

ABERDEEN CITY COUNCIL

COMMITTEE	Urgent Business Committee
DATE	20 November 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	RAAC – Response to Council instructions of the 28 th October 2025
REPORT NUMBER	F&C/25/281
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CHIEF OFFICER	Corporate Landlord/ Housing/ Finance
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TERMS OF REFERENCE	2

1. PURPOSE OF REPORT

This report considers the instruction received from Council, and in complying with these instructions identifies the further instructions that officers would require to deliver on the wishes of Council.

2. RECOMMENDATIONS

That in order to comply with the instruction of 28th October 2025 Council will require to consider the following:

- 2.1 Recognise that this continues to be a difficult situation for homeowners and welcome the continued offer of mental health support from SAMH (Scottish Association for Mental Health) for those affected by this situation;
- 2.2 Note that the full additional costs associated with making the enhanced offer to homeowners as indicated in the instruction from Council of 28th October 2025 will be circa £5m;
- 2.3 Note that this is an unprecedented situation and that there is a need to resolve the matter to help homeowners be safe and enable long term redevelopment of the site and associated benefits to the HRA in the longer term;
- 2.4 Give due consideration to the Best Value aspects from paragraph 3.24;
- 2.5 Consider the outcome of consultation with External Audit outlined in paragraph 3.95;

- 2.6 Note that Officers consider the proposal to be within the Council's powers under section 20 of the Local Government in Scotland Act 2003, subject to Council determining that this complies with Best Value;

Subject to consideration of 2.4 and 2.5:

- 2.7 Instruct the Chief Officer Corporate Landlord to contact all affected parties from whom the Council has voluntarily acquired RAAC affected properties and to offer them a further discretionary payment, on a like for like basis to those that have yet to complete their sale, as identified in this report, strongly suggesting they seek independent advice with regard to the impact an additional payment would have on their personal tax and/or benefits position, and thereafter make payments to those accepting the offer, on the basis highlighted in this report.
- 2.8 Instruct the Chief Officer Corporate Landlord to formally advise all RAAC affected homeowners of a revised Voluntary Acquisition proposal where the Council will now agree a payment to voluntarily acquire properties on the following basis:-
- (a) The Market Value of their property
 - (b) Payment of all reasonably and properly incurred professional fees
 - (c) An additional discretionary payment as follows:-
 - a. 4 bedroom properties – forty four thousand pounds sterling
 - b. 3 bedroom properties – thirty seven thousand pounds sterling
 - c. 1 bedroom properties – twenty thousand pounds sterling;
- 2.9 Instruct the Chief Officer Corporate Landlord to advise owners that this is the best and final offer to be made to homeowners, is a full and final settlement payment and that this reflects previous elements of home loss payment or other disbursement costs.
- 2.10 Instruct the Chief Officer Corporate Landlord to request that homeowners intimate their wish to engage in the voluntary acquisition process by 10th December 2025 to allow a valuation of the property to be undertaken, with the full offer open to formal acceptance by 30 March 2026, with formal conclusion of the offer within 3 months of acceptance. Thereafter instruct the Chief Officer Governance to conclude the acquisition of properties on this basis.
- 2.11 Instruct the Chief Officer Corporate Landlord following consultation with the Convener of Finance and Resources Committee, only to extend these timescales where there is a good reason to do so;
- 2.12 Instruct the Chief Officer - Finance to utilise the Capital Fund to release funding to make payments to homeowners who wish to voluntarily sell their property to the Council and note the Chief Officer - Finance will report on the use of any fiscal flexibilities provided by Scottish Ministers to support that expenditure in the Quarter 4 Financial Performance report;
- 2.13 Note that the house swap option remains available to homeowners;
- 2.14 Delegate authority to the Chief Officer Housing to determine the necessity for a separate RAAC Impact Housing List, recognising that owners impacted by RAAC will

continue to have access to Housing Options advice in line with the Council's Allocation Policy; and

- 2.15 Instruct the Chief Officer - Corporate Landlord to formally report back to Council in June 2026 on the progress made and the available options to achieve the strategic objective of a developable site to include masterplanning impacts and CPO options. Further request that Service Updates be provided as key milestones are met.

3. CURRENT SITUATION

- 3.1 At the Council meeting on 28 October 2025 it was agreed:-

That the Council -

- (1) welcomes the Cabinet Secretary for Housing's invitation to the Council to bid for £10 million, notes the Cabinet Secretary's meeting with Co-leaders on 22 October 2025, and notes the Cabinet Secretary's verbal assurance of additional resources;*
- (2) agrees in principle, and subject to compliance with the Council's statutory duties, to make improved and final offers to affected homeowners for the voluntary acquisition of their properties, using the Capital Fund, the Council approved funding solution, such offers to comprise the following:-*
 - (a) market value of the property*
 - (b) legal and professional fees*
 - (c) an additional payment to homeowners on the following basis:*
 - (i) 4 bedroom properties - £44,000*
 - (ii) 3 bedroom properties - £37,000*
 - (iii) 1 bedroom properties - £20,000*
- (d) the above in (c) will include all other disbursements and claims including but not restricted to moving costs and home loss payments.*

In addition to agree in principle, and subject to compliance with the Council's statutory duties, a balancing payment to those who have already concluded missives or sold their property to the Council to ensure that they are in an equivalent financial position (reflecting payments that have already been made) to those who have not already concluded missives or sold their property to the Council; and

- (3) instructs the Chief Executive to seek advice from External Audit around Best Value (BV) considerations relating to the proposal outlined above, and to report to the Finance and Resources Committee, 5 November 2025, or Urgent Business Committee at the earliest opportunity, such report to include:-*
 - (i) the implications and full costs of offering affected homeowners the offer at point (2) above including the mechanism and a recommended timescale for making such offers and*
 - (ii) the External Audit advice referred to above.*

- 3.2 In taking forward this instruction, Officers present information on both the current and proposed offer, the legal basis to support this proposed course of action, followed by the key risks and considerations to inform Council's consideration of best value.

The Current offer to Homeowners (21 August 2024)

- 3.3 On 21st August 2024 Council gave the following instruction:

(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;

The breadth of the August 2024 offer is illustrated in Figure 1.

Figure 1



- 3.4 The August 2024 Option Appraisal was undertaken following the Urgent Business Report of February 2024. The Option Appraisal considered a range of options against agreed criteria and included a number of engagement sessions. Officers and those acting for the Council have been endeavouring to engage with owners since this time to agree voluntary acquisition.
- 3.5 At the time of the August 2024 Report there were 138 homes in private ownership. As of 23rd October 2025, some 14 months later, only 48 homeowners have agreed to sell their properties to the Council through the Voluntary Acquisition process and 29 of these have concluded and are now in Council ownership. This could suggest that the terms of the August 2024 Council offer discourages some owners from engaging in the process and as such restricts the councils ambition of achieving a cleared site for re-development. The balance of ownership is shown below.

