

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	1 October 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	2026-2056 HRA Business Plan
REPORT NUMBER	CORS/25/221
EXECUTIVE DIRECTOR	Andy MacDonald
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Helen Sherrit
TERMS OF REFERENCE	1

1. PURPOSE OF REPORT

- 1.1 At the meeting on 11 October 2024, the Council agreed “the HRA Business Plan would be updated on an annual basis”. This report fulfils this instruction. The Report also presents a short term Housing Asset Plan, which is aligned to the recently approved Local Housing Strategy, which has informed the development of the Business Plan.

2. RECOMMENDATIONS

That the Council:

- 2.1 Approve the HRA Business Plan at Appendix A to this report;
- 2.2 Note the key challenges outlined in the Housing Asset Plan at Appendix B and agree the associated priority actions;
- 2.3 Agree that the HRA Business Plan and Housing Asset Plan should be updated and reported in future to the Communities Housing and Public Protection Committee on an annual basis with the update in 2026 moving to a 5 and 30 year model for both Plans; and
- 2.4 Note the requirement for the Council to maintain HRA reserves for financial resilience and sustainability purposes.

3. CURRENT SITUATION

- 3.1 The Business Plan sets out proposed financial plans for managing and maintaining the housing stock of over 23,000 rented properties held in the Housing Revenue Account (HRA).

- 3.2 The Plan sets out the financial framework within which the fund will be managed to ensure that maximum value is achieved throughout the projected thirty-year cycle. The fundamental purpose of the Business Plan is therefore to demonstrate and ensure the efficient use of the Council's housing assets and rental income aligned to the delivery of the agreed Local Housing Strategy.
- 3.3 The Business Plan provides a realistic appraisal of how the strategic goals, set out in the Local Housing Strategy, will be achieved within the limitations of available funding and the predicted economic climate.

30 YEAR BUSINESS PLAN

- 3.4 The Business Plan (attached as Appendix A) details the following –
- The national, regional, and local factors affecting our provision of housing stock.
 - The strategic aims of the Local Outcome Improvement Plan (LOIP) and other strategies and policies affecting the housing service.
 - The implications of the various published and developing Plans supporting delivery of the Local Housing Strategy, including the Housing Asset Plan presented as Appendix B and the second iteration of the Housing Emergency Plan due to be presented to Committee in November 2025.
 - Information on demand for our housing stock.
 - The regulatory framework.
 - The challenges and context that have to be overcome or taken account of in determining the 30 Year Business Plan.
 - Proposed financial plans to meet our objectives within the limitations of funding available.
- 3.5 The Business Plan takes account of the insight gleaned from the review of data that has informed the Housing Asset Plan. Members should note that any significant changes in national standards (some of which are as yet unknown) may trigger the need for an in year review of the Housing Asset Plan.

HOUSING ASSET PLAN

- 3.6 The Housing Asset Plan (attached as Appendix B) explores the implications of the Local Housing Strategy on housing assets, and takes a detailed look at a range of data to determine the challenges that require to be overcome in the short and longer term to ensure sustainability.

- 3.7 Having considered the challenges, including the many national standards that require to be met, a prioritised list of actions are detailed with consideration given to how delivering these actions will impact on the HRA budget.
- 3.8 The financial implications of the Housing Asset Plan are fully reflected in the HRA 30 Year Business Plan.
- 3.9 Members are asked to note, that routine review of the performance of our Housing Assets will be an on-going process and culminate in the presentation of an updated Short Term Housing Asset Plan on a yearly basis. It is proposed that this be supplemented in 2026 with a 30 Year Asset Plan so that Members are sighted on the long term direction of travel around housing stock.
- 3.10 Members are also asked to note that an updated Housing Emergency Action Plan will also be presented to the Communities, Housing and Public Protection Committee in November 2026. This Plan will specifically detail the proposed approach to the management of the housing voids path. The financial implications of the Housing Emergency Action Plan have been modelled into the Housing Business Plan.
- 3.11 Of note also, is that a report is due to be presented to the same Committee regarding city centre multi storeys. Despite the extensive earlier consultation, there is significant evidence that homeowners are not fully aware of the costs estimated over the coming years and further engagement would be advantageous prior to taking a more substantive decision. As a result costs, other than the costs associated with general maintenance and on-going engagement, have not been factored into this year's Housing Business Plan.
- 3.12 The Housing Business/Asset Plans include only the physical assets of the Housing Revenue Account, no account has yet been taken of the digital assets required to operate the estate in the future. This will be worked on over 2025/26 and included within the refresh of Plans to be presented in 2026.
- 3.13 Given the strong evidence base emerging about tenant discontent with the equitable provision of green amenity land, a review on the effectiveness of the spend in 2026/27 on Greenspace which includes both capital - Community Initiatives and revenue – Environmental improvements, will be reported back as part of the Business Plan presented in 2026. This will incorporate the work already undertaken on play parks and greenspace as part of the Local Development Plan.
- 3.14 In the future, The 30 Year HRA and Long-Term Housing Asset Plan, will be supported by a shorter term 5 Year Asset Plan (similar to this year's plan - Appendix B) and HRA 5 Year Business Plan (similar to the Medium Term Financial Strategy). It is thought that taking this approach will afford Members a better opportunity to scrutinise and agree a longer term direction of travel, and monitor progress. It is also thought that engaging in longer term planning will better enable officers to engage with tenants and affording them greater influence in the direction of travel.

