

Aberdeen City Council

Appendix 1

Housing Revenue Account

## Rental increase

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

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

Further details are contained in Appendix 2.

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

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

## Impact of the rent increase

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

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

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

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

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

## Tiered trend analysis

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

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

## Summary of the tiers

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

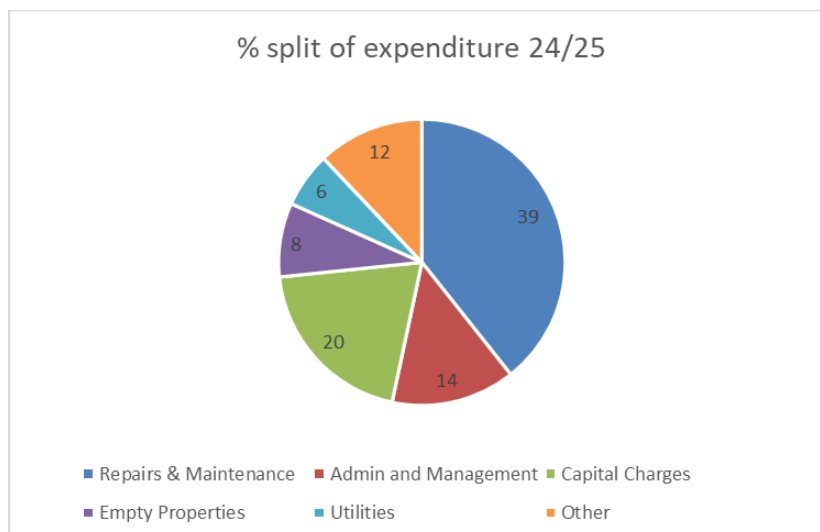
2 - Early intervention - Interventions that ward off the initial onset of harm and create empowered resilient communities and staff (human demand) Intervening before further harm takes place in a way that avoids the later costs in both human and financial terms of handling the consequences of that harm.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

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

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

## Where we spend the money

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



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

## Repairs and maintenance

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

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

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

## Voids

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

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

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

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

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

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

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

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

## **Rent Policy**

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

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

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

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

- S.25(4) states:

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

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

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

## **Moving from a 48 to 52 week rent year**

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

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



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

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

## **Rental affordability**

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

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

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

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

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

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

## Key Findings from the 2025 MIS Report:

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

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

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

## Tenant Consultation

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

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

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

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

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

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

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

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

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

### Questions and Responses:

#### **Question 1**

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

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

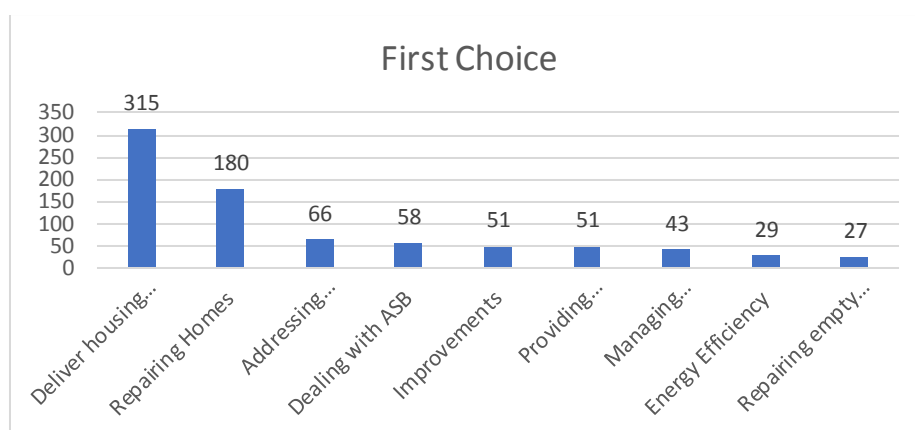
The options were:

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

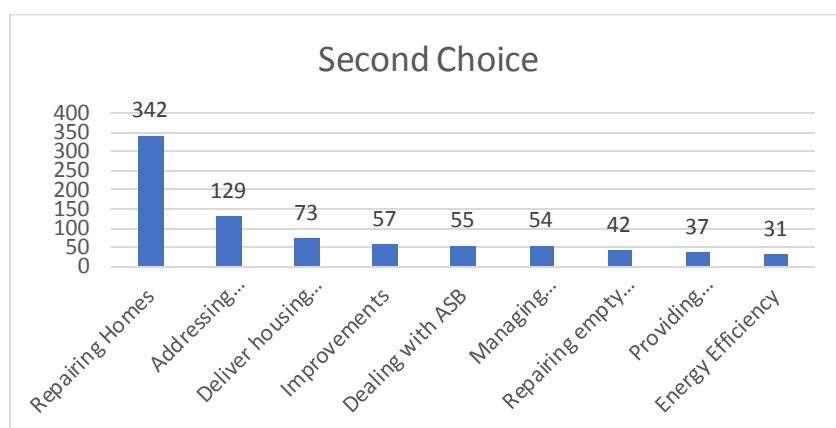
The results were as follows:

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

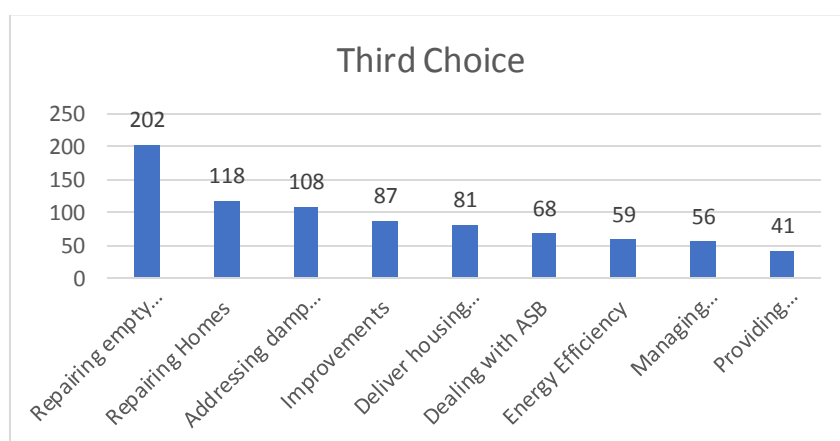
## 1<sup>st</sup> Choice



## 2<sup>nd</sup> Choice



## 3<sup>rd</sup> Choice

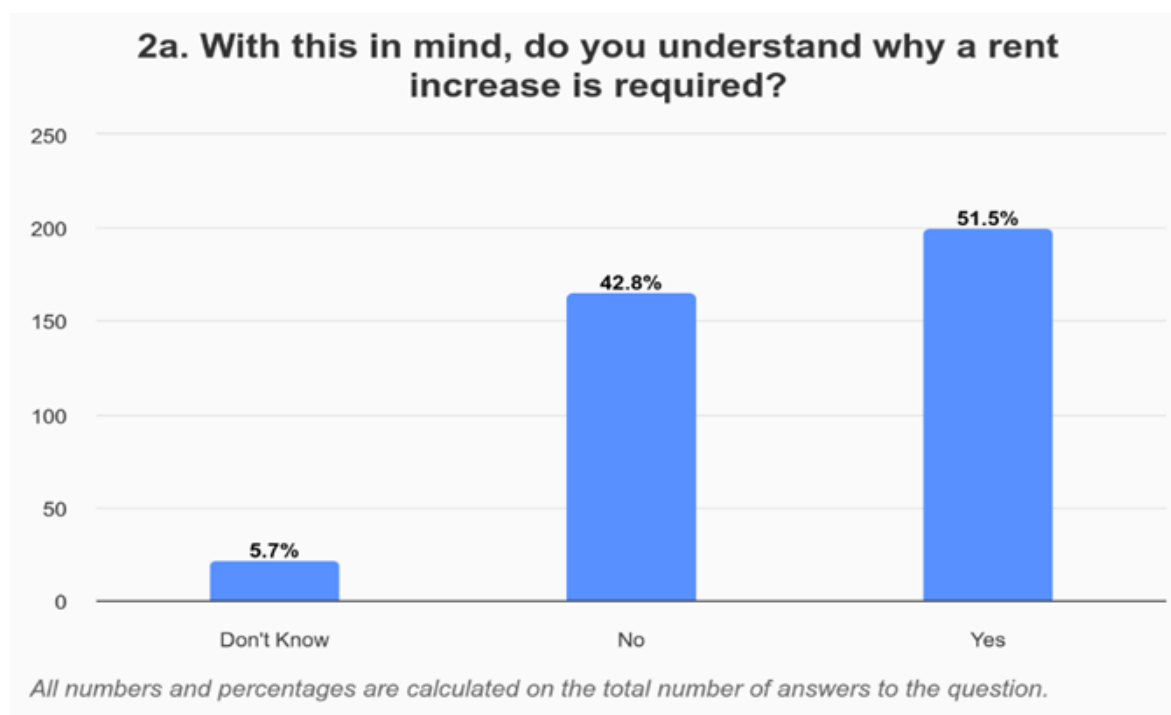


**Overall, the highest-ranking services were:**

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

## Question 2

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



