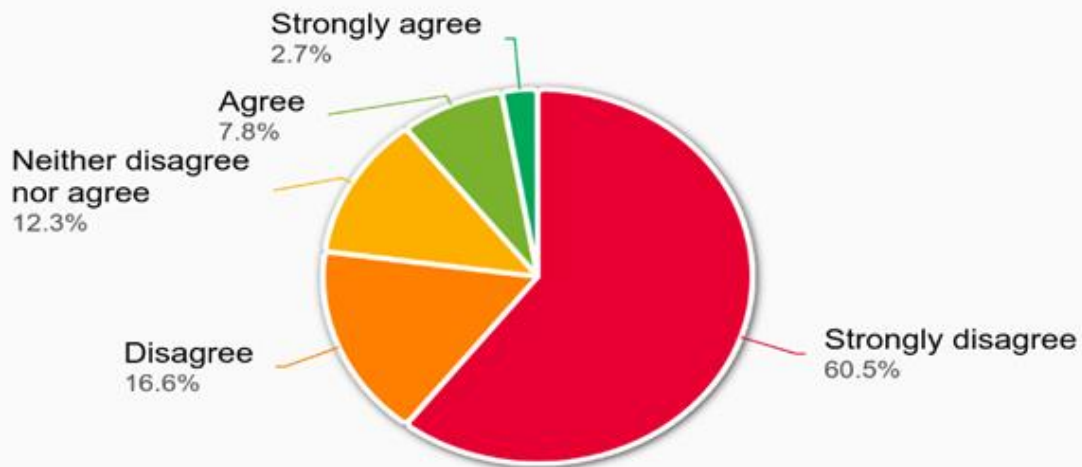
Question 3

Tenants were asked if they agreed a 12% rent increase was reasonable. As can be seen below, 10.5% agree/strongly agree with a 12% increase in rent, while 12.3% neither agree nor disagree. Most respondents, 77.1% disagree/strongly disagree with a 12% increase in rents.

A total of 268 tenants stated they receive help with paying their rent. Of these, 44 (16.4%) respondents agree/strongly agree with the 12% increase, 46 (17.16%) neither agree or disagree, and 176 (65.67%) disagree/strongly disagree with a 12% increase.

A total of 550 respondents stated they do not receive any help in paying their rent. Of these 42 (7.63%) agree/strongly agree with increasing rent by 12%, while 53 (9.63%) neither agree nor disagree, 455 (82.72%) who disagree/strongly disagree with increasing rent by 12%.

3a. Having considered the information provided, do you agree a rent increase of 12% is reasonable?



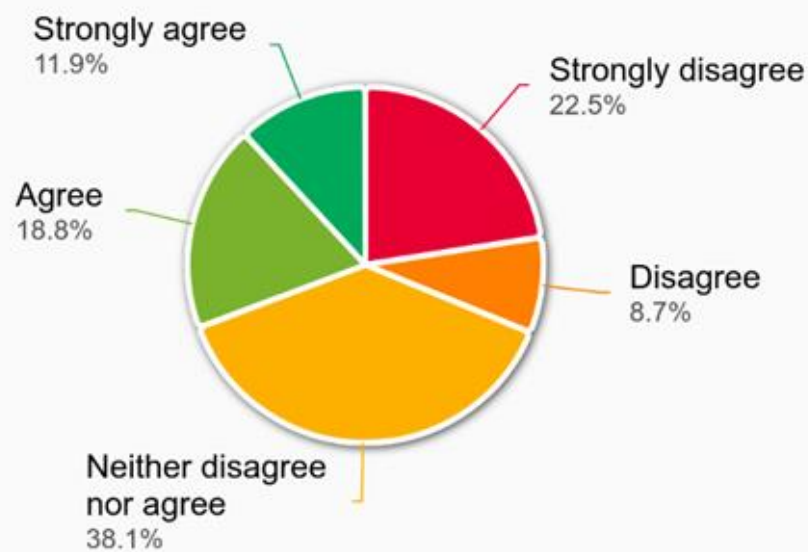
All numbers and percentages are calculated on the total number of answers to the question.

Question 4

Tenants were asked if they agree with changing the current rent payment cycle to 52 weeks. As can be seen below, the responses to changing the rent cycle was mixed, with those agreeing/strongly agreeing at 251 (31.7%), and 311 (38.1%) neither agreeing or disagreeing and those disagreeing/strongly disagreeing at 255 (30.2%).

When considering affordability for our tenants, the move to a 52 week rent year should help tenants budget their money better, avoid getting into debt, simplify the administration of benefits, and manage the monthly Universal Credit payments.