Table 1

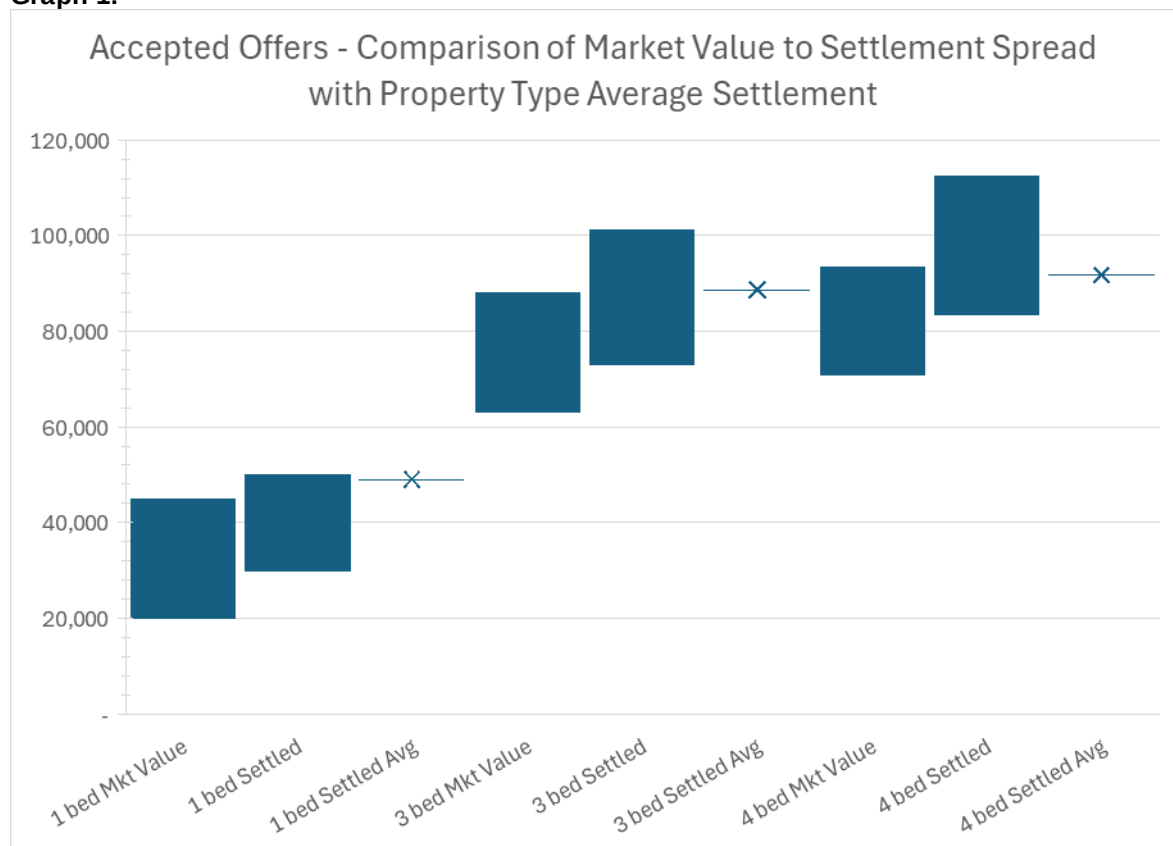
Type	Agreements reached with Owners	Homes remaining in private ownership	Total
4 bed house	4	11	15
3 bed house	31	55	86
1 bed flat (ground floor)	8	10	18
1 bed flat (1 st floor)	5	14	19
	48 (29 concluded)	90	138

3.6 The range of offers is noted below for information, and illustrated in Graph 1.

Table 2

Type of Property	Market Value Mean	Market Value Range	Settlement Average	Settlement Range
1 bed flat	£37,500	£20,000 to £45,000	£49,000	£30,000 to £50,000
3 bed house	£73,000	£63,000 to £88,000	£88,700	£73,000 to £101,300
4 bed house	£74,000	£71,000 to £93,500	£91,800	£83,600 to £112,300

Graph 1:



3.7 The estimated total cost of acquiring all 138 homes through the August 2024 offer was £12.75m, which was inclusive of Home Loss payments of approximately £1m; and disbursements. Disbursements were assumed to vary significantly depending on the individual circumstances of owners, particularly if forward purchasing costs are considered or there are high mortgage settlement costs. At an average cost of £5,000 this would be £690,000, at £10,000 this would be £1.38m.

3.8 As noted above, 48 acquisitions have been agreed. In addition to this a further 43 have engaged in having their property valued with most of these parties actively considering offers. At the time of the October 2025 Council decision 27 owners had not engaged in the process at all. At the time of writing this report, the number of homeowners who had not engaged in the process had reduced to 13.

The Proposed offer to Homeowners (28 October 2025)

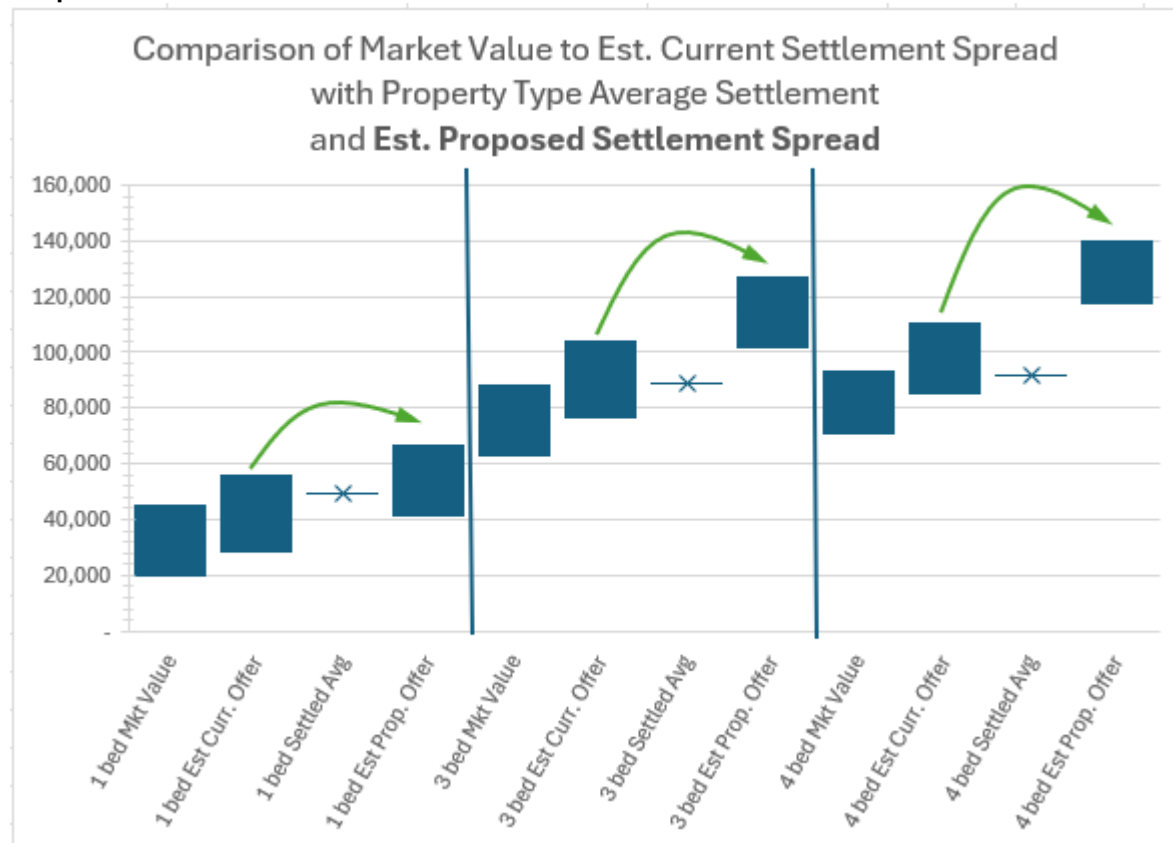
- 3.9 The proposed revised offer agreed by Council on 28 October 2025 will see Homeowners be offered Market Value, plus professional fees covered by the Council. A payment equivalent to the adjustment made by the Valuer to account for the impact of RAAC will be added to this. This additional payment will replace home loss and disturbance payments and would create a situation which would 'nullify' the presence of RAAC on the value of the properties. Officers are advised that the figures adopted by the Valuation Office Agency to reflect RAAC in properties was £44,000 for 4 bedroom properties, £37,000 for 3 bedroom properties and £20,000 for one bedroom properties. These figures were determined by the Valuation Office Agency themselves. Given that this figure has been determined independently, this has been identified as the value of the additional discretionary payment.
- 3.10 The instruction proposes that a payment also be made to former homeowners, who have already settled, to make the payment made to those who engaged earlier with the voluntary acquisition process consistent with those still to agree the sale of their property.
- 3.11 In order to best demonstrate the proposal, Table 3 offers a worked example for a typical 3 bedroom property.

Table 3

Payment elements	August 24 Offer (£)	October 25 Offer (£)
Market Value	73,000	73,000
Legal and professional fees (typical)	2,000	2,000
Home loss Payment (10% of Market Value)	7,300	nil
Disbursements (typical)	5,000	nil
Additional Discretionary payment	nil	37,000
Total payment	87,000	112,000
Illustrating in this example, an increase of £25,000 for the voluntary acquisition		

- 3.12 Graph 2 illustrates how the August 2024 offer reflects both Market Value and the additional payments offered as part of the original voluntary acquisition offer, and how the settlement to owners increases if the proposed new offer is agreed and implemented.

Graph 2:



3.13 The estimated total cost of making the additional discretionary payments to all Homeowners and former homeowners is approximately £5m, bringing the total estimated cost of acquiring the 138 homes to £17.75m (note, this excludes the costs of demolition that will be incurred and estimated at £2.7m).

Options for the Payment mechanism to Homeowners

3.14 The Council will need to take care to recognise the different legal situations that now exist to implement the instruction fully, ensuring that all 138 Homeowners are essentially treated the same. Different legal situations include property transactions having been completed, missives having been agreed but settlement not reached, offers having been issued and/or accepted but not yet concluded or binding, and 98 Homeowners who have not yet accepted any offer.

