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To: All Members of the Council

Town House,
ABERDEEN, 11 December 2024

RECONVENED COUNCIL

The Members of the **COUNCIL** are requested to meet in Council Chamber - Town House on **THURSDAY, 12 DECEMBER 2024 at 11.00am**. This is a hybrid meeting therefore Members may also attend remotely.

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ALAN THOMSON
INTERIM CHIEF OFFICER - GOVERNANCE

BUSINESS

GENERAL BUSINESS

9.4 Housing Revenue Account Budget 2025/26 - CORS/24/356 (Pages 3 - 46)

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	11 December 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Housing Revenue Account Budget 2025/26
REPORT NUMBER	CORS/24/356
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 2025/26, 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, page 3 of this report, to take effect from Monday 7th April 2025;
- 2.3 Approve the level of revenue contribution to the Housing Capital budget for 2025/26 as detailed in Appendix 1, pages 22 to 24;
- 2.4 Agree to work towards restoring the working balances to 10% 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 18 to 19, to take effect from Monday 7th April 2025;
- 2.6 Approve, based on a rental increase of 12% the Base Capital Programme for the financial year 2025/26 Appendix 1, pages 22 to 24;

- 2.7 Note the inclusion of the tiered trend analysis of the Housing Revenue Account Budget 2025/26, page 4 in Appendix 1, and the current actions to move spend from Tier 2 Early Intervention to Tier 1 Prevention;
- 2.8 Approve the continuation of the £500,000 Rent Assistance Fund pilot in 2025/26;
- 2.9 Instruct the Chief Officer – Housing in consultation with the Chief Officer – Finance and Chief Officer - Digital and Technology to explore the resource and technical implications for moving from a 48 week to a 52 week rent structure, and to consult with tenants thereafter;
- 2.10 Delegate authority to the Chief Officer - Corporate Landlord, following consultation with appropriate Chief Officers, to vire monies from the Housing Capital Plan to support any works that may be required for RAAC interventions across the estate, retrospectively reporting any actions to the next available meeting of the Communities, Housing and Public Protection Committee; and
- 2.11 Delegate Authority to the Chief Officer - Corporate Landlord, following consultation with appropriate Chief Officers, to approve a business case and thereafter procure external contractor support to manage backlog voids over a three-year period, financed from the proposed repair and maintenance budget (with capital allocation as required) for a value not exceeding £15 million.

3. CURRENT SITUATION

Projected Out-turn 2024/25

- 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 2024/25 has a budgeted deficit of £3.1m (utilising reserves) and is currently estimated to stay within budget. Spend is challenging, as it was in 2023/24, and the HRA continues to plan to utilise its reserves in 2024/25. There are several areas of pressure including potential increases in repairs and maintenance from the cost of materials, voids, and staff costs. The higher costs in these areas will be offset by a reduced contribution to Capital from Current Revenue (CFCR). This is not sustainable and why the tenants were consulted on a 10% rental increase for 2025/26.

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 being taken on 10 December 2024, taking account of the various system amendments required, the change in rent levels will start on 7th April 2025.
- 3.4 Rent consultation was carried out in October 2024 with a closing date of 3 November 2024 for responses. There were a number of questions asked regarding the level of increases overall, potential changes to the rent of new build and to homes of different sizes. Further details are included in Appendix 1, Pages 10 -14.

- 3.5 It was agreed this year not to consult on a longer term rent policy as the 30 Year Business Plan, which was approved on 11 October 2024, was an interim plan pending completion of the Housing Asset Management Model in 2025. The Model will help provide a clear understanding of the HRA requirements for the next 30 years.
- 3.6 We wish to continue to bring forward future 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”. In addition, consideration of the level of capital to be financed from CFCR within the HRA budget will have an impact on the Housing Capital Budget. 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 Council in October 2024 stated that to achieve a balanced position each year, a contribution towards the capital borrowing and returning the reserve to a sustainable position, would involve rent increases of the following –

Years	Annual % rent increase
1-5	10
6-10	9
11-12	7
13-15	6
16-25	5
26-30	4

- 3.11 Following a review of the underlying costs in 2025/26 and the potential cost pressures which include pay awards, increased employers contribution to national insurance which were not known at the time of completing the Business Plan, it is now estimated that a rent increase of 12% is required in 2025/26 to achieve a balanced position, make a contribution towards capital borrowing and working towards restating the working balance to 10%.
- 3.12 As part of the consultation ACC asked tenants if for the new build properties, a new build premium could be introduced of 15% for those properties handed over to ACC after 1 April 2025 and amend the differential between the bedroom size. The additional income for differentials, along with the new build premium could reduce the overall rent increase of 12% down to 9.2% in 2025/26, However there should be a recognition certain tenants will be incurring multiple increases in their rent if the Council were to implement these options.

Housing Market Overview

Local Housing Strategy

- 3.13 The Aberdeen City Local Housing Strategy (LHS) 2018-2023 provides the strategic direction to respond to housing need and demand and informs the future investment in housing and housing related services across the city. The LHS identified an affordable housing target of 342 homes per year in 2018/19 and 2019/20 and 385 per year in 2020/21, 2021/22 and 2022/23.
- 3.14 Work on the Local Housing Strategy (LHS) is ongoing with an extensive evidence base collated to inform the strategy. Part of the evidence base for the LHS is the Independent Living and Specialist Housing Provision Market Position Statement (MPS) 2024 – 2034 which has been agreed by the officer Strategy Board. Officers will seek approval from Communities, Housing and Public Protection Committee in early 2025 to begin public consultation on the draft Local Housing Strategy. If production of the LHS continues to progress as anticipated, the final Local Housing Strategy should be published in Autumn 2025.

Rental Market

- 3.15 Average private rents in Aberdeen city stand at £869 per month, up 4.4% year on year at quarter 3 in 2024 however in 10 years the rent has fallen by 18.6%. Within a month 68% of properties are let.
- 3.16 In 1 bedroomed properties the rent has increased by 6.6% and in 4 bedroomed properties the rent has increased by 4.7% year on year.
- 3.17 The current demand for Council housing is borne out by the waiting lists which as of November 2024 have a total of 5613 live applications for a council tenancy. Therefore, this is still an option for many, and demand is the highest for 1 bedroomed properties.

Housing (Scotland) Bill- Rental cap proposal

- 3.18 An amendment to the Housing Bill will set out how rent increases will be capped in areas where rent controls apply, subject to the approval of Parliament, this cap will only apply to Private Rented Properties.
- 3.19 The Scottish Government website states “In response to stakeholder feedback, rent increases would be limited to the Consumer Price Index (a measure of inflation) plus 1%, up to a maximum increase of 6%. If approved, the rent cap will apply to rent increases both during the term of a tenancy and in between tenancies, and will only apply in areas where rent control is applied.”

Housing Capital Plan - New Build Council housing

- 3.20 Reports on the progress of both Council led and Developer led projects, are regularly submitted to the Finance & Resources Committee, the latest summary is provided in Appendix 1, Pages 25-27.

Ongoing Capital Expenditure

- 3.21 The draft budget for 2025/26 is attached as Appendix 1. This shows net expenditure of £127 million financed by £120 million of borrowing along with £2 million by way of a revenue contribution and Other Income of £5 million.
- 3.22 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 22 to 24.