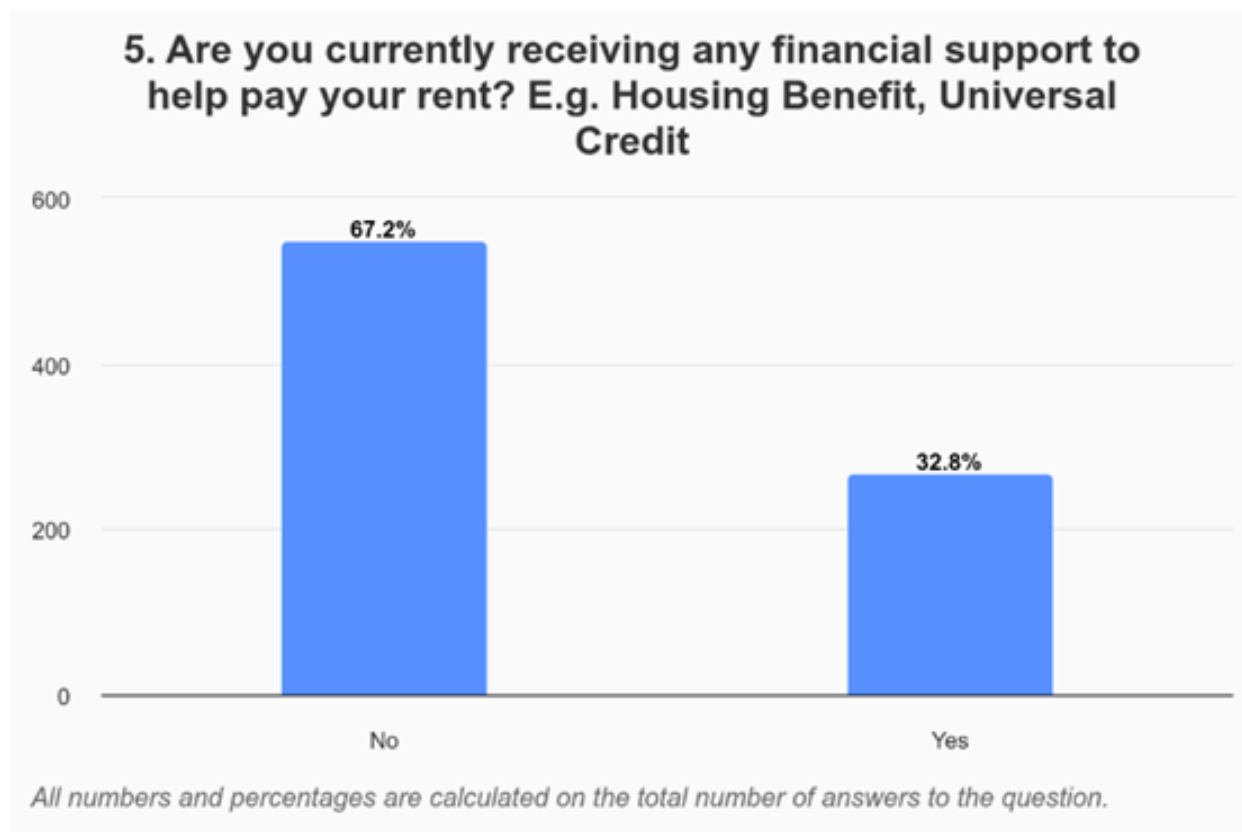
4a. Do you agree with changing the current rent payment cycle to 52 weeks?



All numbers and percentages are calculated on the total number of answers to the question.