3.15 If the additional discretionary payment for owners who have not yet concluded is treated as payment for the heritable property, the Council would require to pay Additional Dwelling Supplement (ADS) as part of the acquisition costs apportioned to the increased purchase price. The impact of this additional cost based on current ADS rates of 8% applied to the purchase price is estimated to result in an additional tax liability of £350,000. This is included in the £5m additional cost outlined at Para 3.13.

3.16 In order to support the Councils rationale for acquiring the properties (safety and long term redevelopment of housing) it is proposed that the additional discretionary payments, if agreed by Council, are stated as being the best and final offer in order to ensure that homeowners have absolute certainty and the Council can evidence its duty

to secure Best Value. It should be noted, however, that the process will remain voluntary, and that despite the recent increase in engagement outlined in paragraph 3.8, there are no guarantees that this enhanced offer will lead to a fully cleared site. However, evidence appears strong from recent enquiries that the proposed course of action may enable the Council to achieve a developable site.

- 3.17 Acknowledging that it will take time to have valuations undertaken on properties not yet valued and for discussion with owners around offers, it is proposed that owners are asked to indicate whether they wish to engage in Voluntary Acquisition no later than 10th December to allow a valuation to be undertaken. When issued, offers would be open to acceptance for a limited period and generally no later than the end of the 2025/26 financial year and parties are asked to conclude within 3 months of an offer being accepted. There may be instances, for as yet unknown reasons, that could lead to delay(s) in anticipated timescales, and some discretion may be required to manage extraordinary circumstances, but this should not be seen as the norm. After 31 March 2026 the Chief Officer – Corporate Landlord will report back to Council on the progress made and the available options to achieve the strategic objective of a developable site to include masterplanning impacts and CPO options.
- 3.18 Additional discretionary payments to former homeowners, who have already sold their properties to the Council, will require those receiving the payment to consider how this may impact them. Those former homeowners should be advised to seek independent advice regarding the impact on personal benefits and tax, for example through specialist organisations such as TaxAid. It is not proposed that the Council cover the costs of independent tax or benefits advice for homeowners. It would not be appropriate for the Council to provide those individuals with direct advice in this regard.

Legal basis for entering into transactions to acquire the RAAC affected properties from Homeowners

- 3.19 While an offer to voluntarily acquire RAAC affected homes was originally agreed, it was in the context that there is no legal obligation, duty or requirement on the Council to provide financial assistance or assistance of this nature. It is important to note that all of the privately owned properties affected by RAAC in Balnagask were originally acquired by private individuals at their request under the Right to Buy scheme (formerly under the Housing (Scotland) Act 1987) and were purchased on a full repairing and insuring basis. The Council was under a statutory duty to sell once valid applications were made. The ongoing responsibility for maintenance and structural integrity rests with the private owner, and this was/is consistent with the principle of caveat emptor. There is no statutory obligation or continuing warranty on the part of the Council to undertake or fund repairs to these privately owned properties. Any voluntary assistance now provided is strictly within the scope of the Council's discretionary powers, referred to below, and supported by a lawful funding mechanism.
- 3.20 The Council has the discretionary power to advance well-being, as set out in s.20 of the Local Government in Scotland Act 2003, and therefore to make an offer, under voluntary arrangements, to acquire properties affected by RAAC from Homeowners, relying on this discretionary power to do so. Section 20 explicitly permits the Council to provide financial assistance to individuals and to enter into arrangements and agreements with any person. However, it does not remove or suspend the duty on the

Council to secure Best Value, i.e. while it may be legitimate to discretionally use s.20 of the 2003 Act, the Council must in parallel demonstrate that it is attempting to meet the statutory requirements arising from other legislation which remains active and equally applicable, in this case giving due regard to Best Value.

- 3.21 The application of the discretionary power to advance well-being does not convey entitlement on individual Homeowners to public funding to remedy defects in privately owned property, nor does it generally support an approach where public resources are used to compensate for matters falling within the responsibilities of homeowners (and certainly not unconditionally).
- 3.22 The acquisition of property is not normally governed by statutory compensation rules, which apply mainly to compulsory purchase. However, in this case the Council has chosen to apply the same valuation principles on a voluntary basis to ensure fairness and consistency for homeowners. Market Value is therefore the main basis for determining price and Best Value, with additional payments (such as home loss and disturbance) reflecting standard compensation practice. Any proposal to make additional discretionary payments above Market Value to Homeowners must be considered in the context of the Best Value duties placed on Council.
- 3.23 In paying above Market Value for a property the following risks (and mitigations) should be given due consideration as Members consider this Report:

1. Breach of Best Value Duty

- Under the Local Government in Scotland Act 2003, Councils must secure continuous improvement and demonstrate value for money.
- Paying more than Market Value without clear justification may undermine this duty and could lead to audit criticism and judicial review. A comprehensive summary of Best Value considerations is included in this report to aid Member decision making.

2. Subsidy Control / State Aid Issues

- Overpaying may be considered an economic advantage to a commercial seller.
- This would require compliance with subsidy control legislation.

3. Financial and Governance Risks

- Creates budgetary pressure and reduces funds for other priorities. This may lead to negative audit findings or intervention by the Accounts Commission and/or damage public confidence in financial stewardship.
- A detailed outline of financial considerations is included in this Report. Members are asked to consider use of the funding mechanism (Capital Fund) identified by the Chief Financial Officer.

4. Precedent Risk

- Sets an expectation for future transactions, making negotiations harder and inflating costs if the Council face a situation where parallels can be drawn. This could encourage speculative behaviour by property owners.

- This should be considered in the context of the recently presented Housing Asset Plan, which highlights other Council properties of non-traditional construction (Para 3.37).

5. Legal and Reputational Exposure

- If challenged, the Council must justify the premium with statutory authority or ministerial consent. Failure to do so risks judicial review and reputational harm. There also presents a reputational risk to the Council if there is a major incident as a result of a roof collapse.
- This comprehensive Report will support Elected Members to determine the level of risk to the Council of implementing the enhanced offer.

Best Value Considerations

- 3.24 The Council is under a statutory duty to secure Best Value in terms of Section 1 of the Local Government in Scotland Act 2003 (the “2003 Act”). This duty requires the Council to make arrangements to secure continuous improvement in the performance of its functions, while maintaining an appropriate balance between the quality of services, the cost of those services, and the resources available. The Council must have regard to economy, efficiency, effectiveness, the need to contribute to the achievement of sustainable development, and the need to maintain equal opportunities and promote the observance of the equal opportunity requirements (as noted within the legislation).
- 3.25 In applying the Best Value duty the Council must act in a way that secures the optimal use of public funds across its functions. It must ensure that its decisions are evidence-based, proportionate, risk-aware, and equitable. In this context, the Council is required to consider not only the interests of the affected private homeowners in Balnagask, but also the interests of other residents across the City and other vulnerable service users.
- 3.26 The statutory guidance on Best Value, published by the Scottish Government in 2020 under the authority of the 2003 Act, identifies the “effective use of resources” as a key theme. This includes ensuring that local authorities have robust arrangements in place to manage assets, allocate resources based on strategic priorities, and demonstrate that resources are not misused. These principles are particularly relevant where the Council is considering significant expenditure in relation to private assets, and where doing so may create expectations or precedents that cannot be sustained within lawful powers or available budgets. That said, voluntary acquisition in return for title deeds, fits more comfortably with best value principles than for example, the Council paying to remediate private homes (outlined in previous reports as challenging from a best value perspective). Members will want to pay particular attention to the information below on the use of resources.
- 3.27 The reality of 500 homes in Balnagask being in this situation, and the implications that have arisen over the last 2 years are unprecedented, affecting tenants and Homeowners. This has led to the many actions being taken, including exercising the power to advance well-being that is otherwise rarely required. To support Elected Member decision making, the 7 best value principles from the statutory guidance are explored below to evidence how the principles have been adopted. Members will note however, that some of the principles are more easily demonstrated than others.

