

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	5 February 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Feb 2025 RAAC Update
REPORT NUMBER	F&C/25/030
DIRECTOR	Families and Communities
CHIEF OFFICER	Corporate Landlord
REPORT AUTHOR	Stephen Booth
TERMS OF REFERENCE	1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide members with a formal update on the progress being made implementing Council instructions relating to RAAC in Balnagask, including the options available to the Council to compulsorily acquire properties, and provide an indicative timeline for the completion and reporting of outstanding instructions.

2. RECOMMENDATIONS

That Council:-

- (a) Note the list of instructions from the meeting of Council in August 2024 and agrees the proposed reporting method for each of these as noted in the Report;
- (b) Note that the Health and Safety of residents remains a priority and that inspections continue to be carried out as part of our mitigation strategy;
- (c) Note the progress with the voluntary acquisition process of privately owned accommodation, the next steps in the process;
- (d) Note the options available for CPO and agree that the measures are not in place at this time to support a CPO and that the voluntary acquisition process remains the preferred option;
- (e) Note the alternative options proposed by the Torry RAAC Campaign Group Management Committee and instruct officers to explore the feasibility, benefits and risks associated with each option, alongside any other identified opportunities to support owners, and report the findings to a future meeting of the Communities Housing and Public Protection Committee; and
- (f) Note that further Reports on the subject will be brought to the budget meeting and the next meeting of the Communities Housing and Public Protection Committee as outlined from paragraph 3.2.

3. CURRENT SITUATION

- 3.1 At its meeting on 21st August 2024, the Council considered a Report on Housing with RAAC at Balnagask [CORS/24/233](#). This Report provides an update on relevant instructions from Council and outlines proposed future reporting proposals, whilst also looking for decisions on evolving issues.

3.2 A summary of decisions and progress is noted below:

Decision	Committee Reporting/ Update
(a) note the engagement undertaken over the summer period and thank the community for their participation and contributions to the online engagement and drop-in sessions. In addition, note the planned follow-on engagement with RAAC impacted owners and residents.	All owners and tenants were written to with the committee decision. Officers have met with the Management Committee and community representatives on several occasions.
(b) agree that the optimum option is the demolition and rebuild of homes on site and instruct the Chief Officer - Capital to proceed with the demolition aspect of this (Option 4a), 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.	Technical work to progress this option is currently being undertaken. This will be Reported to the Communities, Housing and Public Protection Committee on 11 March 2025.
(c) instruct the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Capital, Chief Officer - Housing, and the Chief Officer - Finance, to assess the 'building new homes' option as alluded to in Option 4b with consideration towards undertaking a detailed masterplanning exercise assuming the site is vacant to determine future redevelopment proposals. For the wider site give consideration to creation of appropriate greenspace, preferred housing mix, opportunities to extend tenure mix and provision for housing for varying need and report this to a future meeting of the Communities, Housing and Public Protection Committee in 2025 (as early as possible).	A further Report on the redevelopment proposals prior works to be progressed on the masterplan and site. The next update in these works is proposed to be Reported to Communities, Housing and Public Protection Committee in late 2025 (provisionally 11th November 2025).
(d) approve the funding noted within the Financial Implications section of the recommendations and instruct the Chief Officer - Capital, following consultation with the Convener of the Finance and Resources Committee, and the Chief Officer - Procurement, to procure appropriate works and services, and enter into any contracts necessary for the delivery of the demolition, masterplanning and landscaping works without the need for further approval from any other Committee of the Council subject to due diligence, consistency with the financial model and affordability and regular update on progress of project delivery to the Communities, Housing and Public Protection Committee.	This technical detail of the instruction will be updated in the Report to Communities, Housing and Public Protection Committee on 11 March 2025. The ongoing financial implications will also be considered in the Budget Report on 5 March 2025.
(e) instruct the Chief Officer - Corporate Landlord to 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; reporting this in as part (ii) above.	This work has not progressed in any detail although some informal discussion has been undertaken to assess developer interest in this site. Work will be progressed when decisions are made around demolition and phasing by the Communities,