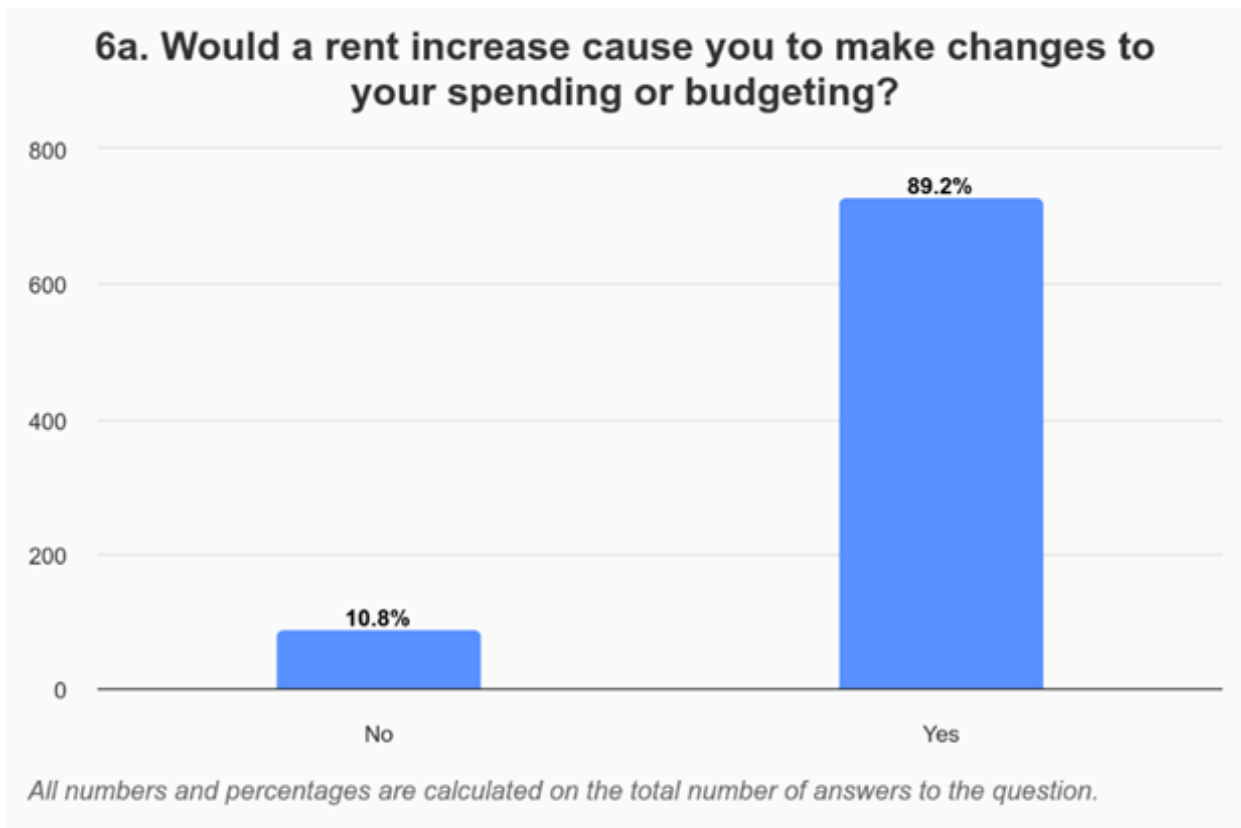
Question 5

Tenants were asked whether they receive financial support with their rent. The responses show that 67.2% of respondents do not receive any financial assistance, while 32.8% do receive support through Housing Benefit or Universal Credit. This highlights that the majority of respondents are fully responsible for meeting their rent costs, which is an important consideration when assessing affordability and the potential impact of any rent changes.



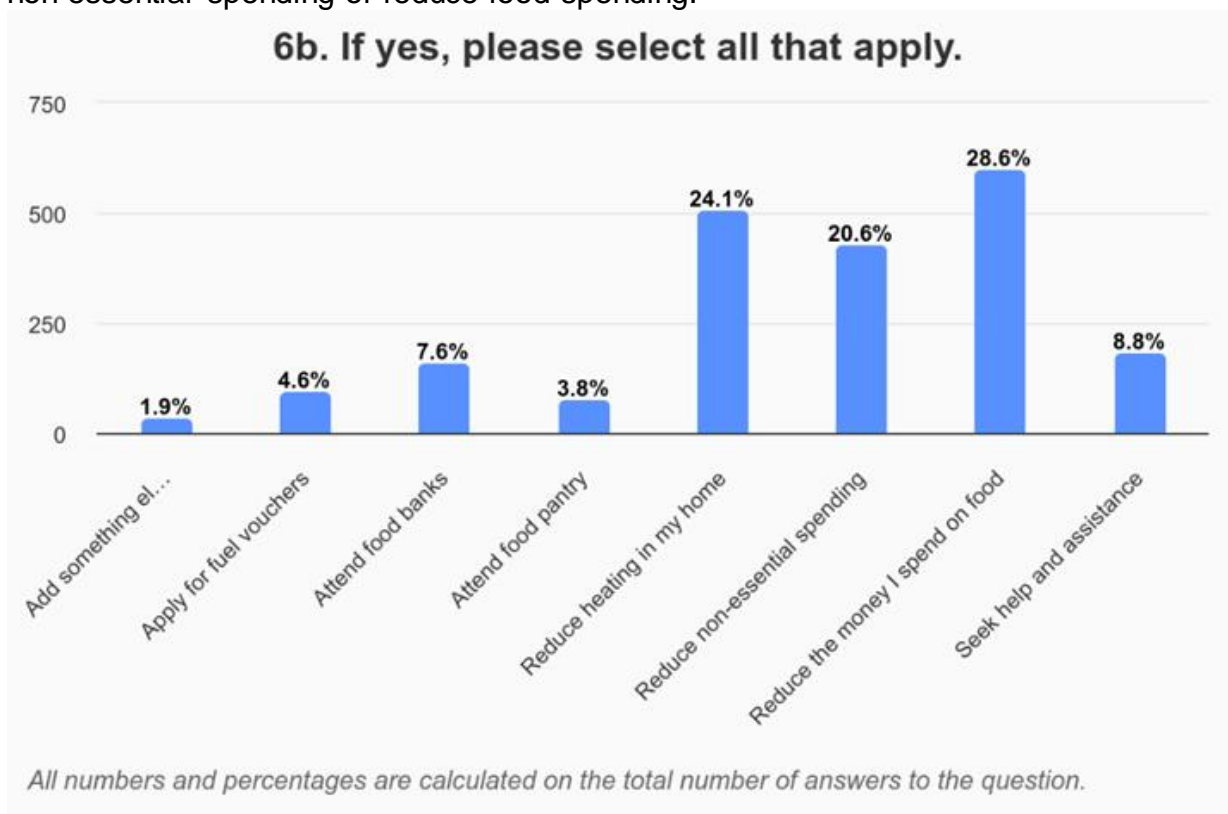
Question 6a

Tenants were asked whether a rent increase would require them to make changes to their spending or budgeting. The results show that 89.2% of respondents said they would need to adjust their household budgets, while only 10.2% indicated that it would not affect their spending plans. This demonstrates that any increase in rent is likely to have a significant impact on the majority of tenants, reinforcing the importance of considering affordability when determining rent increases.