Reserves & Risk

- 3.23 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 like RAAC. In the 2024/25 budget it was agreed to utilise £3.161m of the reserves to approve a lower increase in rents, 4.7% instead of 8.5%.
- 3.24 Where a one-off solution, such as the use of reserves, is filling a budget gap, enabling services to continue as currently delivered, for example, then due consideration of the long-term implications must be taken, identifying where and when they are being used and adjusting future financial planning to reflect the decisions taken. The Council’s reserves statement, as approved by the Council in March 2024, 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. That policy has been challenged in 2024/25 by making use of reserves to support the budget. A rental uplift of 12% would allow a small surplus of £626k which would start to build back the working balance which would then continue to support financial resilience and protect the HRA from financial shocks, recognising inflation is a constant.
- 3.25 Based on projected income and expenditure for 2024/25, the opening figure for 2025/26 should be approximately £8.420 million as detailed below:

Movement in Working Balances	£'000	
Working balance as at 1 April 2024		14,189
Less: Earmarked sums (2023/24)		
Housing Repairs	(2,299)	
House Sales – Non RTB	(309)	(2,608)
Uncommitted Working Balances 1 April 2024		11,581
24/25 Use of working balance		(3,161)
Projected Uncommitted Working Balances 1 April 2025		8,420
25/26 Contribution to working balance		626
Projected Uncommitted Working Balances 1 April 2026		9,046

- 3.26 It is proposed the Council works towards restoring the working balance to over 10%, by operating a surplus budget and making an initial contribution of £626,000 in the next year as demonstrated in the table above. 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 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

- 3.27 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.
- 3.28 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 £127 million. This is attached in Appendix 1 at pages 22 to 24.
- 3.29 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”.
- 3.30 The Council’s Prudential Indicators were most recently reviewed and presented to the Finance & Resources Committee (CORS/24/307) as part of the Quarter 2 Financial Performance report and will be included within the General Fund Budget report on 5 March 2025.

Business Plan

3.31 An Interim HRA 30 Year Business Plan was presented to Council in October 2024 (link to add) this concluded that the HRA cannot demonstrate that there is financial viability over the 30-year life of the Business Plan without rents increasing by 10% annually in the short term, or a reduced increase in rents paired with changes to the rent value criteria, for example introducing a change to differences in rents between properties and a new build premium. The Business Plan reflects the impact of recent higher than forecast pay, price and construction inflation alongside the continuation of capital investment to upgrade and improve the housing stock. The Plan will be reviewed annually and will be updated to reflect the Housing Asset Management Model that is due to be completed in 2025, which will underpin cost projections for financial year 2026/27 and beyond.

Impact of cost pressures 2024/25 and 2025/26 onwards

3.32 The HRA is coming under pressure from the following and this is why we are looking to take a cost of service approach to rent setting and not an inflation based approach -

- Pay awards of 4.27% in 24/25 compared to the budgeted 3%.
- Increase in Employers National Insurance, of approx. £1,000 per employee.
- Rent freeze in 21/22 & 22/23 resulting in a loss of £360m (in cash terms) over the 30 years. (Appendix 1, Page 15, 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.
- Spend on Repairs & Maintenance increasing year on year, some of this can be attributed to inflation and pay award.
- Spend on Management & Administration increasing, principally due to higher than expected pay awards.
- Increasing level of debt charges due to New Build Programme, this could be further stretched by RAAC and the impact of the Business Case for the Multi Storey Flats (as agreed at Communities, Housing & Public Protection Committee on 21 November 2024).
- 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 RAAC roofs, multi-storey investment and other non-traditional properties.
- Reduced funding from the affordable supply programme specifically for Cloverhill and any future New Build's.
- 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.

3.33 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 2025/26 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 achieving intended	Through the Housing Revenue Account Business Plan	L	Yes

	<p>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 departing 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	<p>Non-compliance with Housing Revenue Account Guidance.</p>	<p>Review process undertaken as part of budget process</p>	L	Yes
Operational	<p>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.</p>	<p>Ensure Best Value is achieved for the 23,000 tenancies.</p>	L	Yes
Financial	<p>Every organisation</p>	<p>These risks are minimised by the</p>	H	Yes

	<p>has to manage the financial risks inherent in the operation of large and complex budgets.</p> <p>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.</p> <p>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.</p>	<p>regular review of financial information by services and corporately by Elected Members.</p> <p>Quantification and review of indicative projects costs by suitable qualified staff or external body, where appropriate.</p> <p>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.</p>	M	
Reputational	The reputational risks to the Council are minimised by	All staff and Elected Members advised.	L	Yes

	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 2025/26 looking for approval to continue the Fund.
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	Completed
Data Protection Impact Assessment	Not required.
Other	Not required.

10. BACKGROUND PAPERS

ALACHO Rental uplifts 2425 –and benchmarking from Scottish Housing Regulators data sets

Citylets Quarterly report Q3 2024 – Aberdeen

11. APPENDICES

Appendix 1 Draft Housing Revenue Account 2025/26 Budget

Appendix 2 Detailed Draft Housing Revenue Account 2025/26 Budget

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ABERDEEN CITY COUNCIL

APPENDIX 1

HOUSING REVENUE ACCOUNT

Rental increase

The analysis below shows the original budget for 24/25, the forecast budget for 25/26 presented in the October 2024 30 year Business Plan papers and the revised budget forecast for 25/26 taking into account known potential increases. The 30 Year Business Plan forecast a rental uplift of 10% would be required, due to the increase in costs, including the recently announced increase in Employers National Insurance contributions, this is now forecast to be 12%, therefore to maintain current service standards rent would need to increase by this percentage.

HRA Summary	Budget	30 Year Business Plan	Budget	Reasons for Uplift and revision
	2024/25	2025/26	2025/26	
	£'000	£'000	£'000	
Housing Staff Management & Operations	15,852	17,929	18,408	Confirmation of pay award and NI changes
Property Planned & Response Maintenance	41,040	43,092	43,462	Confirmation of pay award and NI changes
Other Operational Costs (Grounds/Cleaning etc)	15,350	14,908	18,251	Confirmation of pay award, NI changes and increase in Council Tax payments related to void properties
Cost of Repaying Borrowing	20,767	24,621	24,621	
Loss of Rent – Voids and Bad Debt	12,941	15,779	14,505	
Total Expenditure	105,950	116,328	119,245	
Council House Rents	(104,189)	(114,608)	(116,692)	Reflects uplifts in rents from 10% to 12%
Misc Rental (Including Heat with Rent, Garages etc)	(7,647)	(4,900)	(5,639)	
Total Income	(111,836)	(119,508)	(122,331)	
Net Expenditure/(Income)	(5,886)	(3,180)	(3,086)	
This enables the following to be made -				
Contribution to Capital Investment (CFOR)	9,048	2,460	2,460	
Contribution to/(from) HRA Reserve	(3,162)	720	626	

Further details are contained in Appendix 2.

In the table below are the main assumptions in the 2025/26 budget -

Assumptions	% uplift	Reason
Repairs and Maintenance	5	Pay and material increases
Maintenance of Grounds	3	Pay Increase
Cleaning Services	3	Pay Increase
Utilities	8 & 10	Anticipated increase
Admin and Management	3	Pay Increase

Impact of the rent increase

Below is the proposed rent increases based on a 12% rental increase.