	Housing and Public Protection Committee on 11 March 2025.
(f) instruct the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Finance to take forward negotiations with private owners to acquire their properties voluntarily at Market Value, noting that this would be a valuation of the property at the current date and be on the same basis as the CPO process. In addition to Market Value the Council would be willing to meet reasonable legal and professional costs along with home loss and disturbance payments.	This work is currently being progressed and is outlined in Section 3 of this Report.
(g) instruct the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Housing as part of the negotiations with private owners to assess the housing options available for each individual owner to identify any support that can be offered in rehoming.	This work is currently being progressed and is outlined in Section 3 of this Report.
(h) instruct the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Governance to bring back a report to Council in late 2024/early 2025 on options available to the Council to compulsorily acquire private properties to assist the delivery of the agreed option where required.	An update in relation to this instruction is included within Section 3 of this Report.
(i) instruct the Chief Officer - Housing to continue the re-homing process and report progress to the Communities, Housing and Public Protection Committee on a regular basis, noting that there may be requirements to commence legal proceedings under the Scottish Tenancy Agreements, where tenants refused to move to alternative accommodation having received reasonable offers of alternative accommodation to ensure that tenant safety remains the Council's primary objective.	The current position in relation to Council tenants is noted as follows as of 15 January 2025: Total No. of Council properties - 366 No. of properties still occupied - 69 No. of occupied properties where an offer of new tenancy has been made - 21 No. of occupied properties where an offer has been accepted - 44 No. of homes where no offer has been accepted - 4 Officers are working closely with those tenants where no alternative accommodation has been agreed and will continue to do so with the intention of avoiding legal proceedings unless there is no other reasonable option.
(j) note that the Chief Officer - Housing ensured a continued offering of support to impacted individuals and families as they go through the rehoming process and settle into their new homes and communities.	This workstream is progressing with no further committee reporting required.
(k) note that the Chief Officer - Housing and Chief Officer - Corporate Landlord would continue to engage with the Scottish Housing Regulator regarding progress with the delivery of the	This workstream is progressing and the Regulator will continue to be updated through the annual assurance statement and other informal channels.

preferred option to ensure that any impact on our wider housing performance standards was taken into account, during regulation and consideration of the Council's performance.	
(l) note that any private tenants (as well as private owners) can be added to the RAAC Impact housing list as per the decision of the Urgent Business Committee held on 29 February 2024.	This workstream is progressing with no further committee reporting required. At 20 January 2025, 16 owners and 7 private tenants are / have been in discussions over moving within the Council's housing stock. Of those owners/private tenants, 5 private owners and 3 private tenants have been rehomed.
(m) note the approved £3m budget as reported at the Urgent Business Committee on 29 February 2024 including but not limited to, additional staffing costs, specialist consultant fees, contractors costs for access and works, rehoming costs, temporary accommodation, school transport, utilities connections and security costs for the wider site. To note the spend to date in relation to the rehoming programme as identified within paragraph 4.2.	This element of the instruction will be updated in the Report to Communities, Housing and Public Protection on 11 March 2025. The ongoing financial implications will also be considered in the Budget Report on 5 March.
(n) approve the virement of £4m within the HRA Capital Programme Budget as described in section 4 to set aside the initial funds needed to progress the approved works.	This workstream is progressing with no further committee reporting required.
(o) instruct the Chief Officer - Finance to include the financial consequences of the report within the 30 year business plan for the HRA, which was due to be reported in September 2024.	This workstream is ongoing and will continue to be reported through the Housing 30 year Business Plan.
(p) note that ongoing dialogue with Scottish Government officials and Housing Minister regarding financial implications, including financial flexibilities, and future housing need, meant the Council may request that the Scottish Government consider a statutory dispensation to permit the Council certain flexibilities, and instruct the Chief Officer - Finance to request that dispensation, where required.	This will be further considered following the decisions made at the Council Budget meeting on 5 March 2025.
(q) note the Chief Officer - Finance would determine the accounting treatment for any expenditure incurred to address the RAAC situation, taking account of legislation, proper accounting practice, statutory guidance issued by Scottish Ministers, flexibilities approved by Scottish Ministers and, in the event of funding being made available to the Council, how that would be treated. Note that early engagement with external audit would take place as part of determining the accounting treatment to be applied.	This will be further considered following the decisions made at the Council Budget meeting on 5 March 2025 and will continue to be monitored thereafter.