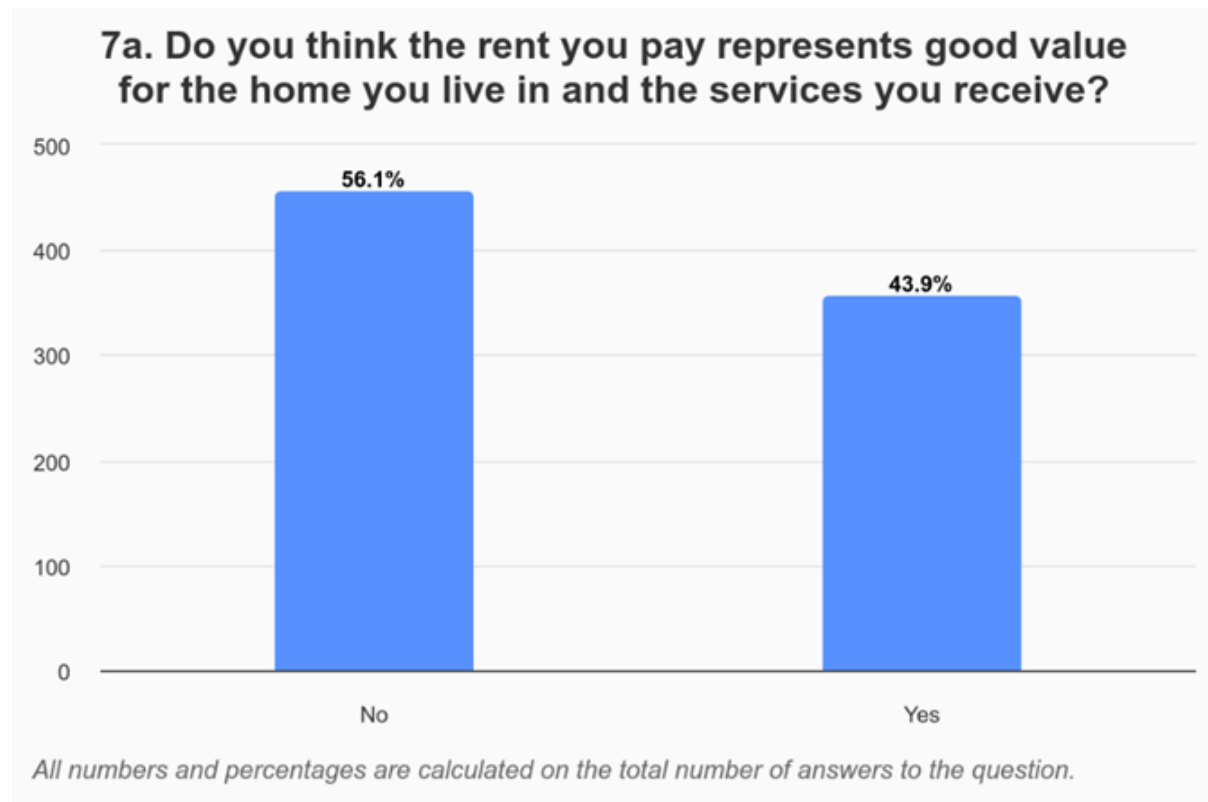
Question 6b

Tenants were given a range of options in relation to what they would reduce their spending on. The vast majority of tenants stated they would either reduce heating, cut non-essential spending or reduce food spending.



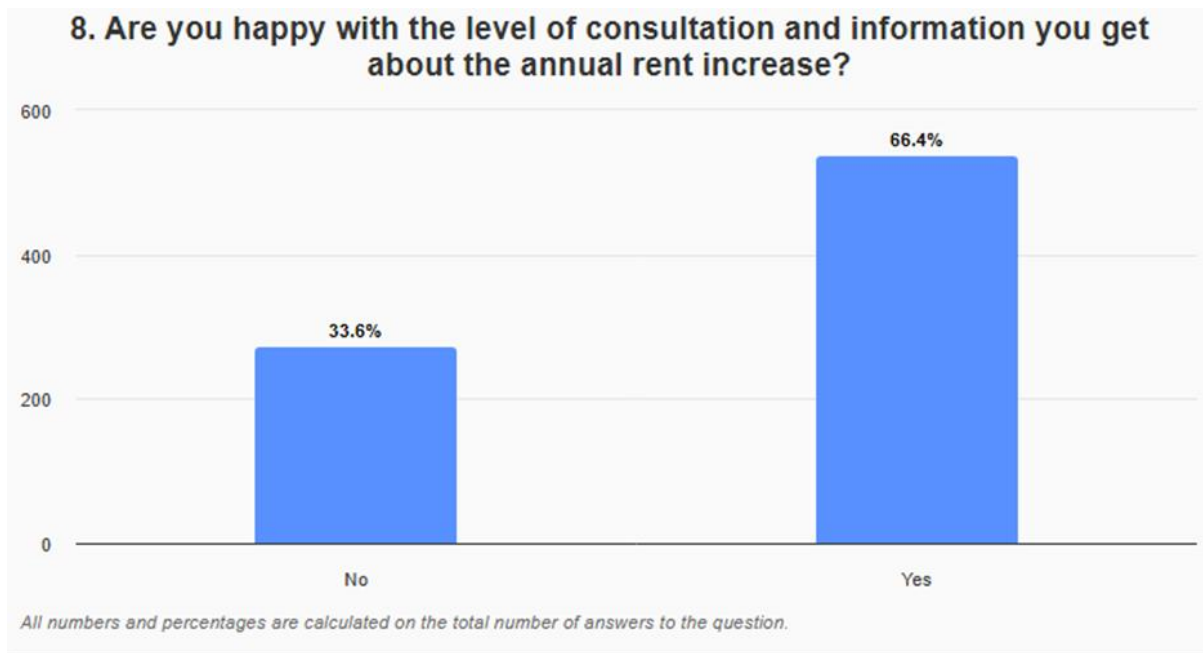
Question 7a

Tenants were asked if they think the rent represents good value for money. 43.9% of those who responded felt that the rent did provide value for money. The more comprehensive and representative tenant satisfaction survey which has recently concluded will provide more robust data on this.