2024/25 rent levels	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
	£	£	£	£	£
Multi/flat/maisonette	70.98	84.63	91.46	98.29	105.11
Four in a block	77.81	91.46	98.28	105.12	111.94
Cottage/house	84.65	98.29	105.12	111.96	118.78
Proposed 2025/26 rent levels	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
12% increase					
	£	£	£	£	£
Multi/flat/maisonette	79.50	94.78	102.43	110.09	117.72
Four in a block	87.15	102.43	110.08	117.73	125.37
Cottage/house	94.81	110.09	117.73	125.39	133.03

The increase in weekly rent (48 weeks) is as shown below:

Weekly Increase for 2025/26	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
	£	£	£	£	£
Multi/flat/maisonette	8.52	10.16	10.97	11.80	12.61
Four in a block	9.34	10.97	11.79	12.61	13.43
Cottage/house	10.16	11.80	12.61	13.44	14.25

Tiered trend analysis

Similar to the HRA Budget papers in 2024/25 included is the tiered trend analysis for 2025/26 -

HRA Budget 2025/26	Tiers		
	1	2	3
	£'000	£'000	£'000
Housing Staff Management & Operations	5,344	11,122	1,941
Property Planned & Response Maintenance	8,692	34,769	-
Other Operational Costs (Grounds/Cleaning etc)	12,591	2,068	3,593
Cost of Repaying Borrowing	24,621	-	-
Loss of Rent – Voids and Bad Debt	-	67	14,437
Total	51,248	48,026	19,971

Summary of the tiers

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

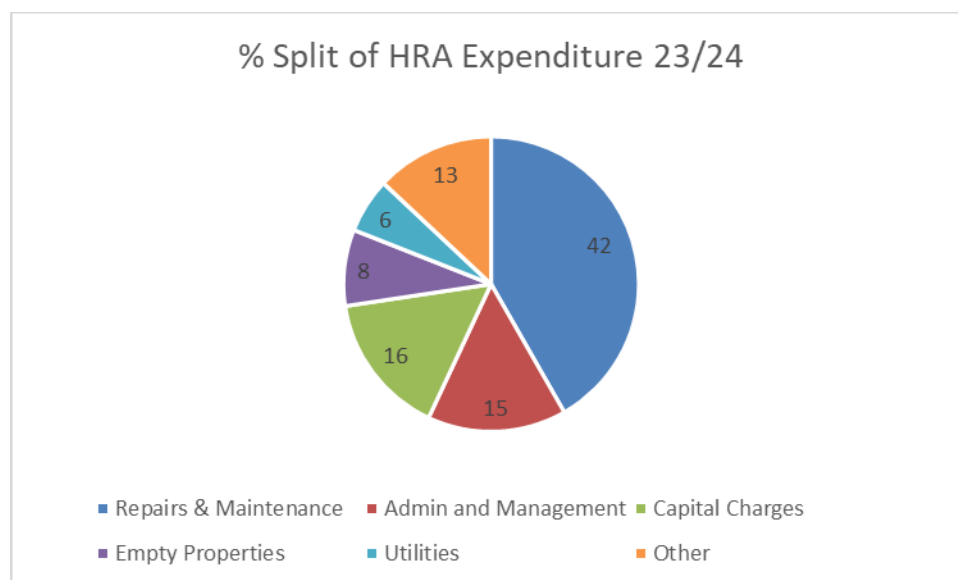
2 - Early intervention - Interventions that ward off the initial onset of harm and create empowered resilient communities and staff (human demand) Intervening before further harm takes place in a way that avoids the later costs in both human and financial terms of handling the consequences of that harm (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 2025/26 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 5 and to reduce the spend on voids within tier 3 detailed on page 5.

Where we spend the money

We keep all of the income and expenditure for our council houses in a separate account, called the Housing Revenue Account (HRA). In 2023/24 the greatest proportion (42%) of revenue spend is on repairs and maintenance, followed by Capital charges (16%).



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 your homes, pest control, cleaning.

Repairs and maintenance

The cost of repairs has increased significantly as detailed in the 30 Year Business Plan, this is a challenge felt by many other local authorities due to the level of price and wage increases over the last few years triggered by inflation, COVID, BREXIT and the war resulting from the Russian invasion of Ukraine. The level of repairs also reflects the aging nature of the stock.

Voids

As of 14 October, there were 1,766 housing voids without an offer, of which 509 are ready for occupation, and 221 were completed buy backs. 175 properties were under offer and 42 progressing to lease signing, therefore voids remain a significant issue.

In the period 1 April 2024 to 30 September 2024 spend on void properties was in excess of £14million pounds with over 1,300 properties being taken through the process. This has been through internal teams with a range of external contractor support. This volume is considered financially unsustainable in relation to both the level of spend and local contractor capacity.

As detailed above the Council is revising the Minimum Letting Standard this should reduce the period of time a property is void, this will be closely monitored, it is estimated this would improve the 2025/26 losses by approximately £1m (based on 200 fewer voids), with the position being reviewed during the year and updated as part of next 30 Year Business Plan.

It is recommended that external contractor support is engaged to support dealing with the level of backlog voids to support existing internal teams. Approval to retender this and secure delivery through one supplier is sought with this being managed over a 3 year period. This will allow a more robust sub-contractor supply chain to be developed. Approval is sought to commit approx. £5 million of spend per annum from the repair and maintenance and capital budgets (where capital works are required) for the next 3 years.

A number of voids require significant works, which would not demonstrate value for money in relation to the rental return. Initially a gateway has been introduced to ensure that work that exceeds £20,000 is undertaken only where there is strong demand for properties to ensure that resources are used in the most effective manner at this time. This will be reviewed as the Asset Management model for the stock is developed and finalised in 2025.

Properties with excess spend requirements, low demand, high management requirements (cost and time) or functional obsolescence will be managed through the revised Acquisitions and Disposals Policy approved by the Communities Housing and Public Protection Committee in November 2024. Disposals will allow debt to be repaid but will also allow properties to be brought back into use more efficiently helping to support housing supply. Similarly sites held on the HRA which are now unlikely or unviable to develop will be reviewed and taken to the market if deemed the most appropriate outcome.

Consideration has also been given to implement reduced rental levels in void properties that have been available for let but not let for a 12-month period. It is not proposed to proceed with this, at this time, until works around the review noted in the paragraph above. This will continue to be reviewed.

Rent Policy

There is currently no rental policy in place as the previous rental policy of 4% ended on 31 March 24.

In December 2023 the Council took the decision to increase rents for 2024/25 by 4.7%, which was below the recommended rent increase of 8.5%. For this to be affordable the Council is using £3.161m of HRA reserves. 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 4 or 3 years as work is currently being undertaken on the Asset Management Plan which will form part of a refreshed 30 Year Business Plan in 2025. However, this could be reviewed next financial year once this work has been undertaken.

We must consult on a rent policy for 25/26 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 2024/25 there was a move by local authorities to adopt a fixed rent policy, for example Edinburgh City Council agreed a 7% rent increase for each of the next 5 years in 2024/25 to 2028/29. There are no restrictions on setting rent in 25/26 from either COSLA or the Scottish Government.

Although inflation has started to slow down/stabilise with CPI reducing from 4.6% in October 2023 to 1.6% in October 2024, the impact of a 2 year rent freeze and below inflation rent increases in the following two years has resulted in the costs of delivering the service increasing at a faster rate than the rental income expected for the HRA.

Removal of Free Weeks (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 have started to investigate a move to a 52 week basis (annual rent charge spread over the full year) for all housing charges.

We believe further work is required to ensure such a change would benefit the tenants and the internal resources required as intensive system testing will be required therefore the recommendation is to instruct the Chief Officer – Housing in consultation with the Chief Officer – Finance and Chief Officer - Digital and Technology to explore the resource and technical implications for moving from a 48 week to a 52 week rent structure, and to consult with tenants thereafter.

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.

By moving to a 52 week rent year it should help tenants budget their money better, avoid getting into debt, simplify the administration of benefits and manage the monthly Universal Credit payments.

Both Edinburgh and Dundee City Council have recently moved successfully to a 52 week rent year, while other Councils, such as Falkirk and South Ayrshire Councils maintain the 48 week rent year and are not looking to change.