Alignment with Best Value Themes

Best Value Theme - Vision and Leadership

- 3.28 In order to meet this requirement members require to consider if there is a clear rationale and strategic direction for making additional discretionary payments to secure vacant possession of the land.
- 3.29 In determining compliance with this theme, Members should consider:
- The initial Urgent Business Committee Report in February 2024 identified the level of risk within the RAAC-affected properties and a decision was taken to re-home Council House tenants.
 - Various reports to Committee have highlighted the 'high risk' nature of the properties and officers were instructed to undertake an Options Appraisal for the properties to help determine longer term plans.
 - The Options Appraisal presented to Council on 21st August 2024 resulted in the Council identifying a preferred option to undertake demolition and future redevelopment of the site. This has set the strategic direction of the Council.
 - The instruction of Council on 21st August 2024 to voluntarily acquire private homes at Market Value provided an option for owners in relation to both the health and safety risk, and the financial risk of owning a depreciated asset.
 - A number of further written and verbal Reports have been presented to Council and the Communities, Housing and Public Protection Committee to enable Members to be fully sighted on progress with regard to tenant relocation and the voluntary acquisition process. In addition, a number of briefings have been offered to Members.
 - An internal officer 'RAAC Board' was established to lead and coordinate delivery of the instructions of Council.
- 3.30 In pursuit of the strategic direction outlined in Committee reports, Members should note that a decision to offer enhanced packages to homeowners will not necessarily result in all homeowners wishing to engage in the process, however, there are indications of a higher level of interest in engagement as outlined in paragraph 3.8 with news of the potentially enhanced offer resulting in only 13 homeowners still to engage with the Council. More homeowners choosing to engage helps deliver a clearer (if not fully cleared) site, and this would help Council more easily realise its strategic objective(s). There are both financial and logistical benefits (see Para 3.48) of a clearer site.

Best Value Theme - Governance and Accountability

- 3.31 In order to meet this requirement, Members should be content that robust governance arrangements and controls are or will remain in place, and also consider any precedent that may be set by making an enhanced payment.
- 3.32 There is a very high level of transparency through frequent committee reports and as a result there has been a high level of Elected Member scrutiny. Decisions made by Council are clearly documented and delivered, with a robust audit trail of payments made to homeowners.

- 3.33 External specialist expertise has been commissioned to support the Council's management of RAAC and to complement internal technical and professional advice. This combined approach ensures that the Council continues to receive the best advice in managing the issue. This has included securing independent technical engineering surveys, securing external expertise to support the rapid development of the Options Appraisal, and securing use of the Valuation Office Agency to independently value properties etc. Expertise has been procured in keeping with established Council procedures. Officers continue to engage with partners and a range of national groups and organisations, to ensure that any learning from others can be taken into account as we respond to RAAC.
- 3.34 Risk management is well established and a project risk register continues to be subject to routine review at the weekly RAAC Board meetings. Risks associated with the potential failure of a RAAC panel, meeting homeowner housing needs, risk of damage to vacant properties and master planning for example, continue to be managed by the RAAC Board. The work of the RAAC Board around risk is scrutinised by the officer led standing Risk Board. RAAC is identified as a Corporate Risk and subject to Elected Member scrutiny via the Communities, Housing and Public Protection Committee and by the Audit, Risk and Scrutiny Committee. Despite these controls, the level of voluntary acquisition as of 23rd October 2025 presents a risk of an elongated demolition phase, a less cleared site and of homeowners continuing to live in properties where there is high risk, and a more enhanced offer may help to move the situation forward.
- 3.35 The absence of remedial works or mitigation to RAAC panels continues to present a health and safety risk to homeowners. As privately owned homes transition into Council ownership, they are being independently surveyed in accordance with the Institution of Structural Engineers (IStructE) risk assessment methodology. These assessments continue to indicate that all properties remain a High Risk in relation to published guidance. However, the level of risk is likely to increase over time and may have already increased due to lack of heating and ongoing maintenance of vacant properties.
- 3.36 Members will be aware that the Council has a statutory duty to safeguard public safety and ensure compliance with building standards legislation. As a result of the statutory duty to safeguard public safety, there is a need to quickly determine the number of homeowners interested in voluntarily selling their property to the Council. It is proposed that homeowners be asked to register an interest by 10th December 2025. Further information on the statutory enforcement process is available in the legal implications section of this report.
- 3.37 The situation with RAAC is unprecedented. There is a high level of risk across many homes and the actions taken and proposed by the Council reflect this. Members will be aware that these properties are over 60 years old and that all buildings and their component parts require to be renewed and/or replaced as buildings reach the end of their structural and economic life. The Council owns a range of properties and has sold others under 'right to buy' legislation, many of these are of non-traditional construction, built in the post war period, some of which are not now considered suitable for normal mortgage lending. Members will want to consider if taking a decision to make an enhanced offer for RAAC-affected properties could set a

precedent for the future as other ex-council stock comes to the end of their structural and economic lives.

- 3.38 Robust Council procedures and controls are in place, and these are routinely checked by both Internal and External Audit. Officers continue to implement decisions in keeping with Council instructions, and the management of RAAC has been reported transparently through agreed governance arrangements.

Best Value Theme - Effective Use of Resources

- 3.39 In order to meet this requirement, Members will want to be assured that there are robust processes and controls in place and that the Council is making the best use of resources, based on risks and evidence, in order to achieve its strategic priorities.
- 3.40 The Council has robust policies and procedures to prevent the misuse of Council resources and an established counter fraud team. Measures to manage RAAC are subject to the same financial controls and established Council governance arrangements as all other Council transactions, and as a result, robust procedures and controls are in place to ensure that resources are used appropriately and effectively and are not misused. In addition, a routinely reviewed whistleblowing policy is in place.
- 3.41 Appropriate controls are in place to support the agreement of appropriate disbursement costs, including proper sign-off based on delegated authority. Transactions linked to RAAC are subject to established Council arrangements. Compliance with established arrangements is routinely monitored, with additional assurance provided by both Internal and External Audit.
- 3.42 At the Council meeting of August 2024 [CORS/24/233], Council considered an Options Appraisal and determined that it was not cost effective to undertake work to the Council owned properties at Balnagask. The Council's strategic approach therefore is to clear the site and demolish buildings to allow for future regeneration, whilst managing the variety of health and safety risks associated with the site. This will help ensure that housing, that meets current standards, is available to tenants in the longer term, bringing significant benefits to the HRA.
- 3.43 The Council's current approach (as agreed in August 2024), is consistent with the compensation principles set out in the Acquisition of Land (Authorisation Procedure) (Scotland) Act 1947, the Land Compensation (Scotland) Act 1973 and the Compulsory Purchase of Land (Scotland) Regulations 2003. Adhering to these regulations helped the Council satisfy its Best Value duty. Departing from the current offer requires the Council to exercise powers under section 20 of the Local Government in Scotland Act 2003. This report presents all of the facts to help Members give due regard to Best Value.
- 3.44 The site layout requires consideration. The 138 privately owned homes (109 as at 30 October 2025 following acquisition of 29) are spread across the site, therefore a failure to secure properties, and the land on which they are built, would make the master planning exercise far more challenging, compared to a fully cleared site under complete Council ownership and control. Working around privately owned homes will

impact on both time and resources as well as the safety arrangements that the Council needs to consider as it moves forward with site clearance and demolition.

- 3.45 Homeowners have consistently expressed a desire for Market Value plus the deduction made for the presence of RAAC in roofs. A recent increase in requests for the Valuation Office Agency to undertake a valuation would suggest that an enhanced offer could realise greater interest and uptake in the voluntary acquisition process, and therefore help the Council meet its strategic objective(s) of redeveloping (the continued safety of residents within the Balnagask estate being one).
- 3.46 As the situation continues, the Council has to address a range of other costs and financial impacts which to date sit at circa £2.6 million. These include:-
- a) significant officer time in managing the situation and the site, [as well as existing workloads and the reprioritisation of same and impacts as a result];
 - b) increasing security costs throughout the site and area;
 - c) increasing utility costs from improved street lighting in the area;
 - d) holding costs for vacant properties until demolition and site clearance work can commence including but not limited to vacant property council tax;
 - e) delays in starting site clearance and demolition work will have a cost implication from ongoing construction cost inflation;
 - f) potential costs arising from the Council having to undertake future enforcement action required to mitigate health and safety risks and non-action or non-sufficient action taken by private owners to address the risk; and
 - g) potential costs arising if the Council requires to consider Compulsory Purchase Orders (CPO) to acquire properties along with other statutory processes that may need to be actioned.
- 3.47 In order to address some of these risks, the Council has advised the Planning Authority of the intention to demolish the buildings in Balnagask on a phased basis. The demolition will be undertaken on a phased basis and will only include full terraces of properties that the Council owns. The Council is also working to secure a Building Warrant so that demolition can progress at pace.
- 3.48 There are significant benefits associated with a single demolition project that cannot currently be realised. One site wide demolition would allow for uninterrupted workflow, enabling contractors to mobilise once and proceed without delays caused by staggered and phased access. This would reduce the overall programme duration and avoid the need to re-sequence works or re-engage teams multiple times. From a commercial perspective, consolidating demolition into a single phase avoids repeated costs for items such as site mobilisation and de-mobilisation, security and enabling works, environmental mitigation measures (e.g., dust, noise, vibration controls), legal and administrative arrangements, providing economies of scale and potentially reducing costs and improving completion timeframes accordingly. Officers are working through the full demolition costs and are comfortable the estimated £10 million budget in the public domain can deliver these works. Over a (say) 6 month period if works are delayed this could cost in the region of £500k when continuity of work, security, fly-tipping and inflation costs are included.