Question 8

Tenants were asked about levels of consultation and information on rent increases. The majority (66.4%) of respondents are happy with the level of information they are provided. The more comprehensive and representative tenant satisfaction survey which has recently concluded will provide more robust data on this.



Overall Insights for those questions which asked for why they felt that way

- **Widespread Concern:** The majority of comments reflect anxiety and dissatisfaction about the proposed 12% rent increase, especially given the current economic climate and perceived lack of service improvements.
- **Recurring Issues:** Damp, mould, poor insulation, slow repairs, and inadequate communication are persistent problems across responses.
- **Desire for Change:** Tenants want more transparency, genuine consultation, and a clear link between rent increases and tangible benefits.
- **Financial Pressure:** Many are struggling to afford current rents and fear that further increases will lead to hardship, arrears, or even homelessness.

Comparison with other Local Authorities

As can be seen in the table below, over the last five years ACC rents have increased by an average of 3.24% a year, which is one of the lowest increases of all the local authority landlords.

Year and Rent Increase	21/22	22/23	23/24	24/25	25/26	Average
Local Authority	%	%	%	%	%	Over 5 Yrs %
Aberdeen City Council	0	0	4	4.7	7.5	3.24
Aberdeenshire Council	2.8	1.5	2.5	5	5	3.36
Angus Council	2	1	4.1	6.6	5.2	3.78
City of Edinburgh Council	0	0	3	7	7	3.40
Clackmannanshire Council	0	3.1	3	6.7	10	4.56
Dundee City Council	1.5	1.5	3	3.5	4.5	2.80
East Ayrshire Council	1.5	1.5	4	6.5	7	4.10
East Dunbartonshire Council	0.5	2.5	4.2	4.8	4	3.20
East Lothian Council	0	0	5	7	6.5	3.70
East Renfrewshire Council	1	1	5	3.5	4.9	3.08
Falkirk Council	2	2	2	5	9.5	4.10
Fife Council	1.5	2.5	5	5	6	4.00
Midlothian Council	0	0	4.8	4.8	4.8	2.88
North Ayrshire Council	1.9	2.5	6.42	6	3.84	4.13
North Lanarkshire Council	5	3	5	7	7	5.40
Orkney Islands Council	2	2	3	6.7	4	3.54
Perth & Kinross Council	1	3	2.2	6	6	3.64
Renfrewshire Council	1.5	2	5.5	6	7.5	4.50
Shetland Islands Council	1	0	4.5	5	7	3.50
South Ayrshire Council	1.5	1.5	1.5	4.5	4.5	2.70
South Lanarkshire Council	2.2	2.2	3.5	6.5	6.5	4.18
Stirling Council	1.3	1.1	2.9	6	7.2	3.70
The Highland Council	2	1	4	7.95	8	4.59
The Moray Council	3	1.5	3.5	7.7	6	4.34
West Dunbartonshire Council	1.5	2	5	6.7	8	4.64
West Lothian Council	3	3	3.5	3.5	3.5	3.30

In order to mitigate the impact of the previous rent freezes, and the below inflationary increases in 2023/24 and 2024/25, along with the use of reserves in 2025/26, officers are recommending rent to be increased by 12% in each of the next 5 years in order to provide the HRA the financial capacity that is needed to continue to deliver services.

Rent Assistance Fund

On 14 December 2023 Council approved the creation of a £500k Rent Assistance Fund (RAF) pilot as part of the HRA Budget 2024/25. The Pilot was requested to respond positively to tenants who, through no fault of their own, have difficulty in meeting all of their rental obligations. The aim of the Pilot Rent Assistance Fund is therefore to assist Council tenants facing financial hardship where it has been identified that their tenancies may be at risk. The criteria and management of this fund is detail in the report 'Rent Assistance Fund 2024/25' to Communities, Housing and Public Protection Committee report on 28 March 2024 ([Rent Assistance Fund](#)).

An evaluation of the [Rent Assistance Fund](#) from 01 April 2024 to 31 March 2025 was presented to Communities, Housing and Public Protection on 26 August 2025. This report recommended the following “instruct the Chief Officer – Finance to refer the Rent Assistance Fund to the 2026/27 HRA budget process, with a recommendation to adopt as a permanent, business-as-usual provision following the success of the pilot.”

The evaluation concluded the following:

The 2024/25 pilot of the Rent Assistance Fund demonstrably achieved its core aim: preventing arrears from escalating to eviction while strengthening tenants' financial resilience. Over 498 households received timely support, of whom 91% have remained clear of new arrears. Early intervention yielded an estimated £2.80–£6.70 of avoided costs for every £1 invested, delivering up to £3 million in savings to the Council and wider public services. The fund also unlocked £379k in previously unclaimed welfare entitlements, further boosting household incomes. Evaluation confirms the fund is reaching the tenants most at-risk single adult, benefit dependent households in the city's most deprived areas without evidence of systemic under-representation of protected groups. Where applications were declined, 29% were for missing evidence, indicating that procedural barriers, rather than ineligibility, are excluding some of the very households the fund seeks to protect. Overall, the pilot has proved both effective and value-for-money. Retaining the fund as a permanent HRA provision will safeguard at-risk tenancies and continue to deliver strong financial returns for the Council.