Edinburgh City Council provided feedback on their removal of the free weeks through the Rent Forum, they highlighted the following lessons that could be learnt from their experience –

- Ensure that tenants are consulted / made aware
- Include in the communication how rent will be calculated monthly as this can cause major confusion.
- Universal Credit claimants as tenants continued to report the free weeks which affected their housing cost payments. This took a lot of work to resolve but tenants correctly report rent increase with prompting.

National Insurance changes

UK Government on 30 October 2024, as part of the new government's first budget, increased employers' national insurance contributions with effect from April 2025.

National Insurance is a tax on earnings that is paid by both employees (from their wages) and by employers (on top of the wages they pay out), as well as by the self-employed (from their trading profits).

The government are making four changes to employer National Insurance contributions (NICs), all of which take effect at the start of the next tax year (6 April 2025). Reducing the threshold from £9,100 to £5,000, which means an additional

£4,100 is now exposed to the 15% Employer's NI rate, so £615 each (or 6.8% change up to £9,100).

Above the £9,100 there is a change from 13.8% to 15% which creates the cost impact of an additional 1.2%.

The HRA will receive no funding to cover the additional cost of the employers' NI changes, as this change was only announced in the October 2024 budget this cost was not included in the 30 year Business Plan.

It is estimated that this change will cost the HRA £863k as listed below -

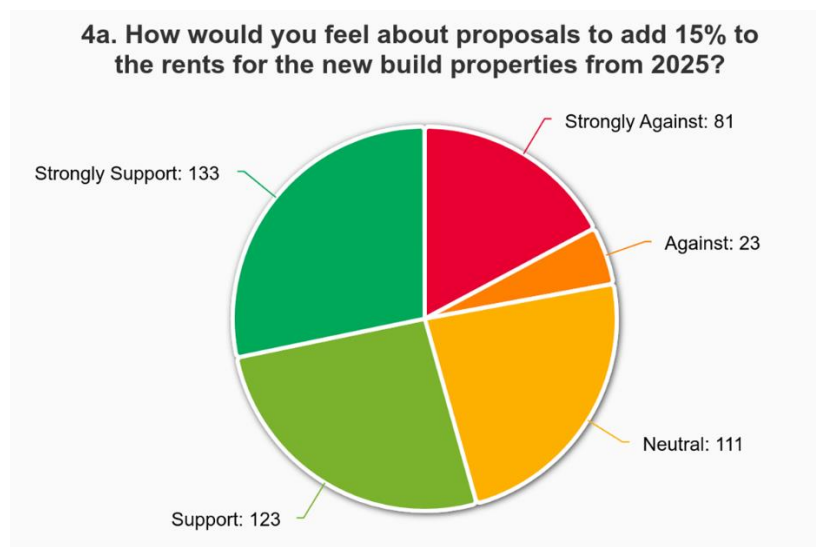
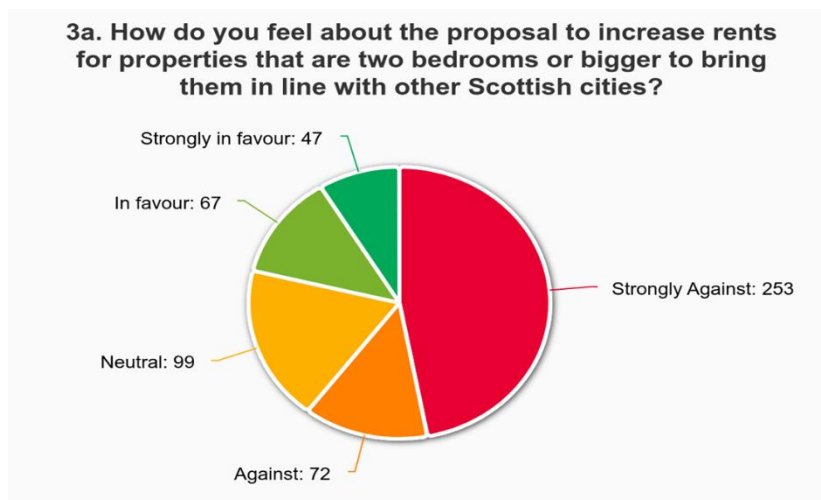
	£'000
Grounds Maintenance	67
Cleaning - Multi's	29
Cleaning - Sheltered	28
Building Services	369
Management & Admin	352
Environmental Health	4
Refuse Collection	14
Total NI Change	863

Tenant Consultation

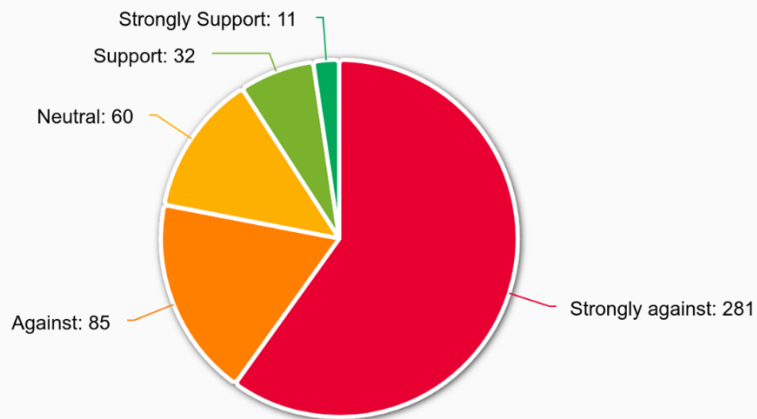
A full consultation process for rent setting for 2025/26 was agreed in October 2024 as part of the 30 Year Business Plan approved at Council on 11 October 2024. This process involved notifying tenants that the rent consultation was live with the option to complete online via Common space on the Council's website or at one of the various drop in events at various centres/hubs. The consultation was carried out in October with a closing date of 3 November for responses. In total there were 538 responses.

In summary of the responses tenants were against increases in the differentials and a 10% increase however in favour of a 15% premium for new build.