3.49 **General Fund Considerations**

The cost of acquiring the RAAC affected properties has been classified (by the Chief Officer – Finance) as Revenue Expenditure as per the CIPFA/LASAAC Accounting Code of Practice for Local Government. Any financial support to homeowners therefore must come from the General Fund. The costs for Voluntary Acquisition on the current terms (if all owners choose to engage) has been identified at £12.7 million. In addition, there will be costs of approximately £2.7m for demolition and initial landscaping to the General Fund. Making an enhanced offer to homeowners would add circa £5m to these costs, meaning the total cost to the General Fund could sit at circa £20.4m.

3.50 The General Fund comprises funding received by Scottish Government, income from Council tax and various fees and charges. The costs incurred by the Council to support homeowners will therefore undoubtedly impact on the provision of services across the city and is detailed as a contingent liability in the Council Annual Accounts for 2024/25. With a projected General Fund budget gap in future years, additional costs to address RAAC increases these gaps and decisions on how to address the additional costs could include increasing Council Tax, raising prices, or by making budget savings, stopping or reducing services, for example.

3.51 A range of funding mechanisms were considered by the Chief Officer – Finance (s.95 Officer). The Council has c.£12m of uncommitted General Fund reserves which reflects the lowest risk-based value set out in the Council's approved Reserves Policy, a policy that complies with CIPFA guidance. Having had to make an additional payment of c.£4m to support the Aberdeen City IJB in financial year 2024/25, and increase the contribution it makes for 2025/26 by £4.2m, it is just one of the multiple risks that the Council continues to have to protect itself and therefore to utilise Usable Reserves as a source of funding to acquire RAAC-affected properties and demolish them would extinguish the last line of defence in the Council's resilience framework.

3.52 The Council considered borrowing, but in the opinion of the Chief Officer – Finance the nature of the transactions, i.e. the purchase or acquisition of owners' RAAC-affected properties with the express intention of demolishing them provides no justification that the Council would be entering into a capital transaction, for which borrowing could be considered as per the CIPFA Treasury Code of Practice for Local Government.

3.53 As of 31st August 2025, the General Fund has already paid out in the region of £2.4 million to address RAAC in privately owned homes and a funding solution has been identified to release a further £10.3 million to provide confidence that the Council could enter into transactions with owners such that the unplanned expenditure would not put immediate additional pressure on the 2025/26 General Fund revenue budget. The mechanism makes use of one-off funds held in the Capital Fund.

3.54 The Capital Fund can only be used for two specific purposes – (i) to pay for Capital Expenditure; or (ii) to finance the cost of Debt Principal Repayments (which is Revenue Expenditure). The Capital Fund mechanism requires the Council to transfer monies held there to the General Fund to support the cost of Debt Principal repayments (s.22 of Schedule 3 of the Local Government (Scotland) 1975 Act) enabling the additional costs of acquisition/demolition/etc. to be met. As a result, there is an opportunity cost, that the money currently in the Capital Fund cannot be used to support other non RAAC related expenditure.

- 3.55 That means, the impact of using the Capital Fund resources to fund the costs of supporting owners of RAAC affected properties is that these monies, which are one-off in nature, once consumed cannot be used for other things, for example supporting the Council's Capital Programme. Limiting the number or scale of capital projects and/or increasing the value that has to be borrowed in the future and then repaid over time. This increases the cost of servicing/repaying that borrowing and interest charges, thus impacting on current and future Council tax payers.
- 3.56 The maximum value that can be drawn from the Capital Fund is limited to the value of Debt Principal Repayments, and is approximately £12m per annum. To pay for the acquisition of all 138 RAAC-affected properties, this transaction in the Council Annual Accounts will be completed in two financial years, 2025/26 and 2026/27 to transfer sufficient money to cover the total cost. At year end 2025/26 the Chief Officer – Finance will have to consider whether or not a Provision should be accounted for in the 2025/26 Draft Annual Accounts.
- 3.57 **HRA Considerations**
The HRA can only be used to benefit Council tenants. The HRA is taking on additional costs estimated to be up to £14.3m to address RAAC in Council-owned properties. The recent opportunity provided to the Council to apply for £10m from the Affordable Housing Supply Programme (AHSP) will transfer directly into the HRA, funding more of the new-build programme and therefore helping the HRA to afford these additional RAAC related costs that had been unplanned.
- 3.58 In order to ensure that all options for any additional funding to support the total cost of RAAC across the HRA and General Fund, the Chief Officer - Finance has had discussions with Scottish Government officials with regard to any mechanisms that could support this. It is clear that the terms of the AHSP grant funding do not allow that money to be transferred for another purpose therefore there is no flexibility to divert that funding away from the HRA.
- 3.59 Members are reminded of the recently presented HRA 30 Year Business Plan and associated Housing Asset Plan which outlined the significant pressures on the HRA itself and the associated impacts on our Housing estate. While it is possible for surpluses to be transferred from the HRA to the General Fund, this would obviously reduce the resources available to mitigate the impacts of RAAC on the HRA.
- 3.60 The HRA is only funded by income from tenants therefore paying for costs associated with RAAC will have to be funded by rent. The alternative is for HRA services to tenants to be changed, reduced or stopped – response times to repairs reduced, fewer officers supporting housing services, less communal grass cutting – and/or a change and reduction in capital investment in the Council homes. This should be considered in the context of the fund currently being particularly strained.
- 3.61 As the affected area comprises both HRA and privately owned properties, with an approximate split of 73:27 (73% of properties are former Council homes and 27% privately owned) the HRA would incur £7.3m of the £10m demolition and landscaping costs.

- 3.62 The HRA does not have the resources or headroom within the current rent levels to replace roofs and bring the properties affected by RAAC up to EESH2 standards, nor to redevelop a site such as Balnagask. The alternatives to master-planning and redeveloping the site were included in the August 2024 report [CORS/24/233], including the replacement of the roofs and bringing them up to EESH2 standards. This has been recently estimated, at c.£70m and while the cost is lower than the estimated rebuild costs, after master-planning, of £135m, the current rent calculations are based on total expenditure of up to £14.3m following the demolition of the HRA properties. At the same time the Housing Asset Plan [CORS/25/221] states the Housing Data, at a high level, shows there needs to be disinvestment in some properties and address issues in others before they too require disinvestment. This disinvestment helps to balance the cost of improving and maintaining properties within the rental income achievable, rather than maintaining every property irrespective of the cost to do so and the properties expected lifespan.
- 3.63 Master-planning with a cleared site is the strategic vision for Balnagask, with a suitable developer taking on the opportunities of the site, which may or may not be the Council. Initial market testing has not secured immediate interest in the redevelopment of the site for mixed tenure housing, this is thought to be partially attributable to the uncertainty about whether a single cleared site could be achieved. An enhanced and 'best and final' offer may bring the certainty required to help homeowners determine how best to respond to the health and safety risk they face, and any subsequent increase in engagement with the Voluntary Acquisition process is likely to secure higher levels of interest from homeowners. The impact of this could increase interest in the redevelopment of the Balnagask site from other developers.
- 3.64 **Summary of General Fund and HRA Best Value Considerations**
On the basis that the Council is successful in the application for the additional £10m, this will generate a £10 million Capital Grant receivable by the Council for new build properties that will be paid into the HRA. That funding means the HRA will spend less on the new build programme, and make the unplanned costs of RAAC for the HRA more affordable.
- 3.65 The Council proposes to fund the voluntary acquisition of RAAC-affected properties using the Capital Fund, with a total projected cost of £20.4m (including demolition). As the acquisition and demolition costs will be Revenue Expenditure, and the Council cannot borrow to pay for it, this approach avoids immediate impact on the Council's General Fund, but reduces the value of one-off reserves that would otherwise be available for future uses, such as funding Capital projects or the repayment of debt.