As part of the 2026/27 Budget we are recommending the Rent Assistance Fund is continued to support tenants on a permanent basis and is no longer a pilot.

Miscellaneous Rents				
	2026/2027			
	Current	Proposed	Increase	Percentage
	Rental	Rental	Per Week	Increase
Miscellaneous Increases - HRA	£	£	£	%
Garages	15.40	17.25	1.85	12.00%
Denburn and West North Street Spaces	7.06	7.90	0.85	12.00%
Denburn and West North Street Spaces	25.50	30.00	4.50	17.65%
Garages Sites	6.00	6.70	0.70	11.67%
Car Ports	6.55	7.35	0.80	12.18%
Car Parking Spaces - Local	5.55	6.20	0.65	11.71%
Car Parking Spaces - Non Local	25.50	30.00	4.50	17.65%
Window Cleaning	1.12	1.25	0.13	12.00%
Meals at Denmore & Kingswood	52.00	62.00	10.00	19.23%
Guest Rooms (per night)	14 & 20	16 & 22	2.00	12.00%
House Garden Scheme (annual)	101.00	115.00	14.00	13.86%
General Fund charges - Support Services				
Service Charge for Supported Flats	66	66	0	0.00%
Provision of temporary accommodation as per legislative duty	97	101	4	4.12%
Service Charge for Hostel - West North Street	869	848	-21	-2.42%
Hotels/B&B	570	572	2	0.35%
Clinterty	88.00	101	13	15.00%

The above proposed prices for 2026/27 have been increased broadly in line with the proposed 12% rent increase. The two exceptions to this are as follows:

- Meals at Denmore & Kingswood, the cost of providing this service should be at nil cost to the HRA, currently due to rent freezes in the past this is not the case, in 2026/27 the proposal is for a 20% increase to start to bring this service back to a balanced position.
- Car Parking spaces – non local, an above 12% increase is proposed to increase to a round number.

Also included are the General Fund Charges for Support Services, although these are not HRA charges they are linked to the rent setting, by setting these charges in December it will allow the relevant systems to be updated and tenants to be updated prior to 01 April 26. These charges are based on actual costs and forecasts for pay awards. In 2026/27 it is intended that there will be no supported flats therefore no updated charge has been calculated. Added to the list this year is the weekly charge for Clinterty, this has been uplifted by 15% to reflect the costs to run the site and the new investment.

Heat with Rent calculations for 2026/27

A review of consumption and costs is required each year. As Heat with Rent is not available to all tenants, therefore the cost must be recovered by the charge.

This year the consumption has been taken for the last three years to even out any potential peaks and troughs. A reduction has been made for communal areas.

Heat with Rent provides a number of benefits to the tenants principally the charge is the same every week therefore no unexpected large bills in cold winters and the 5% VAT charge is not passed onto the tenants.

In 2026/27 the recommendation is to not increase the Heat with Rent charges this is based on the forecast utility costs in some cases reducing, and others increasing. The reduction detailed below is the move to a 52 week rent year.

From 01 July 2023, households without a pre-payment meter no longer receive an Energy Price Guarantee discount on their gas and electricity bills. This is because the Ofgem price cap is lower than the Energy Price Guarantee level, meaning households will pay rates capped by the price cap.

From 01 October to 31 December 2025, the Ofgem price cap has been set at £1,755 for a typical household per year. This represented an increase of 2% compared to the cap set between 01 July to 30 September 2025 of £1,720.

2026/27			
Heat with Rent			
	Previous based on 48 week basis	Proposed based on a 52 week basis	Reduction per week
Gas Heated Properties	£	£	£
Bedsits	13.25	12.23	-1.02
1 bed roomed flats	17.43	16.09	-1.34
2 bed roomed flats	18.35	16.94	-1.41
3 bed roomed flats	19.38	17.89	-1.49
Electrically Heated Properties			
Bedsits	14.48	13.37	-1.11
1 bed roomed flats	16.38	15.12	-1.26
2 bed roomed flats	18.43	17.01	-1.42
3 bed roomed flats	20.33	18.77	-1.56
CHP Properties			
All 1 Bed roomed Properties	15.69	14.48	-1.21
All 2 Bed roomed Properties	17.73	16.37	-1.36

Housing Capital 2025/26

The (Scottish Housing Quality Standard) delivery of the Housing Capital Plan 2025-26 has continued in this period utilising ACC works frameworks, for the upgrading of kitchens, bathrooms, windows, roof coverings and repairs to low and high rise properties.

The period of these 4 year frameworks has now concluded. Accordingly, replacement frameworks are currently being procured in preparation for the Council's anticipated delivery requirements from 2026 to 2030.

Works are progressing on site at Craighill and Kincorth new build housing sites. It is expected a number of homes will be handed over at Craighill prior to the festive break. Works are progressing on programme at Kincorth. Moving forward, the programme at Kincorth will be assessed to consider the phased handover of properties, with the first handover expected towards the end of 2026.

At Greenferns, planning permission in principle was granted in Q2 2024 subject to conditions. As part of these conditions a legal agreement (Section 75) has been drafted which is expected to conclude in Q4 2025. Over the next period design works to a phase 1 will progress. It is anticipated that this design information will be submitted as a planning application in Q4 2025.