(r) instruct the Chief Executive to formally advise both the UK and Scottish Government of the Council's decision on the preferred option, the financial impact for the Council and private owners, and request a joint meeting with both the relevant UK and Scottish Government Ministers to discuss funding support for the short-term costs and longer-term housing development requirements.	Letters have been sent to both the UK and Scottish Governments. It has not been possible to arrange a joint meeting to discuss. Responses from both Governments are available.
--	--

Progress with Voluntary Acquisition

- 3.3 Since the Council's decision on 21st August to progress with Voluntary Acquisition, correspondence has been sent to all residents to advise them of the decision. Officers engaged with the Valuation Office Agency to progress with the Valuation and assessment of loss process. Atkins Realis, who had supported the previous option appraisal and new build progress, were engaged to provide further support in co-ordinating the process, meeting with residents where this was requested and guiding them through the process. Scottish Action for Mental Health (SAMH) have also been engaged to provide mental health support to any owners who feel this may be required.

- 3.4 Throughout the voluntary acquisition process owners have been contacted by letter in September, October and November 2024. Letters have been issued by a mixture of email, royal mail and guaranteed delivery at the different stages of the process. Owners have also been offered a meeting with Atkins Realis to discuss Council decisions, the voluntary acquisition process and at owners request have been linked with the Valuation Office Agency to undertake an independent valuation survey of their property and thereafter provide an offer for purchase.

Further details in relation to communication timeline can be found at;

<https://www.aberdeencity.gov.uk/services/housing/raac-housing>

- 3.5 The level of engagement at 20 January 2025;

Number of homes in private ownership	138
Owners who have engaged and proceeded to valuation inspection	55
Owners who have engaged but have decided not to proceed to valuation inspection	21
Owners who have engaged but are undecided whether to progress to valuation inspection	29
Owners who have not responded to any correspondence	33
Number of formal offers made for voluntary acquisition	46
Number of owners who have indicated they will accept	4
Number of concluded acquisitions	0

- 3.6 The level of concluded deals represents the financial and other difficulties faced by owners due to the presence of RAAC within their home, predominantly the financial implication of this, coupled with difficult property market conditions in the city in relation to where values may have been before.
- 3.7 For clarity the Council are making offers on a voluntary basis to include the following:
- Current Market Value of Property (This is the value of the property as it is today)
 - Home loss Payment (10% of Market Value)
 - Disturbance costs (moving costs etc.)
 - Reasonable fees (solicitors/ property advise etc.)

Alternative proposals from residents

- 3.8 Senior officers from the Council have met with RAAC Management Group representatives on several occasions both on and off site to discuss the very difficult situations for owners and residents. These meetings have provided updates on council decisions, details on the process around voluntary acquisition along with house keeping and other issues in the area. This has given officers an opportunity to correct any misunderstanding and allowed residents an opportunity to raise other related general issues.
- 3.9 On 23 December 2024, following a number of conversations involving officers, the Torry RAAC management Group submitted a proposal of alternatives to voluntary acquisition for consideration by officers and in turn the Council. This is attached as Appendix in 11.1. Officers ask members to note that the paper is written from owners perspective and does not fully reflect all the interdependences on items such as availability of stock, location, demand v needs and infrastructure. At this stage it would be prudent to consider all unintended consequences that may arise and fully report on these allowing members to make a decision. Regardless of these issues, the proposals are briefly described below and officers seek instructions to explore these further.