Best Value Theme - Partnerships and Collaborative Working

- 3.66 In order to meet this requirement Members require to consider the extent to which the Council works with its partners to maximise the use of their respective resources to achieve shared priorities and outcomes.
- 3.67 The Council continues to work extensively with internal and external partners to address the issue of RAAC. Internal collaboration is driven through the Officer RAAC Board and there is considerable evidence that this approach is helping secure the

technical and professional expertise required to deliver against Council decisions. As a result, a wide range of teams across Council Clusters support delivery of Council instructions.

- 3.68 Officers continue to engage with a very wide range of external partners, including engagement with Scottish Government, national groups, Scottish Heads of Property, ALACHO, other Local Authorities and social housing providers, Heads of Finance etc. These mechanisms help ensure that learning is shared to help benefit all.
- 3.69 Engagement with the Scottish Housing Regulator continues, who have been made aware of the situation for some time and have been advised on impact on tenants and the HRA.
- 3.70 Officers continue to secure external expertise as appropriate and recognise the need for independence in some situations. As a result, the Council continues to instruct independent surveys and valuations.
- 3.72 Partnerships to support longer term Masterplanning have been harder to secure. Few housebuilders have expressed any interest in discussing future developments at Balnagask in part due to the uncertainty around the level of site clearance and on-going debate around improved offers to homeowners, which is extending and adding complexity to the voluntary acquisition process. Masterplanning is not being progressed and redevelopment is being stalled by the on-going debate around offers to homeowners.
- 3.73 A range of Third Sector organisations continue to offer invaluable support to homeowners, with SAMH continuing to offer support to those impacted by RAAC.
- 3.74 Officers continue to work well with internal and external partners and benefits from high levels of collaboration.

Best Value Theme - Working with Communities

- 3.75 In order to meet this requirement, Members require to consider the extent to which the Council works with communities, the extent to which it has been guided by their views and ensure that consideration is given to addressing inequality.
- 3.76 A range of approaches have been taken to community engagement, including the use of drop in sessions for residents to ask questions or have their say, workshops with a locally established representative group, meetings with national group representatives and more personalised arrangements where required. Approaches have been amended based on learning from these engagements, including now making improved use of known and trusted officers operating in the community.
- 3.77 Various letters and communications have been sent and made available by the Council to residents since RAAC was identified in order to provide information, advice and support in response to the risk(s) presented by RAAC, and these communications have been adapted, refined and distributed based on feedback from residents and others. Letters are now routinely personalised, and in some cases hand delivered to ensure residents are kept informed.

- 3.78 There has been a high degree of personalisation, particularly as homeowners have engaged with the voluntary acquisition process, explored house swap options or been supported with rehoming. These person centred arrangements remain in place.
- 3.79 There is a range of on-line and published information made available to residents, FAQs have been in place throughout the course of the project on the Council's website and continue to be subject to regular review and updates. A range of on-line surveys have also been used to convey information, meaningfully engage with residents, gather feedback and guide officer recommendations to Council.
- 3.80 Specific engagement with local and national campaign groups has included working in collaboration with the community to present viable further options to Council for consideration. During workshops with a group of homeowners representing the wider group of homeowners, there was a strong suggestion that homeowners would be open to selling their properties for the Market Value plus the value lost due to the presence of RAAC in roofs. Deputations at Council have also supported this view.
- 3.81 A standalone RAAC e-mail address was established and is routinely monitored by Council officers and utilised by residents impacted by RAAC. The use of this mail helps ensure that enquiries can be quickly directed to appropriate officers and addressed.
- 3.82 There is evidence that the ongoing situation is having an increasing impact on the mental wellbeing of homeowners, with higher levels of residents reporting declining mental health. The British Red Cross was among the first to provide support, offering practical and emotional assistance to RAAC-affected residents. This early intervention was complemented by signposting to services such as the SAMH Link Practitioner Service. Separate wellbeing sessions and drop-in events were then organised in Torry with partners including Penumbra and Mental Health Aberdeen. A bespoke service, "Hear for You", was later introduced by SAMH offering both psychological wellbeing and practical assistance. This offer includes one-to-one sessions with wellbeing practitioners and practical advice, with referrals to community and citywide resources. It was recognised that this was a difficult time for residents and their families and therefore these services were offered and continually refined to ensure access to tailored mental health and wellbeing assistance throughout this period.
- 3.83 Since the Report of February 2024 all Council tenants have now been rehomed and, as identified in previous reports, the resulting vacant homes creates wider risks within the Balnagask estate. Security arrangements are reviewed regularly and there is now a 24 hour security presence. QR codes and telephone numbers are available to report concerns, lux levels on street lights have been improved, additional technical inspections are being undertaken, some properties are being secured and boarded in vulnerable areas, additional awareness has been raised with Police Scotland and the Scottish Fire and Rescue Service. Security contractors are being more visible. CCTV is being trialled internally on a number of properties. Plans to undertake strip out works on vacant properties are also being progressed.

- 3.84 Officers continue to act on feedback and keep all arrangements under review given the considerable evidence that no one single approach will suit the needs of all residents or the Council.

Best Value Theme - Sustainable Development

- 3.85 The best value principles around sustainable development requires consideration of the extent to which decisions secure a balance of social, economic and environmental wellbeing, and meet the needs of the present without compromising the ability of future generations to meet their own needs.
- 3.86 Sustainability was considered as part of the Option Appraisal approved by Council in August 2024. In keeping with the Option Appraisal findings, Council determined that future redevelopment will best deliver modern, energy-efficient homes, reducing long-term maintenance and carbon footprint and therefore sustainability is central to the Council Strategy. Short term remediation would be costly and fail to meet anticipated housing standards.
- 3.87 A new housing development on the Balnagask site would bring significant economic benefits, primarily through employment opportunities, and also provide an opportunity to address the challenging topography of the site to improve accessibility.
- 3.88 A future housing development will create considerable social value.

Best Value Theme - Fairness and Equality

- 3.89 This best value principle requires consideration of the extent to which policies help tackle poverty, reduce inequality and promote fairness, respect and dignity for all citizens.
- 3.90 The proposal to give an enhanced offer to Homeowners does much to address the financial resilience challenges of the 138 homeowners, but this requires to be balanced against the 'opportunity cost' to more vulnerable individuals or groups who may have benefited from the additional resources (see Para 3.54).
- 3.91 Choosing to make additional provision for homeowners will undoubtedly impact on the provision of services or resources to some of the circa 230,000 other residents in the city, many of whom will have protected characteristics.
- 3.92 Compliance with the public sector equality duty and Fairer Scotland Duty have been documented through the development of Integrated Impact Assessments with this and other reports.
- 3.93 Continuing to meet owner legal and professional costs that may be reasonably and properly incurred ensures that there is no barrier to owners receiving independent advice.

Summary of considerations

- 3.94 As exemplified above the best value test is subject to a significant degree of interpretation. Members will require to carefully consider the benefits outlined within this report and balance those with the lost opportunity costs in order to demonstrate due regard to Best Value. Members will also require to consider if the additional investment in securing privately owned properties is required to realise the Council's strategic objective of a cleared site for new housing development given that the current offer has only realised interest from 48 homeowners over a 14 month period.

Consultation with External Audit

- 3.95 Officers have consulted with External Audit in the preparation of this report. The Council's demonstration of Best Value principles in developing the proposed RAAC recommendations were considered by External Audit. Consideration has also been given to the proposed accounting arrangements and the release of the capital fund over the next 2 years. A number of important points were raised by the auditor during the preparation of the report which officers have responded to in finalising the Report. **External Audit has not raised any matters of major concern at this stage.**

RAAC Impact Housing List

- 3.96 Households affected by RAAC will continue to be placed on the RAAC Impact Housing List if they require accommodation from the Council. The Council recognise the importance of continuing to support households with a person-centred approach to explore their housing options. However, it is not feasible for the Council to continue to operate a separate approach for an indefinite period of time.
- 3.97 As part of the enhanced voluntary acquisition proposal therefore, we will confirm with the remaining homeowners whether council housing is required to meet their future housing needs. The outcome of these discussions will help inform the length of time the RAAC Impact Housing list will remain open. When the decision is made to close the list, any remaining households affected by RAAC will continue to receive support through our existing services, and any future housing offers will be made in line with our standard Housing Allocation Policy.