4. FINANCIAL IMPLICATIONS

- 4.1 The financial modelling which has informed this Business Plan, contains assumptions on rental and debt levels, capital and revenue expenditure. Considerable financial risks are evident, most notably pay and material inflation, potential increases to interest rates on debt due to the increasing level of debt being relied upon.
- 4.2 Members are asked to note the increasing reliance on rent increases to service rising levels of debt.
- 4.3 Any considerable deviation from the assumptions made would require a remodelling to satisfy financial sustainability.

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, indicates that a local authority must:
“..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”

Consultation will be undertaken during October and the results will form part of the HRA Budget report to Council on 3 December 2025.

- 5.3 Aberdeen City Council must comply with the public sector equality duty as prescribed in the Equality Act 2010. An Integrated Impact Assessment will be prepared as part of the HRA Budget Process to assess the impact of the proposed rent increases on persons with relevant protected characteristics and which will include the results of the consultation.
- 5.4 There are considerable implications of complying with current and emerging nationally set standards, some of which are as yet unknown. There will be an on-going need to prioritise compliance with nationally set standards and this continues to impact on our financial modelling and therefore limits some of the choices available to Members.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The housing capital budget has several areas where energy improvements are recommended, or monies set aside to identify sustainable energy solution in the future. The new Net Zero Standard is as yet unknown.

7. RISK

- 7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite, where we have a low appetite for noncompliance with national standards.
- 7.2 The 30 Year Business Plan is modelled on maintaining compliance with existing standards. Further analysis will need to be undertaken to evaluate the impact of new and emerging standards as a result of changes to legislation. This may trigger the need to revisit the modelling and priorities in the Housing Asset Plan.
- 7.3 There are a number of factors which have not been included within the 30 Year Business Plan as the detailed implications of these are unknown at this time. These include Grenfell recommendations and works associated with single building assessments, access to EV Charging points and proposals to report and address damp, condensation and mould. The requirements to meet EESSH2 are currently under review and are to be replaced by the Net Zero Standard in social housing, the full implications of this are also unknown at this point.
- 7.4 There may also be an increased demand for social housing should private landlords leave the market due to the potential nationwide changes to how rental profits are taxed, which could reduce net yields of private owners by up to 10%.
- 7.5 In addition the Housing Bill (Scotland) Act 2025 proposals relating to the introduction of Rent Control Areas (RCA), may equally lead to an increased demand for social housing as a result of a reducing private rented sector.

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 strategic objectives.	Through the Housing Revenue Account Business Plan and associated Plans linked to the Local Housing Strategy.	L	Yes
	Audit, Risk & Scrutiny Committee on 12 February		M	

	2024 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.	The recommendations and risk assessment carried out are consistent with the Council's RAS. Given the low appetite for non-compliance with national standards, there is a need to review locally based standards to meet affordability tests.		
Compliance	Non-compliance with Housing Revenue Account Guidance.	Review process undertaken as part of 30 Year Business Plan	L	Yes
Operational	Housing Revenue Account should be effective in enabling the most efficient method to provide housing to the 23,000 tenancies and maximising the efficiency of the account to provide Best Value.	Ensure Best Value is achieved for the over 23,000 tenancies.	L	Yes
Financial	Every organisation has to manage the financial risks inherent in the operation of large and	These risks are minimised by the regular review of financial information by services and corporately by Elected Members.	H	Yes

	<p>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>There is a risk that Scottish Government initiatives such as EESH2 replacement, EV charging, damp and mould removal will not be funded and they have not been included within the 30 year plan</p> <p>Risk that a large volume of private landlords decide to leave the sector given proposed changes in</p>	<p>Increasing rents regularly will protect against unsustainability and rising costs over time. Maintaining and increasing HRA reserves over time provides resilience in the face of financial stress in the HRA.</p> <p>Quantification and review of indicative projects costs by suitable qualified staff or external body, where appropriate.</p> <p>Reviews will be undertaken following the change in legislation and the quantification of the financial implications will be undertaken and reported to committee.</p> <p>Continue to monitor changes in legislation and present Committee in clear information on the implications of the changes made.</p>	<p>M</p> <p>M</p> <p>M</p>	
--	---	---	----------------------------	--

	government policy.			
Reputational	The reputational risks to the Council are minimised by the regular review of financial information by CMT, the Performance Board and Elected members throughout the Financial year.	All staff and Elected Members advised.	L	Yes
Environment / Climate	The 30 Year Plan has incorporated energy improvements for sustainable energy solutions in the future.	Risks minimised if report recommendations are approved	M	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2025-26</u>	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	The 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>Local Outcome Improvement Plan</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.
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	No assessment required. I confirm this has been discussed and agreed with Jonathan Belford, Chief Officer - Finance on 18/09/25.
Data Protection Impact Assessment	Not required.
Other	Not required.

10. BACKGROUND PAPERS

Citylets Quarterly report Q2 2025 – Aberdeen
Local Housing Strategy

11. APPENDICES

Appendix A - 30 year HRA Business Plan
Appendix B – Housing Asset Plan

12. REPORT AUTHOR CONTACT DETAILS

Name	Helen Sherrit
Title	Finance Partner
Email Address	hsherrit@aberdeencity.gov.uk