At Greenferns Landward, planning permission in principle was granted in Q2 2025 subject to conditions. A legal agreement (Section 75) has been drafted and the final point for this agreement is agreeing the trigger points for additional off site road improvement works. Over the next period design works to a phase 1 will progress. It is anticipated that this design information will be submitted as a planning application in Q4 2025.

Housing Capital 2026/27 to 2030/31

This year we are asking for the approval for the 5 year programme from 2026/27 to 2030/31 to allow the commencement of tenant/owner consultation and framework agreements.

The Integrated Asset Management model has been incorporated in the HRA Business Plan in 2026/27 refresh.

The 2026/27 Capital plan is shaped by the following key factors:

- Council commitments, statutory compliance and government targets.
- Lifecycle and health and safety – maintenance and improvements to keep our homes safe and continue meeting the Scottish Housing Quality Standard (SHQS).

The level of spillage has been set at 11% to allow flexibility in the programme.

Affordability of new build

No additional new build has been included within the capital programme for 2026/27 to 2030/31. The existing sites at Kincorth, Craighill and Cloverhill will continue. This is as a result of the unaffordability of new build homes.

When considering whether to undertake a new build programme we must ensure that we follow the CIPFA Prudential Code, a summary of the key principals local priorities and decision making is empowered we must ensure that capital programmes is Affordable, Prudent and Sustainable.

Affordable – funded by a relevant financial source within the local authority

- Capital receipts
- Revenue streams flowing from the assets (ie dwelling rents)
- Capital from Current Revenue (CFCR)
- Central Government capital grants
- Developer contributions

Prudent – showing care and thought for the future, can pass a stress test of changing assumptions over an appropriate period of time such as

- Interest rate fluctuations
- Rising inflation
- Housing demand changes in local areas

Sustainable

- Income streams are resilient and not exposed to downward variation
- Future financial burdens are recognised and fully funded with the business plan
- Linked to ongoing stock condition and Asset -Management plans
- Financially self-sufficient, not dependent on variable sources

Below are the key reasons for the unaffordability within ACC's HRA:

- Level of borrowing has significantly increased over the period we have undertaken the new build programme, the ratio of financing costs to net revenue streams has risen from 9.6% in 2020/21 to 23.6% in 2025/26. For General Fund the cap has been set at 12%.
- The cost to build each home has increased from £160k to £304k since 2020.
- Scottish Government Affordable Housing Grant is approximately 100k per unit, which means the shortfall in the unit price must be covered by borrowing as there is no CFCR available and developers contributions have been maximised.
- Resource planning assumptions have only been provided by the Scottish Government up to 2025/26, with no certainty of funding beyond that.
- Write off period has increased from 40 to 60 years there is no flexibility to increase this any further.

- Level of repairs and maintenance on the most recent new build properties have been higher than anticipated.

Detailed below when considering whether to develop new build properties, the following must be considered -

Baseline development assumptions	
Dev/Acq Cost per unit	£304,000
Scottish Government funding per unit	£100,000
Net cost to fund from capital per unit	£204,000
Weekly rent	£74.65
Voids	2.50%
Bad debts	5%
Management costs per unit	£283
Maintenance and lifecycle costs per unit	Ranges from £3,209 to £5,509 depending on size of property
Inflation assumptions	
CPI	2%
Rent	6.50%
Useful life of homes	60 years

Housing Capital Budget					
	2026/27	2027/28	2028/29	2029/30	2030/31
PROJECT	£'000	£'000	£'000	£'000	£'000
SCOTTISH HOUSING QUALITY STANDARDS					
1 Compliant with the tolerable standard					
1.1 Major Repairs-	11,309	4,036	9,000	6,862	5,238
Pitch Roof Replacement (Flats, Houses and Cottages)					
	11,309	4,036	9,000	6,862	5,238
2 Free from Serious Disrepair					
2.1 Primary Building Elements					
Structural Repairs Multi Storey	3,655	3,801	791	2,467	1,283
Structural Repairs General Housing	1,000	1,500	0	0	0
Secondary Building Elements					
2.2 Upgrading of Flat Roofs General Flats	214	748	124	129	267
Upgrading of Flat Roofs General Housing	626	34	25	53	138
2.3 Upgrade Flat Roofs Multi Storey	1,505	783	1,628	1,693	2,641
2.6 Window Replacement General	15,498	13,788	17,976	18,635	45,290
Window Replacement General – Communal	735	393	519	143	482
2.7 Window Replacement - Multi Storey	3,701	2,635	5,814	8,767	7,136
Window Replacement - Multi Storey (Communal)	108	60	129	201	209
	27,042	23,741	27,006	32,088	57,446
3 Energy Efficient					
Effective insulation					
3.1 Cavity Wall Insulation	723	737	752	782	813
3.2 General Houses Loft Insulation	565	610	0	0	0
Efficient Heating					
3.3 Heating Systems Replacement	6,685	6,467	6,953	8,034	8,355
3.5 Energy Efficiency			371		1,825
3.6 Energy Efficiency Sheltered	0	800	860	1,789	930
3.7 SCARF	35	35	35	35	35
3.8 Solid Wall Insulation	0	0	0	0	0
	8,008	8,649	8,970	10,640	11,958