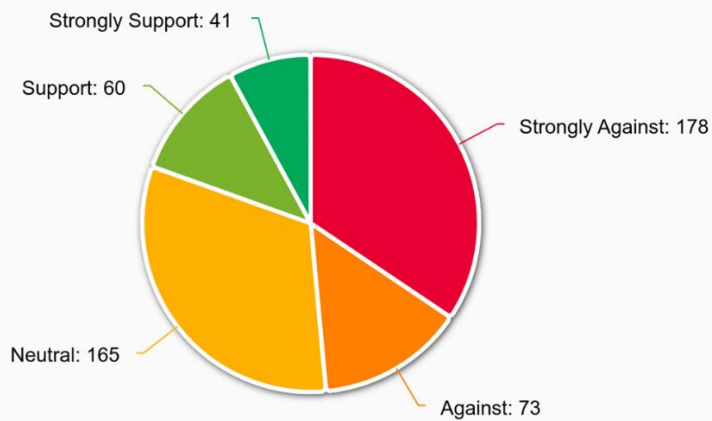
Responses and questions-



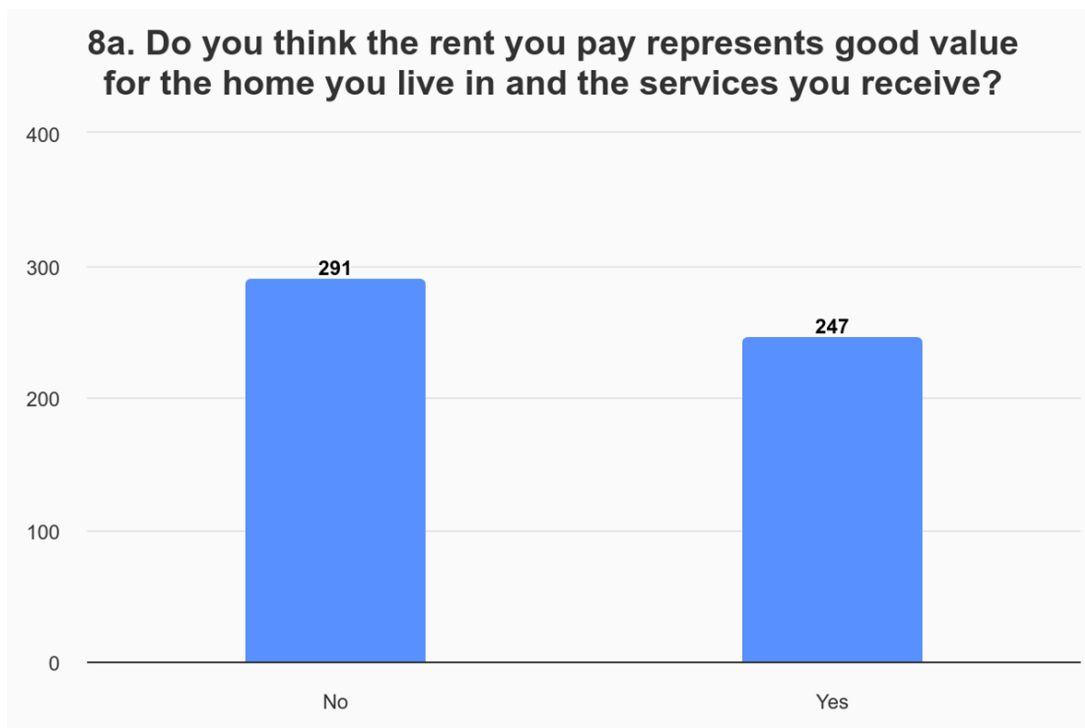
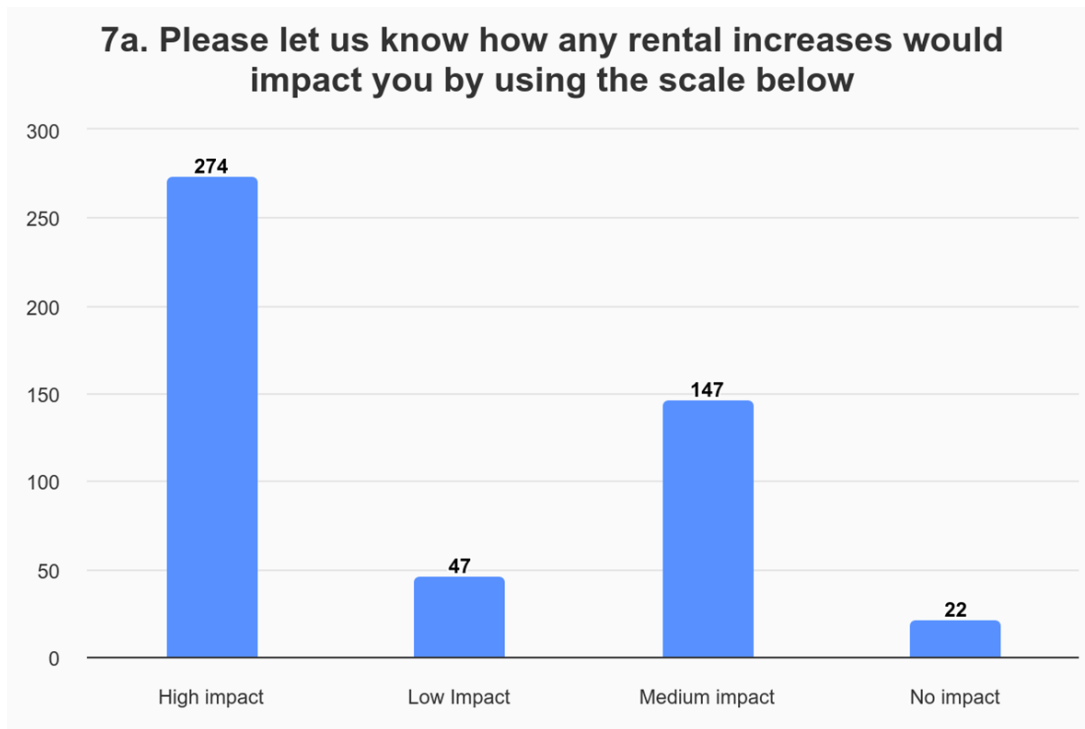
5a. How would you feel about the proposal of an annual rent increase of up to 10% from April 2025?



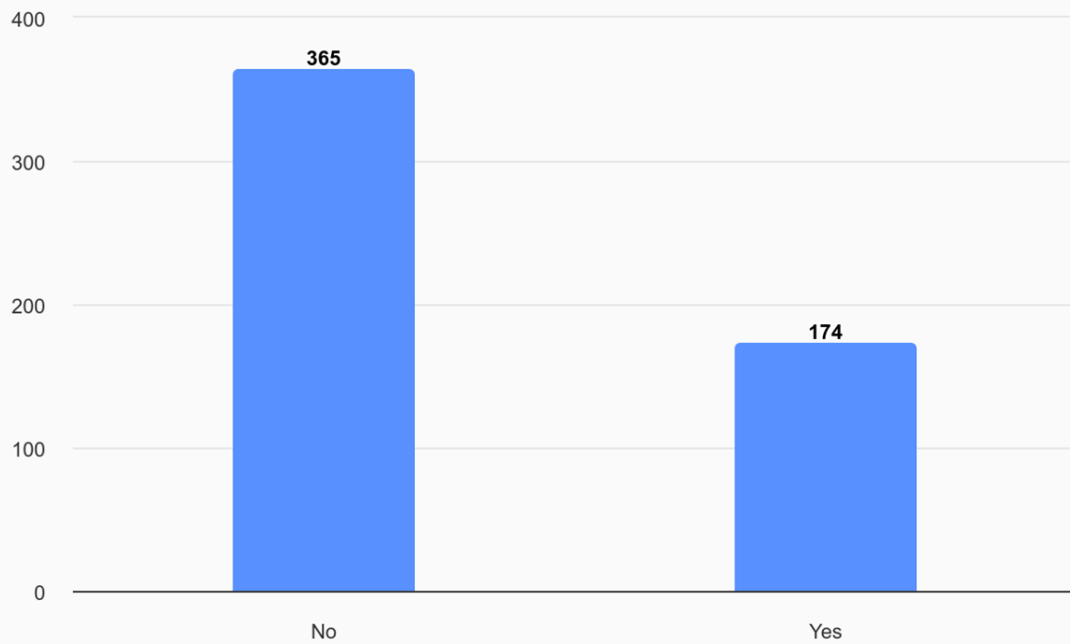
6a. How would you feel about proposals to increase kitchen replacements to every 25 years and bathrooms every 35 years?