3.10 Roof replacement option

In its simplest form, owners would like the Council to consider ringfencing part of the site (approx. 50 of the 372 buildings) and removing the RAAC roofs from these properties and replacing them with a new timber cartridge roof. Those residents interested could then be allocated one of these properties and be able to remain in the community.

The residents have no expectation or requirement to see the properties upgraded to current standards by the Council and these associated costs would remain with the owners.

3.11 House ex-cambion (swap) option

Owners have asked the Council to consider whether they would be prepared to offer owners the opportunity to swap their property with an existing Council properties (which they would then be the owners of) with a like for like value (or with a balancing payment).

Other considerations to support voluntary acquisitions

- 3.12 In order to remain open to alternative ways to deal with what is a health and safety situation, officers will continue to explore other proposals which may assist Owners to

move. Officers are seeking instruction to explore any other viable opportunities which may include shared equity options.

- 3.13 Due to the nature by which properties have been sold, there are parts of the area where there is very limited Council ownership and there are a small number of terraces which are wholly within private ownership or the council have a minority. The opportunity exists for these owners to approach to Council looking to replace their roofs and asking the council for either grant or loan support to undertake this work and in doing so ask the Council to contribute to the costs of meeting repairs to the council property. Officers recommend that this would require to be considered on a case by case basis with any Report brought to Finance and Resources committee should this materialise.

Compulsory Purchase Order (CPO) process (es)

- 3.14 On 21st August 2024 officers were asked to report back on the process for Compulsory purchase to enable the Council to take a view on if it wished to pursue this process.
- 3.15 Officers have given further consideration to the CPO process and the variety of delivery options available.
- 3.16 The Council have the opportunity to pursue a CPO under either the '*Housing Renewal Areas/Demolition Notices/Voluntary Acquisition and Compulsory Purchase under the Housing (Scotland) Act 2006*' or the *Voluntary Acquisition and Compulsory Purchase under the 1987 Act* or the *Voluntary Acquisition and Compulsory Purchase under the Town and Country Planning (Scotland) Act 1987*.
- 3.17 There are benefits and disbenefits of each route, but regardless of these routes there is a requirement be able to deliver any proposed scheme which may include having a consent in place for a replacement scheme and the ability to complete the scheme over a reasonable time. As the masterplan work is ongoing and any scheme has no funding at this time and is unlikely to be independently financially viable there is risk in progressing a CPO and being able demonstrate its deliverability. Likewise the barriers to development, in particular planning consent, would also be a risk to future delivery.
- 3.18 It is the opinion of officers that it would be unwise to proceed to CPO at this time whilst significant numbers of owners are engaged in the voluntary process and until such time as there is funding in principle and a delivery mechanism in place for the redevelopment of the site.

Approach to Risk - Progress with property inspections/ re-inspections and updated structural engineers advise

- 3.19 The Councils primary approach to addressing the health and safety risk has been to undertake detailed surveys of sampled properties and to continue to re-inspect occupied properties in council ownership. Completed surveys will continue to be made available on-line and shared on request with adjoining owners or those with shared roofs.
- 3.20 In relation to detailed structural engineering assessment of the properties, all properties that have had a detailed inspection undertaken by the Councils engineers (over 140 properties) have been identified as high risk as defined by the IstructE guidance. None have at this time have moved to critical risk.

- 3.21 All Council owned properties which are still occupied have had this inspection undertaken with the exception of 8 properties. In 3 off these properties tenants have moved out, 1 is due to move on 3rd February and access is being negotiated with tenant on the other 4 properties.
- 3.22 A programme of re-inspection of Council property is also underway as part of the mitigation strategy for the risk. Should the current situation in relation to the condition change members will be advised by Service Update.