Housing Capital Budget						
		2026/27	2027/28	2028/29	2029/30	2030/31
	PROJECT	£'000	£'000	£'000	£'000	£'000
	Modern Facilities & Services					
	Bathroom and Kitchen Condition					
4.1	Modernisation Programme – Bathroom	2,056	2,950.20	3,696	3,228	5,157
	Modernisation Programme – Kitchen	13,855	18,129.90	48,192	54,610	50,329
		15,911	21,080	51,888	57,838	55,486
	5 Healthy, Safe & Secure					
	Safe					
5.3	Rewiring	2,879	3,131	3,386	3,459	4,412
5.4	Lift Replacement Multi Storey/Major Blocks	1,664	1,788	2,403	1,999	520
5.5	Smoke Detectors – Common Areas Major Blocks	295	317	284	413	1,166
5.6	Services	293	1,260	0	0	1,465
	Cyclical maintenance/replacement of the following services					
	Secure					
5.1	Door Entry Systems	48	42	17	140	181
5.1	Replace Door Entry Systems - Major Blocks	431	370	596	724	1,398
5.1	Other Initiatives including FD 60 Doors	471	449	2,119	539	1,974
		6,081	7,356	8,805	7,273	11,116
	NON SCOTTISH HOUSING QUALITY STANDARDS					
	6 Community Plan & LOIP					
6.2	Community Initiatives	1,750	1,750	1,750	1,820	1,893
6.7	Adaptations Disabled	1,500	1,500	1,500	1,560	1,622
6.8	Special Initiatives/Barrier Free Housing	150	150	150	156	162
6.9	Housing For Varying Needs- Amenity/ Adaptations	150	150	150	156	162
6.1	Housing For Varying Needs- Extra Care/ Adaptations	200	150	150	156	162
6.2	New Build	39,538	11,771	0	0	0
6.2	Buy Backs	2,000	2,000	2,000	2,080	2,163
6.2	206 Union Street					
6.2	Voids	3,200	3,200	3,200	0.00	0.00
6.2	Demolition - RAAC Properties	2,770	738	1,506	2,039	0.00
		51,258	21,409	10,406	7,967	6,165

Housing Capital Budget					
	2026/27	2027/28	2028/29	2029/30	2030/31
PROJECT	£'000	£'000	£'000	£'000	£'000
Service Expenditure					
Other Departmental Fees	8,681	8,255	13,150	14,253	17,458
	8,681	8,255	13,150	14,253	17,458
Gross Programme	128,289	94,527	129,225	136,921	164,867
Less 11% Slippage	(9,759)	(9,099)	(14,211)	(15,057)	(18,131)
Net Programme	118,530	85,427	115,014	121,863	146,735
Financed by:-					
Borrowing	(113,530)	(77,586)	(101,425)	(97,215)	(114,148)
Other income eg Affordable Homes Reserve	(5,000)	(2,000)	0	0	0
CFOR	0	(5,841)	(13,589)	(24,648)	(32,587)
Total Funding	(118,530)	(85,427)	(115,014)	(121,863)	(146,735)

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	Housing Revenue Account	Budget 2026/27
		£000's
	Premises Costs	
1	Rates	80
2	Rent	87
3	Repairs and Maintenance - Response	29,012
4	Repairs and Maintenance - Voids	21,141
5	Environmental Improvements	350
6	Premises Insurance	454
7	Maintenance of Grounds	4,019
8	Graffiti/Clean up team	380
9	Gas	1,805
10	Electricity/AHP	5,861
11	Cleaning - Multi Storey	919
12	Cleaning - Voids	470
13	Cleaning - Sheltered Housing	1,110
14	Security Service	255
15	Window Cleaning	3
16	Bin Room clearance	386
17	Buklyuplifts	120
18	Voids - Council Tax	2,964
		69,417
	Administration Costs	
19	Tenants Incentive Scheme	405
20	Legal Expenses	25
21	Office Tel / Rent	19
22	Former Tenants Arrears	4,242
23	Rent Assistance Fund	1,000
24	Charges - Services Admin & Management	15,476
25	General Consultancy	61
26	Training for Front Line Staff	104
27	Charges - Tenants Participation	111
28	Charges for Environmental Health	217
		21,659

	Housing Revenue Account	Budget 2026/27
		£000's
	Supplies & Services	
29	Provision of Meals	295
30	Television Licence	5
31	Integrated Housing System	329
		629
	Agencies	
32	Energy Advice	94
33	Disabled Persons Housing Service	62
		153
	Transfer Payments	
34	Aberdeen Families Project	443
35	Loss of Rent - Council Houses	8,741
36	Loss of Rent - Garages, Parking etc	992
37	Loss of Rent - Modernisation Works	139
38	CFCR	-
		10,315
	Capital Financing Costs	
39	Loans Fund Instalment	5,294
40	Loans Fund Interest	22,668
		27,963
	Expense Total	130,136
	Income	
41	Ground Rentals	(12)
42	Dwelling Houses Rent Income	(125,679)
43	Housing - Heat with Rent Income	(3,438)
44	Housing - Garages Rent Income	(1,342)
45	Housing - Parking Spaces Rent	(208)
46	Housing - Insurance Income	0
47	Housing - Other Service Charge	(561)
48	Legal Expenses	(73)
49	Revenue Balance Interest	(587)
	Income Total	(131,901)
	Net Expenditure	(1,765)