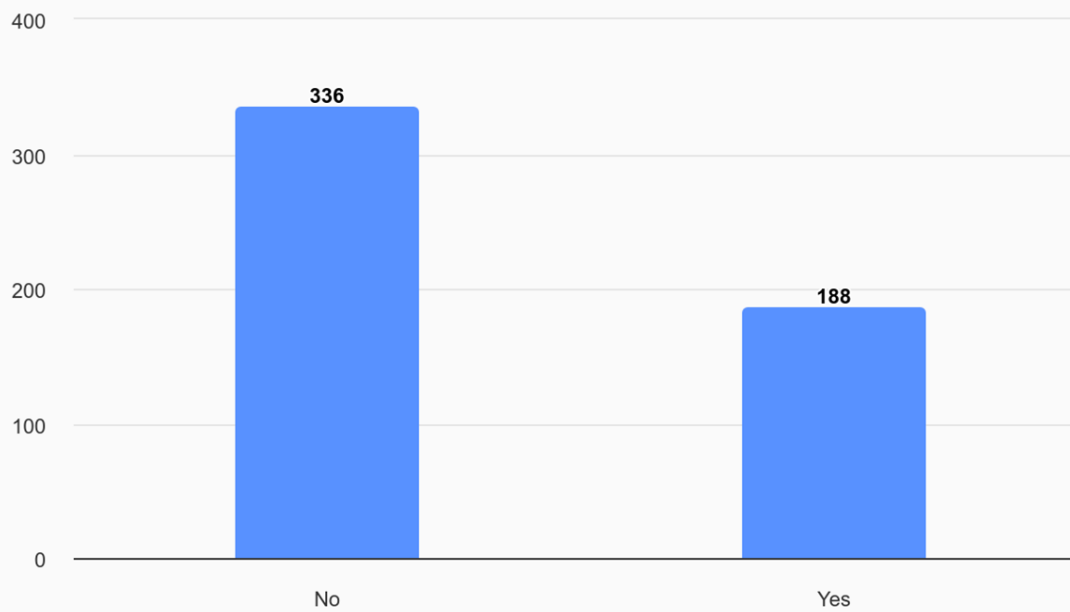
In addition to the above we also asked about the impact of the increases on them as tenants, ability to pay their rent and the support provided.



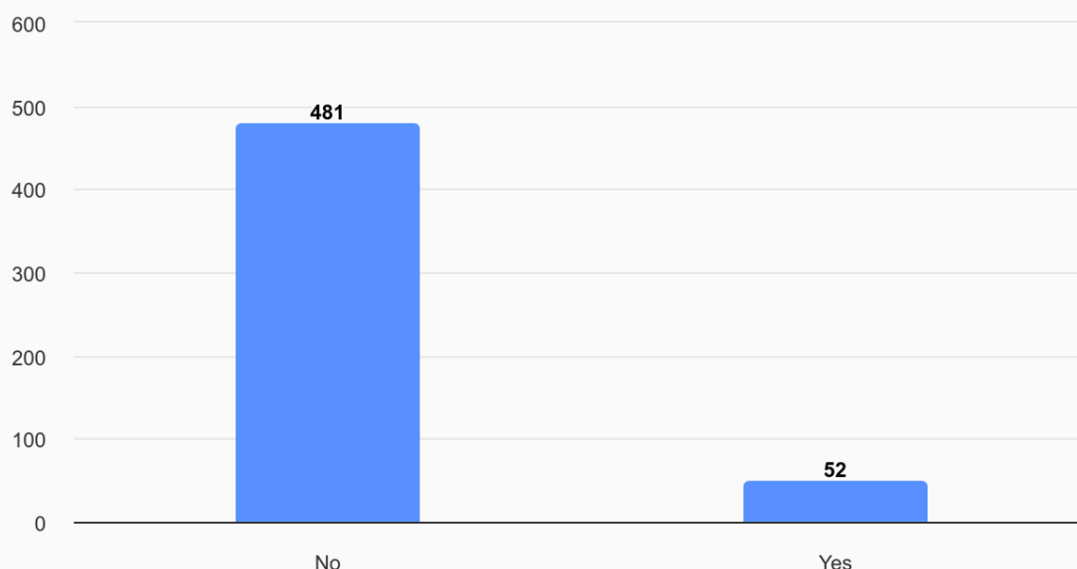
10. Are you claiming Housing Benefit or Universal Credit?



11. Are you finding it difficult to pay your rent due to financial pressures?



12a. Have you had discussions with your Housing and Support Officer about financial pressures or accessed any other support?



The consultation also allowed for free text to be added. Below is a summary of the feedback -

1. **Concerns about Rent Increase:** Many tenants feel that the 10% increase is excessive, especially given the current cost of living crisis.
2. **Housing Conditions:** Tenants have expressed dissatisfaction with the maintenance and repair of their properties. Issues such as leaking windows, faulty boilers, and inadequate insulation are common complaints. They feel that the proposed rent increase is not justified given the condition of their homes.
3. **Financial Strain:** Many tenants, particularly pensioners and those on fixed incomes, are struggling to make ends meet. They worry that the rent increase will force them to cut back on essentials like food and heating.
4. **Council's Financial Position:** Some tenants are sceptical about the council's justification for the rent increase. The Council has a strong credit rating, questioning why additional funds are needed from tenants.
5. **Suggestions for Fairness:** Several tenants suggest that a smaller, more manageable increase (e.g., 3% or 5%) would be fairer and more democratic. They also propose that rent increases should be based on the condition of the property and the tenant's ability to pay.

Overall, the comments highlights significant tenant dissatisfaction with the proposed rent increase and the current state of housing maintenance. Tenants are calling for more equitable and considerate approaches to rent adjustments. The feedback will reflect the age of the stock, with those in the older stock being more dissatisfied.

Comparison with other Local Authorities

For the last four years ACC HRA rents have increased by an average of 2.18% a year, this is the lowest increase of all the local authority landlords as can be seen in the table below.

Year and Rent Increase	21/22	22/23	23/24	24/25	Total increase over the 4 years	Average Increase for each of the 4 Years
Local Authority	%	%	%	%		
Aberdeen City Council	0	0	4	4.7	8.7	2.18
Aberdeenshire Council	2.8	1.5	2.5	5	11.8	2.95
Angus Council	2	1	4.1	6.6	13.7	3.43
City of Edinburgh Council	0	0	3	7	10	2.50
Clackmannanshire Council	0	3.1	3	6.7	12.8	3.20
Dundee City Council	1.5	1.5	3	3.5	9.5	2.38
East Ayrshire Council	1.5	1.5	4	6.5	13.5	3.38
East Dunbartonshire Council	0.5	2.5	4.2	4.8	12	3.00
East Lothian Council	0	0	5	7	12	3.00
East Renfrewshire Council	1	1	5	3.5	10.5	2.63
Falkirk Council	2	2	2	5	11	2.75
Fife Council	1.5	2.5	5	5	14	3.50
Midlothian Council	0	0	4.8	4.8	9.6	2.40
North Ayrshire Council	1.9	2.5	6.42	6	16.82	4.21
North Lanarkshire Council	5	3	5	7	20	5.00
Orkney Islands Council	2	2	3	6.7	13.7	3.43
Perth & Kinross Council	1	3	2.2	6	12.2	3.05
Renfrewshire Council	1.5	2	5.5	6	15	3.75
Shetland Islands Council	1	0	4.5	5	10.5	2.63
South Ayrshire Council	1.5	1.5	1.5	4.5	9	2.25
South Lanarkshire Council	2.2	2.2	3.5	6.5	14.4	3.60
Stirling Council	1.3	1.1	2.9	6	11.3	2.83
The Highland Council	2	1	4	7.95	14.95	3.74
The Moray Council	3	1.5	3.5	7.7	15.7	3.93
West Dunbartonshire Council	1.5	2	5	6.7	15.2	3.80
West Lothian Council	3	3	3.5	3.5	13	3.25

In order to mitigate the impact of the previous rent freezes and the below inflationary increases in 2023/24 and 2024/25, 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 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](#)). The evaluation covering the full 12 months of the pilot will be presented to the Communities, Housing and Public Protection Committee after one full year of operation. Other LA's with our 'family group' have more established rent assistance funds, many at significantly higher levels.