4. FINANCIAL IMPLICATIONS

- 4.1 On 5 March 2025, Council agreed a funding solution using the capital fund to enable the Voluntary Acquisition of properties impacted by RAAC.
- 4.2 It is proposed that this same funding solution be used to support delivery of the options detailed within this report in order to provide certainty as to where money will come from to pay owners. Based on current estimates, the total value that will be required to acquire and demolish the 138 properties is up to £20.4m, the expenditure expected to be spread across 2025/26 and 2026/27.
- 4.3 In response to the offer by Scottish Government of an additional £10m of funding being provided through applications to the Affordable Housing Supply Programme (AHSP). This funding will be paid into the Housing Revenue Account (HRA).

- 4.4 To provide as many options as possible to fund this additional Revenue Expenditure the Chief Officer – Finance sought permission from Scottish Ministers for flexibilities in Grant terms and conditions and statutory earmarked reserves. A response from Scottish Ministers in respect of this request is expected shortly.
- 4.5 Once the terms and conditions of any flexibility are known the Chief Officer – Finance will work through the implications and determine the most cost effective and appropriate accounting treatment as part of the year end and report this through the Quarter 4 Financial Performance report for 2025/26.
- 4.6 One of the flexibilities sought from Ministers is in connection with the General Capital Grant. The current terms and conditions of the grant are that it must be applied to capital expenditure and therefore it is the first funding stream for the General Fund Capital Programme. The flexibility sought is for £10m of that grant to be payable into the Capital Fund, providing the money to reinstate some of those costs being used to acquire and demolish the RAAC affected properties. If the Council does not use the Capital Grant to fund Capital then there will be a shortfall on that account, and additional borrowing would have to be entered into to cover this. An annual sum of c.£600k per annum would be added to the General Fund Budget to cover this cost, for the next 30 years, therefore careful consideration will be given to doing this.
- 4.7 The other flexibility is to seek permission to use the current Statutory reserve for Affordable Housing (from additional Council Tax collected) to support the acquisition of RAAC affected properties. This is a separately identified earmarked reserve on the Council Balance Sheet. While this would be helpful to access a reserve that already exists, as at the end of March 2025 there was only £4.5m, with an estimated income of £2m this year, which means that it would not be sufficient to cover the estimated costs. Furthermore, in discussion with Scottish Government officers, the expected flexibility is likely to include a requirement to reinstate that reserve in the future and this would then have a need to create a surplus on the General Fund, potentially meaning additional savings being approved or a higher Council Tax being set.
- 4.8 The implications for the future are an important consideration and as such they would only be used if other unplanned or unexpected circumstances required it.
- 4.9 A reply from Scottish Government is expected shortly, and a verbal update will be provided to Committee if a response is available.

5. LEGAL IMPLICATIONS

- 5.1 There is no statutory duty on the Council to undertake or fund remedial works to privately-owned properties affected by RAAC. This includes no legal requirement to purchase or compensate private owners for loss of value. These properties were acquired under the Housing (Scotland) Act 1987 through the Right to Buy scheme on a full-repairing and insuring basis. Ongoing maintenance responsibilities, including but not limited to structural integrity, remain with the individual private owners. The Council's efforts to date and the proposed financial-assistance scheme does not transfer that responsibility.

- 5.2 The Council may, where appropriate, exercise discretionary powers under section 20 of the Local Government in Scotland Act 2003 (“the 2003 Act”), to take action that it considers likely to promote or improve the wellbeing of its area or the people within it. This can include limited financial or in-kind support to private individuals and may be applied to part of its area, or to all or some persons within it. These powers must be exercised within the Council’s overall statutory competence, in a manner that is financially sustainable and consistent with the duty to achieve Best Value under section 1 of the 2003 Act. Support provided under section 20 should complement, rather than replace, the primary responsibility of private homeowners to maintain and make safe their own properties, and any financial assistance should be delivered under clear, proportionate and enforceable terms.
- 5.3 Section 20 provides a broad discretionary power, but its use must remain proportionate, evidence-based and financially sustainable. It does not confer an unrestricted power to provide open-ended financial assistance. Statutory powers under the Building (Scotland) Act 2003 remain the primary legal basis, together with owner responsibility, for managing structural risk and ensuring compliance with safety requirements.
- 5.4 The Council can lawfully agree an enhanced package that results in total consideration to owners above current Market Value, but this is conditional and premised on the understanding and determination that Members are satisfied and can evidence that the decision secures Best Value for the Council in the particular circumstances. Relevant factors include: sustained engagement with owners, reduction of inequality and improved wellbeing (including mental health), proportionate mitigation of public-safety risk, securing timely control of the estate to enable sustainable redevelopment, and avoidance of higher enforcement or holding costs. Members should be satisfied that the scale of the proposed uplift is proportionate to these objectives and supported by clear evidence.
- 5.5 The additional discretionary payment could be structured either as part of the overall purchase consideration for the heritable property or, alternatively, as a separate discretionary wellbeing payment made under section 20 of the 2003 Act. Each approach carries different financial and taxation implications for the Council and importantly for individual home owners / former home owners.
- 5.6 If included within the purchase price, the payment would form part of the heritable consideration and be reflected in title documentation, which may increase associated costs such as Land and Building Transaction Tax (including Additional Dwelling Supplement) payable by the Council.
- 5.7 If treated as a separate discretionary payment, it would be recorded out the conveyancing documentation, preserving the independently assessed Market Value as the heritable consideration.
- 5.8 The preferred structures will be determined by the Chief Officer-Finance and Chief Officer-Governance following appropriate legal and financial assessments, to ensure compliance with statutory, accounting and taxation requirements.

- 5.9 Part 7, section 35, of the 2003 Act provides the statutory basis and direction to Local Authorities that they must comply with regulations made by Scottish Ministers. The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 set out the framework for local authority borrowing, and the need to have regard to relevant codes of practice and guidance, i.e. the Prudential Code for Capital Finance in Local Authorities. Section 2 of the 2016 Regulations confirm that borrowing can only be used to finance capital expenditure. Therefore borrowing to fund revenue expenditure would not comply. Any discretionary payments, of a revenue nature, made under section 20 of the 2003 Act must therefore be met from lawful non-borrowing sources.
- 5.10 To date neither the Scottish nor UK Government have made any commitment to a support scheme for RAAC. The Council should reserve the right to adjust or recover overlapping payments (e.g. from UK or Scotland-wide support schemes) to avoid duplication and maintain Best Value. Participation in any future national schemes is not restricted, the Council's aim is to prevent double-funding for the same loss, not to curtail access to future programmes. All assistance will be made on a discretionary basis and without admission of any fault or liability on the part of the Council.
- 5.11 Payments to homeowners acting in private, non-commercial capacity do not constitute subsidy under the Subsidy Control Act 2022, as such recipients are not "enterprises" engaged in economic activity. Where a property is owned by a private landlord or a housing association, the position differs. Both are generally considered to be "enterprises" for the purposes of the 2022 Act, as they offer housing services on a market, even where operated on a non-profit basis. In these cases, any financial support provided by the Council to these owners may amount to a subsidy. This will be considered on a case by case basis.
- 5.12 The Council will therefore assess each relevant transaction to determine whether support can be lawfully given under the Minimal Financial Assistance (MFA) provisions or, where that is not possible (for example in the case of a housing association or landlord exceeding the MFA threshold), through an appropriately designed subsidy-compliant route.
- 5.13 For the avoidance of doubt, an owner-occupier selling their home to the Council would not be regarded as an enterprise. Vacant properties formerly used for letting will need to be assessed according to the owner's wider business activity and the nature of the transaction. The Council will ensure that all payments made are compliant with the Subsidy Control Act 2022 and are recorded as required for transparency purposes. Officers will secure consultancy support from Internal Audit to provide further assurance to Members.
- 5.14 Proposals that rely solely on Council funding to remediate privately owned homes, without reciprocal title transfer or contribution, are not considered legally viable and may conflict with Council's Best Value obligations. Any delivery model must preserve appropriate Council control, financial accountability, and statutory compliance. The Council must ensure consistency and fairness in its approach, particularly where homeowners decline reasonable offers, unreasonably delay or do not undertake steps or works necessary to ensure their properties are structurally sound, safe, and habitable.

- 5.15 Where owners decline or delay engagement, or where structural conditions deteriorate and pose a continuing or advancing health and safety risk, the Council will have to consider the timing of enforcement action under existing legislation. Sections 29 and 30 of the Building (Scotland) Act 2003 require local authorities to act if a building is judged dangerous. Once a building is deemed dangerous, a 'Dangerous Buildings Notice' must be served to the owner, specifying the required safety works. If immediate danger exists, the Council should first remove that danger at the owner's expense and then issue a formal notice if risk persists. If any RAAC-affected homes at Balnagask are declared dangerous, these statutory powers would apply. The Council should support such decisions with objective evidence, such as surveys or inspection reports.
- 5.16 The voluntary acquisition process may not, by itself, achieve a full site clearance, it may however achieve a more developable site to meet the Council's objectives. Should significant structural or public-safety risks remain, the Council will retain its statutory responsibilities and may require to consider future action available in law, which could include compulsory purchase or other measures, subject to separate statutory tests and, where applicable, ministerial or committee approval.