4. FINANCE IMPLICATIONS

- 4.1 This Report considered the financial implications in relation to the voluntary acquisition process and also introduces some other options which the Council may wish to consider.
- 4.2 The full anticipated cost of voluntary acquisition is, at this time, in the region of £12.75 million. Voluntary acquisition is entirely a matter for the Council's General Fund, for which there is currently no budget approved. This will require to be considered as part of the budget setting process on 5 March 2025.
- 4.3 It should be noted that the circumstances surrounding valuation of private properties, is also impacted by fluctuations in the property market, where regardless of the existence of RAAC in those properties there has been a downward movement in value recently.
- 4.4 A number of alternative proposals have been suggested by property owners which require further consideration and cost implications. Officers are seeking agreement to consider these works along with any other options which may be identified and report back.

5. LEGAL IMPLICATIONS

5.1 Voluntary Acquisition

The Council's preferred strategy of addressing private properties affected by RAAC remains to voluntarily acquire same. This approach practically aligns with the Council's wider instruction to demolish Council affected properties, and is considered the optimum option for streamlining the approach to delivering housing and fully addressing the safety concerns. The Council continues to offer compensation packages in accordance with statutory requirements per the Land Compensation (Scotland) Act 1973.

5.2 Compulsory Purchase

The Council has statutory powers to determine and initiate a Compulsory Purchase Order (CPO) where it is determined necessary to acquire privately owned properties and where there are legally justifiable reasons for same. Use of CPO powers are subject to strict legal requirements and depending on which legislative framework is adopted, the grounds for CPO action can encompass various reasoning. It should be noted that the officers are not in a position to ask members to make a decision on CPO as the financial and legal considerations are not met. Voluntary acquisition remains the preferred method to address affected private properties.

5.2 Building Scotland Act 2003

While voluntary acquisition efforts remain ongoing, officers are investigating options for those private owners who are not engaging in the voluntary process. Legal officers continue to work with appropriate council services to advise on appropriate legal powers necessary to address Council concerns and remedy potential safety concerns.

The Building (Scotland) Act 2003, the Housing (Scotland) Act 1987 and 2006 provides powers for the Council to address dangerous and defective buildings, and provide enforcement mechanisms on private owners to address properties that fall below minimum housing standards. At the moment, use of these powers is not considered the optimal approach to addressing RAAC concerns within Balnagask.

5.4 Emergency Measures

Where structural conditions deteriorate to an extent that poses an imminent risk to safety (heightened risk level beyond the recommendations within our expert reports), the Council may consider exercising powers which include evacuation and temporary rehousing measures (non-exhaustive list). Given the implications of these options, Council officers are taking an expert-led approach with safety considerations being forefront, while opting for a people-led voluntary approach per 5.1 of this Report.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no significant changes in the environmental impact of the decisions requested in those highlighted in the Option Appraisal Report on 21st August.

6.2 As noted in the Report on 21st August 2024, a screening exercise was undertaken to inform whether an Environmental Impact Assessment is required in relation to the future demolition of properties. This was submitted to the Planning Authority for a decision in late December 2024 and the Planning Authority have confirmed that this will not be required. This was not a process open to public engagement.

6.3 This decision allows officers to work through the next steps in this process in order to present a Report to the next CHPP Committee which will address the demolition and landscaping proposals for the site. This process will identify the range of environmental concerns around noise, dust, access, phasing and possible timings and engagement. Demolition timings will be subject to the Council being able to secure vacant possession of properties.