Since going live on the 22 April 2024 (as at 27 November 2024)

There have been –

- 251 referrals made
- 168 referrals approved
- Average award £740.47
- Total paid £124,398.41
- 20 referrals declined

It is estimated that the final spend for 2024/25 will be £250,000.

The RAF has had a significant impact in reducing rent arrears and homelessness risk, delivering critical financial support across cases. The RAF directly prevented homelessness in 15 cases, with an estimated savings of £348,975 by avoiding the high costs associated with eviction, temporary housing, and resettlement.

Additionally, RAF interventions supported 136 tenants at risk of escalating arrears, yielding estimated savings between £244,800 and £748,000 in potential rent escalation costs. In September 2024, Cyrenians reported the average cost of homelessness in Edinburgh at £23,265 per case, underscoring the value of preventative support in avoiding these expenses.

Local authorities bear significant costs when handling arrears, including administrative and legal fees up to £2,500 per case, lost rent revenue, and additional support services. With each arrears case potentially costing £1,800 to £5,500, RAF's intervention reaches tenants early, helping to avoid further escalation. Through targeted interventions like the RAF, vulnerable households receive necessary support to maintain their tenancies, directly reducing the financial strain on public systems and ultimately fostering long-term housing stability.

It is anticipated that the full £500,000 will not have been spent during 24/25. Using lessons learnt from the RAF pilot during 24/25 it is proposed that a review of the award

criteria and associated processes is undertaken with the aim of increasing the number and value of awards. The review will also explore how best to identify suitable cases for an award.

This would be notified to committee via a service update as agreed by Communities, Housing and Public Protection Committee on 28 March 2025.

As part of the 2025/26 Budget we are recommending the Rent Assistance Fund is continued to support tenants.

ABERDEEN CITY COUNCIL				
HOUSING REVENUE ACCOUNT				
Miscellaneous Rents				
2025/2026				
	Current	Proposed	Increase	Percentage
	Rental	Rental	Per Week	Increase
	£	£	£	%
Miscellaneous Increases - HRA				
Garages	13.75	15.40	1.65	12.00%
Denburn and West North Street Spaces	6.30	7.06	0.76	12.00%
Denburn and West North Street Spaces	22.75	25.50	2.75	12.09%
Garages Sites	5.35	6.00	0.65	12.15%
Car Ports	5.85	6.55	0.70	12.00%
Car Parking Spaces - Local	4.95	5.55	0.60	12.12%
Car Parking Spaces - Non Local	22.75	25.50	2.75	12.09%
Window Cleaning	1.00	1.12	0.12	12.00%
Meals at Denmore & Kingswood	46.50	52.00	5.50	11.83%
Guest Rooms (per night)	12&18	14 & 20	2.00	16% & 11%
House Garden Scheme (annual)	90.00	101.00	11.00	12.22%
General Fund charges - Support Services				
Service Charge for Supported Flats	53	66	13	24.53%
Provision of temporary accommodation as per legislative duty	95	97	2	2.11%
Service Charge for Hostel - West North Street	810	869	59	7.28%
Hotels/B&B (new charge)	0	570	570	

The above proposed prices for 2025/26 have been increased broadly in line with the proposed 12% rent increase.

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 1 April 25. These charges are based on actual costs and forecasts for pay awards. This year a new charge has been added for the use of hotels previous the charge for Hostels has covered this area but this no longer reflects the costs incurred.

Heat with Rent calculations for 2024/25

A review of consumption and costs is required each year. As Heat with Rent is not available to all tenants, therefore not rent pooled the cost must be recovered by the charge. The increased energy costs continue to result in a cost pressure in 2023/24.

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.

From 1 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 1 October to 31 December 2024, the Ofgem price cap has been set at £1,717 for a typical household per year. This represented an increase of 10% compared to the cap set between 1 July to 30 September 2024 of £1,568.

Heat with Rent – 48 week basis			Increase
	Previous	Proposed	per week
	£	£	£
Gas Heated Properties			
Bedsits	11.64	13.25	1.61
1 bed roomed flats	13.41	17.43	4.02
2 bed roomed flats	15.25	17.35	2.10
3 bed roomed flats	17.03	19.38	2.35
Electrically Heated Properties			
Bedsits	12.81	14.48	1.67
1 bed roomed flats	14.49	16.38	1.89
2 bed roomed flats	16.30	18.43	2.13
3 bed roomed flats	17.98	20.33	2.35
CHP Properties			
All 1 Bed roomed Properties	13.61	15.69	2.08
All 2 Bed roomed Properties	15.38	17.73	2.35

Housing Capital 25/26

This year we are asking for the approval of the 2025/26 Housing Capital Programme instead of 5 years this because an Integrated Asset Management model is currently being developed which will be presented to members in early 2025.

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

The 2025/26 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.

Reinforced Autoclaved Aerated Concrete (RAAC)

The presence of Reinforced Autoclaved Aerated Concrete (RAAC) panels within roofs has been confirmed at circa 504 addresses in the Balnagask area of Aberdeen. This is the only area where RAAC has been identified across the Council's housing estate.

The 504 addresses are made up of 372 individual buildings which are a mix of houses and ground/first floor flats. In the case of the flats, although it is only the top flat which has the RAAC panels in the roof, it is evident and accepted that the bottom flat will also be impacted in terms of any potential planned remedial works.

Our records show that the RAAC impacted properties are a mix of council ownership (366) and private ownership (138).

[Council on 21 August](#) agreed to proceed with the option of demolition and the future redevelopment of the site for housing and Chief Officer – Capital was instructed to proceed with the demolition aspect of this, and report back to the next appropriate meeting of the Communities, Housing and Public Protection Committee on the initial phasing of demolition and landscape details.

The Council also agreed to -

- Undertake a detailed master planning exercise assuming the site is vacant to determine future redevelopment;
- Look at a range of delivery options for new housing on the site including opportunities to work with partners to meet the masterplan aspirations, and the requirement of the Housing Revenue Accounts 30 year business plan;
- Take forward negotiations with private owners to acquire their properties voluntarily at their current Market Value. . In addition to Market Value the Council would be willing to meet reasonable legal and professional costs along with home loss and disturbance payments;

The full recommendations are found in the following link - [Full recommendations](#).

It should be noted that in 2025/26 we will continue to vire funding from the mainstream housing capital programme to support appropriate costs associated with managing the RAAC situation as instructed in the committee report.

The voluntary acquisition and re-homing programme continues and as the cost and full financial implication develop it is likely that the Council may request that the Scottish Government consider a statutory dispensation to permit the Council certain flexibilities for borrowing and repayment timescales. The Chief Officer - Finance has been instructed to request that dispensation, where required.

City Centre Multi-Storey Buildings and other non-traditional stock

The Housing stock continues to contain a disproportionate number of properties of non-traditional housing types including 59 multi-storey buildings, many of which have high levels of owner occupation. All these building types will have a limited life expectancy and will have a requirement for ongoing and increasing repair and maintenance costs in coming years.

8 of these buildings are in the city centre and have been subject to an option appraisal exercise and initial engagement with residents. Work to date has indicated that the buildings represent a significant financial cost to the HRA and owners in future years and the asset management model will require to consider future spend requirements on the sites in consultation with all stakeholders. No specific allowance has been made in the 2024/25 budget until costs are updated and further consultation undertaken.