Advancing health and safety risk (Building Standards)

- 5.17 When Building Standards determine it is necessary to take action to safeguard public safety, they will issue a statutory enforcement notice. Where a private owner fails to comply with the conditions set out in a statutory enforcement notice, this constitutes an offence under the Building (Scotland) Act 2003. In such circumstances, the Council may exercise its powers to undertake the necessary works specified in the notice to remove the danger and ensure public safety.
- 5.18 Where the Council intends to carry out the works specified in a statutory enforcement notice, an Evacuation Notice will be served on the property owner under Section 42 of the Building (Scotland) Act 2003. This notice will require the owner to vacate the property to allow the Council to undertake the necessary remedial works and to ensure the safety of occupants and the wider public.
- 5.19 Failure to comply with an Evacuation Notice may result in further enforcement action, in accordance with the provisions of the Act.
- 5.20 The Council will undertake only the minimum necessary works to remove the identified danger, as specified in the enforcement notice, this being, the requirement to vacate and secure the property.
- 5.21 Throughout the statutory enforcement process, the Council is entitled to recover from the property owner any expenses reasonably incurred in carrying out these works. Where such expenses are not recovered voluntarily, the Council may pursue recovery through a Charging Order, in accordance with the provisions of the Buildings (Recovery of Expenses) (Scotland) Act 2014.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The option appraisal included within the Report to Council in August 2024 addressed the environmental impact of all options considered at that time.

7. RISK

- 7.1 Previous committee reports have addressed the wider risks around RAAC in residential properties including the risk of panel failure within individual properties. Programmes of monitoring and inspection continue within occupied Council-owned properties.
- 7.2 Taking account of the above, the assessment of risk contained within the table below is consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk	*Does Target Risk v Appetite
Strategic	Health and Safety Risk in private Homes.	While the risk of a building failure sits with the home owner, the council has statutory duties as the Building Standards authority. Statutory duties under the Building (Scotland) Act 2003 will to be exercised where required.	M	Yes
	Risk of inability to deliver regeneration/ redevelopment.	An improved offer will encourage more homeowners to take advantage of the Voluntary Acquisition process, and therefore a more developable site will be possible. This will help the Council better achieve its long term objectives around the development of housing, including social housing, on the site.	M	Yes
Compliance	Council risk as regulatory authority	ACC has duties to safeguard residents and powers under the Building (Scotland) Act 2003. Enforcement action becomes more likely given the passage of time and further inclement weather over the winter months. This presents a risk to owners who will be required to take swift action to make their home safe. An improved offer, coupled with the Council request to undertake a survey to determine the condition of RAAC in the homes of those who do not choose to engage with the Voluntary process, will help owners decide how best to respond to the health and safety risk in their home.	M	Yes
	Paying more than Market Value for properties may Undermine or Breach the Best Value Duty	This Council has already offered to purchase the properties at Market Value, which has led to some of the affected properties being acquired. It has not achieved the purchase of all of the properties. Having agreed in principle to adjust the offer, increasing the sum that can be offered, the report sets out the various factors that should be considered by the Council in order to decide how to proceed. The detailed consideration of these best value themes will enable Elected Members to demonstrate their due regard to best value and support Council decision making. For example the likelihood of external audit criticism and the matter being subjected to Judicial Review.	M	No

	Risk of Judicial Review from a Council Tax payer objecting to the Council using discretionary powers and Capital Fund money to purchase privately owned homes.	This report sets out the various factors that should be considered when making a decision along with the implications of doing so. If the objection were to focus on alternative uses of the Capital Fund that could reduce Council Tax payers burden in the future then making the decision in light of knowing and understanding those implications is important. The Council has to make decisions based on the financial (and other) circumstances that it faces and in particular those that are known. Therefore a balance must be struck in making such decisions that have to address current situations in the context of the medium and longer term assumptions. The detailed consideration of the best value themes and consideration of the legal basis for making an enhanced offer will enable Elected Members to mitigate this risk, but someone proceeding with taking the Council to a Judicial Review cannot be mitigated completely.	M	No
	Subsidy Control / State Aid Issues	Overpaying for properties may be considered an economic advantage to a commercial seller, requiring compliance with subsidy control legislation. The Council will therefore assess each relevant transaction to determine whether support can be lawfully given under the Minimal Financial Assistance (MFA) provisions or, where that is not possible (for example in the case of a housing association or landlord exceeding the MFA threshold), through an appropriately designed subsidy-compliant route, which could include the making of a subsidy scheme.	L	Yes
	Ultra vires risk – use of section 20 wellbeing powers challenged	External Audit has not raised any major concerns regarding the proposals set out in the report. Expenditure authorised within approved governance framework and statutory tests.	L	Yes
Operational	Site security	As more properties become vacant, reports of anti-social and criminal activity on site increase. This is being mitigated in the short term through the commissioning of security services, deployment of officers and close collaboration with the emergency services. These arrangements are kept under review More effective mitigation will be possible by progressing demolition and this is now progressing.	L	Yes
Financial	No funding solution identified for the new build programme at Balnagask	The Council has approved the master-planning of the site, providing opportunities for the Council or other developers to consider how the location is redeveloped, including the potential funding sources that may be available. Without a clear and demonstrable funding package the site redevelopment is not affordable.	H	Yes
	The current financial burden to	Application for additional funding from the Scottish Government AHSP reduces the cost pressure of building new homes at Cloverhill on the HRA which can	M	No

	mitigate RAAC impact on the HRA.	then be used to fund the additional, RAAC related, costs that are being borne by the HRA. Continue to work in collaboration with Scottish Government officials to secure any other available resources to help mitigate costs to the HRA. Having a clearer site will realise efficiencies in terms of demolition and landscaping. If all properties are purchased the holding costs for the site which include ever increasing security costs, empty council tax and the risk of harm from break-ins etc. will be reduced or eliminated.		
	The current financial burden to mitigate RAAC impact on the General Fund	The Chief Finance Officer has identified a funding mechanism that provides short term mitigation for the General Fund. While the Capital Fund based solution provides the cashflow to pay for the additional expenditure the General Fund will incur to acquire and demolish the RAAC affected homes from owners, using this money removes the opportunity for it to be used to pay for other expenditure and if the Capital Fund money was not used to purchase the properties, that money could reduce future costs for the Council Tax payer. These funds are finite, but opportunities include paying for / contributing to one or more capital projects – reducing the borrowing requirement; reducing the level of debt the Council has - saving money on financing the cost of repaying debt; or as a one-off funding source to support the costs in the General Fund in one or more years.	M	No
Reputational	Public perception of inequality – risk of challenge from residents elsewhere regarding fairness or priority of spend	Transparent communication, publication of committee minutes and ongoing engagement with communities. Former owners receiving an additional financial payment will be strongly advised to seek independent advice. Comprehensive Integrated Impact Assessment in place.	M	Yes
	Audit or legal challenge risk – adverse finding by external audit or judicial review alleging procedural irregularity or misuse of funds	External Audit consultation and record keeping on decision making	M	Yes
Environment / Climate	No impact from this report.	There are no impacts associated with this report, the impacts were assessed in the previous report and a more detailed assessment will be provided in a future report once the proposed options are known.		

8. OUTCOMES

- 8.1 The Option Appraisal considers how each option relates to social and economic outputs and this forms part of the appraisal.

Council Delivery Plan 2025	
	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>Local Outcome Improvement Plan</u>	
Prosperous Economy Stretch Outcomes	The actions from this report will help mitigate the immediate impact on affected owners.
Prosperous People Stretch Outcomes	Taking early intervention action as outlined within this report will help mitigate any negative impact on people's physical and mental wellbeing.
Prosperous Place Stretch Outcomes	This report makes recommendations on the viability of the affected housing stock along with any wider implications this may have on the place.
Regional and City Strategies	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	An updated IIA has been prepared.
Data Protection Impact Assessment	Not Required
Other	

10. BACKGROUND PAPERS

[UBC 29 Feb 2024](#)

[Council Report - 21 August 2024](#)

[Council Requisitioned meeting 28 October 2025](#)

11. APPENDICES

12. REPORT AUTHOR CONTACT DETAILS

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