7. RISK

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	CPO is advanced prematurely and not granted	It is proposed not to progress CPO until voluntary acquisition process has been given	L	yes

		adequate time and all other requirements are in place.		
Compliance	Failure of RAAC Panels	Surveys continue to be undertaken to council owned and void properties and an update on health and safety implications is included in this report. The programme to re-home council tenants is well advanced and will continue to be progressed. Owners have been made aware of RAAC presence. They have been advised to seek independent advice. Example of survey findings undertaken on Council properties have been shared on-line. Owners have been invited to take part in the voluntary acquisition process. FAQ's have been prepared and continue to be updated.	M	Yes
	Legal process	Legal advice is being taken at all parts of the process. Officers have written to the Housing Regulator advising them of the impact of the identification of RAAC within our housing stock and the subsequent steps required to manage it will have on our wider housing performance standards.	L	yes
Operational	Failure of a RAAC panel.	This is a health and safety issue. As above, affected tenants are being rehomed. A short-term management strategy has been applied to properties containing RAAC panels until such time as the property is decanted.	M	Yes
	Wider pressure on housing stock.	Housing team to manage and monitor and report to the Board where there is significant change.	L	Yes
Financial	The current financial burden to mitigate the RAAC impact is still being progressed and is in the process	Work with housing, legal, finance and external advisor teams to understand and address the RAAC impacts to inform future reports to CHPP and Budget Reports. No external funding stream to support the Council (or owners) has been identified and funding	M	No

	of being quantified. There is significant financial strain on owners as a result of RAAC	required to address current decision will impact both HRA and General funds. This will impact rent levels and service delivery. The council have agreed to voluntary acquire homes and provided opportunity for owners to join council house waiting lists this report considers further options.	M	No
Reputational	Failure of a RAAC panel.	This is a health and safety issue. As above, affected tenants are being rehomed. A short-term management strategy has been applied to properties containing RAAC panels until such time as the property is decanted.	L	Yes
	Failure to engage effectively with tenants and owners	Implement communication and engagement plan.	L	Yes
	Recognising difficulties that owners will have in relation to RAAC in their homes.	ACC have appointed VOA to provide valuation advice and make offers for properties. SAMH and Atkins Realis have also been instructed to provide support as required.	M	No
Environment / Climate	n/a			

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2023-2024</u>	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	The issues arising with the occurrence of RAAC in our housing stock requires us to work collaboratively across clusters to ensure the housing stock is safe and meets the varying needs of our citizens. The goal is to ensure that our current housing stock is fit for the future and brought up to the highest standards where possible..
<u>Aberdeen City Local Outcome Improvement Plan 2016-26</u>	
Prosperous Economy Stretch Outcomes	The actions from this report will help mitigate the immediate impact on affected tenants ensuring that they are prioritised for rehoming and are supported financially throughout the process but within the

			capped limits set by current legislation
Prosperous Outcomes	People	Stretch	Taking early intervention action as outlined within this report will help mitigate any negative impact on people's physical and mental wellbeing.
Prosperous Outcomes	Place	Stretch	This report has collated information from various workstreams including stakeholder engagement sessions to inform recommendations to mitigate the occurrence of RAAC in Council housing stock at Balnagask. Future reports and actions will take account of the Regional and City Strategies to formulate any further recommendations

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	<u>IIA 21st August 2024</u> A link to the IIA prepared for Council on 21st August is attached. It is not considered that there is any significant change in instruction within this report which would alter the impacts previously considered. link to IIA - 21st Aug
Data Protection Impact Assessment	Not required
Other	

10. BACKGROUND PAPERS

- 10.1 Report to Urgent Business Committee on 29 February 2024 - Reinforced Autoclaved Aerated Concrete (RAAC) Update, RES/24/086
- 10.2 Report to Communities, Housing and Public Protection on 30 May 2024 - RAAC Funding Update - May 2024, F&C 24/154
- 10.3 Council on 3 July 2024 (RES/24/204)
- 10.4 Council 21st August 2024 - Housing with RAAC at Balnagask (CORS/24/233)

11. APPENDICES

- 11.1 Proposal From Residents Group

12. REPORT AUTHOR CONTACT DETAILS

Name	Stephen Booth
Title	Chief Officer Corporate Landlord
Email Address	stbooth@aberdeencity.gov.uk
Tel	