Housing Capital Budget		
		2025/26
	PROJECT	£'000
SCOTTISH HOUSING QUALITY STANDARDS		
1 Compliant with the tolerable standard		
1.1	Major Repairs-	
	Pitch Roof Replacement (Flats, Houses and Cottages)	8,744
		8,744
2 Free from Serious Disrepair		
2.1	Primary Building Elements	
	Structural Repairs Multi Storey	3,930
	Structural Repairs General Housing	2,500
	Secondary Building Elements	
2.2	Upgrading of Flat Roofs General Flats	1,700
	Upgrading of Flat Roofs General Housing	168
2.3	Upgrade Flat Roofs Multi Storey	3,150
2.6	Window Replacement General	14,446
	Window Replacement General –Communal	533
		26,427
3 Energy Efficient		
	Effective insulation	
3.1	Cavity Wall Insulation	708
3.2	General Houses Loft Insulation	788
	Efficient Heating	
3.3	Heating Systems Replacement	6,367
3.6	Energy Efficiency Sheltered	690
3.7	SCARF	35
3.8	Solid Wall Insulation	3,000
		11,588

Housing Capital Budget		
		2025/26
	PROJECT	£'000
	Modern Facilities & Services	
	Bathroom and Kitchen Condition	
4.1	Modernisation Programme – Bathroom	3,444
	Modernisation Programme – Kitchen	17,175
		20,619
	5 Healthy, Safe & Secure	
	Safe	
5.3	Rewiring	1,087
5.4	Lift Replacement Multi Storey/Major Blocks	1,935
5.5	Smoke Detectors – Common Areas Major Blocks	274
5.6	Services	
	Cyclical maintenance/replacement of the following services	1,092
	Secure	
5.11	Door Entry Systems	45
5.12	Replace Door Entry Systems - Major Blocks	401
5.13	Other Initiatives including FD 60 Doors	560
		5,393
	NON SCOTTISH HOUSING QUALITY STANDARDS	
	6 Community Plan & LOIP	
6.2	Community Initiatives	1,890
6.7	Adaptations Disabled	1,000
6.8	Special Initiatives/Barrier Free Housing	150
6.9	Housing For Varying Needs- Amenity/Adaptations	150
6.1	Housing For Varying Needs- Extra Care/Adaptations	340
6.17	New Build	50,868
6.19	206 Union Street	700
		55,098

Housing Capital Budget		
		2025/26
	PROJECT	£'000
	8 Service Expenditure	
8.1	Other Departmental Fees	8,954
		8,954
	Gross Programme	136,823
	Less 11% Slippage	(9,634)
	Net Programme	127,189
	Financed by:-	
	Borrowing	(119,729)
	Other income eg Affordable Homes Reserve	(5,000)
	CFCR	(2,460)
	Total Funding	(127,189)

New Housing Investment Programme

As at 14 November the following new builds have been completed -

Site	Units
Summerhill	369
Wellheads	283
Auchmill	92
Tillydrone	70
Kaimhill	35
Cloverhill	258
Total as at 14/11/24	1,107

Work remains ongoing on three sites – Craighill, Kincorth and Cloverhill, progress detailed below

Craighill

The enabling works (ground works) are complete, value engineering has been carried out, and a new planning application was submitted and approved which required re-design of tender documentation for the outstanding construction works.

The tender documents have been issued to the market and following completion of the tender process, CHAP Construction were appointed as the Principal Contractor . The final contract documents are now being put in place with work on site commenced.

This project will deliver 87 new units.

Kincorth

The enabling works (ground works) are complete, value engineering has been carried out, new planning application submitted and approved which required re-design of tender documentation.

The tender documents have been issued and due back at the end of December, and allowing for due diligence and financial affordability test to be carried out. The earliest that works could commence is Quarter 4 2024/25.

Cloverhill New Build Housing

The project continues to progress well on site with a total of 258 units have been handed over to ACC out of the total 538 units.

Complex Care

Individuals with learning disabilities and complex care needs require the provision of suitable, robust accommodation, which is currently unavailable within our existing housing stock. Unsuitable environments can lead to challenges in the management of need and communication, often resulting in challenging behaviour. This requires the development of sustainable and robust accommodation which will meet the profile of need for those with complex care requirements. These requirements are evidenced through good practice and wider learning on a local and national basis.

This project aims to deliver:

- 8 individual homes which meets the environmental specifications for individuals with complex care needs through a new build delivery approach as considered within the project options appraisal. In addition, this accommodation will provide adequate office/respice space for care provider employees who will provide 24/7 onsite support.
- Adequate community and service links to allow individuals with complex care needs to integrate and participate in their local community.
- Learning and a model for further development for unmet and future need that will allow the operating model to be as flexible as possible for the unknowns' future delivery.

Progress over the next period should see the substructure works drawing to a conclusion and the commencement of the erection of the timber kits.

Buy Backs

Buy backs have been scaled back this year to only include those that had been approved last year due to the reduction in AHSP funding, ACC has reviewed the acquisition and disposal policy of Council Houses (as approved at Communities, Housing and Public Protection Committee on 21 November 24), this gives clear guidance on the properties which meet the key criteria in order to buy back –

- There is an identified specific demand that requires a property of a particular size or type.
- There is demonstrable demand for the property type: and
- The property gives the HRA a majority interest in a building or full ownership of a block
- The Property has not been subject to a tenancy which has been brought to an end to allow a sale.
- Vacant possession is available.
- The property can be brought to minimum letting standard/ meets HFVN, SHQS and EESSH 2 requirements at reasonable costs.
- The purchase is affordable for the HRA in both capital and revenue (maintenance and management) costs.

- There is a proven urgent need for a property size, or property with specific adaptations/facilities, which cannot be currently met from the existing housing stock.

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APPENDIX 2

Housing Revenue Account		Budget 2025/26
		£000's
Premises Costs		
1	Rates	67
2	Rent	78
3	Repairs and Maintenance	43,462
4	Maintenance of Grounds	4,250
5	Gas	1,719
6	Electricity	5,151
7	Cleaning Service	1,202
8	Security Service	250
9	Window Cleaning	3
10	Refuse Collection	489
11	Cleaning- Sheltered Housing	1,073
12	Other Property Costs - Council Tax	2,823
		60,567
Administration Costs		
13	Tenants Incentive Scheme	397
14	Legal Expenses	25
15	Office Tel / Rent	18
16	Former Tenants Arrears	4,180
17	Rent Assistance Fund	500
18	Admin & Management	17,484
19	General Consultancy	60
20	Training for Front Line Staff	102
21	Tenants Participation	109
22	Environmental Health	213
		23,088
Supplies & Services		
23	Provision of Meals	289
24	Television Licence	5
25	Integrated Housing System	322
		617
Agencies		
26	Energy Advice	92
27	Disabled Persons Housing Service	61
		153

Housing Revenue Account		Budget 2025/26
		£000's
Transfer Payments		
28	Aberdeen Families Project	376
29	Void rent loss - Council Houses	8,698
30	Void rent loss - Garages, Parking etc	992
31	Void rent loss - Modernisation Works	135
32	CFCR	2,460
		12,661
Capital Financing Costs		
33	Loans Fund Instalment	4,186
34	Loans Fund Interest	20,435
		24,621
Total Expenditure		121,705
Income		
35	Ground Rentals	(12)
36	Dwelling Houses Rent Income	(116,692)
37	Housing - Heat with Rent Income	(3,275)
38	Housing - Garages Rent Income	(1,342)
39	Housing - Parking Spaces Rent	(208)
40	Housing - Other Service Charge	(561)
41	Legal Expenses	(72)
42	Revenue Balance Interest	(170)
Total Income		(122,331)
Net Expenditure		(626)

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