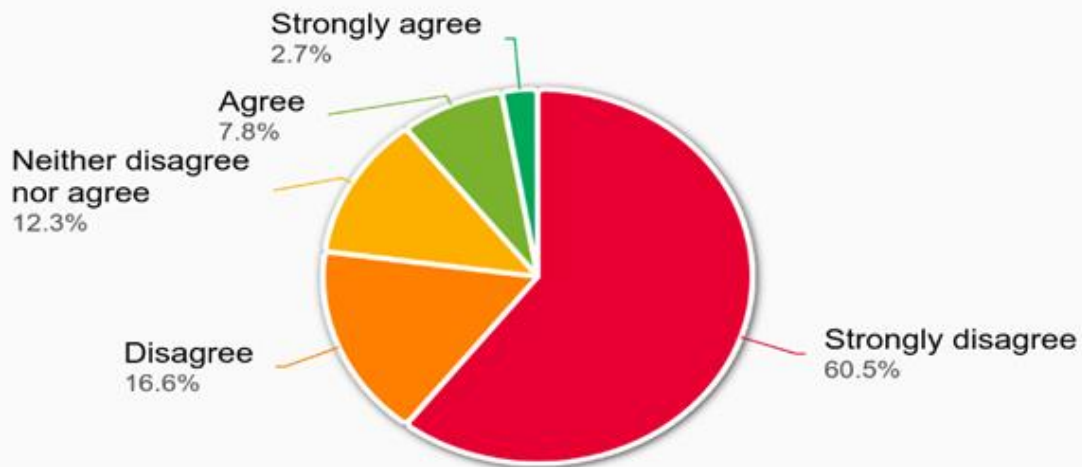
## Question 3

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

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

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

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



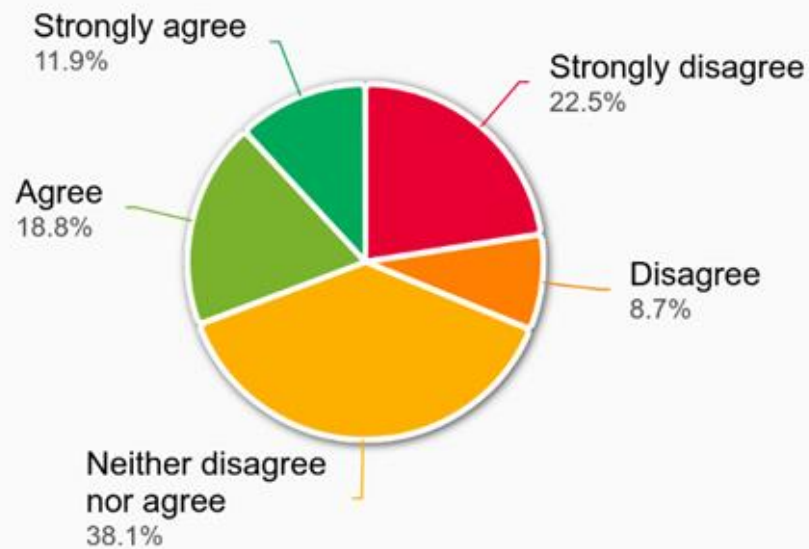
*All numbers and percentages are calculated on the total number of answers to the question.*

**Question 4**

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

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

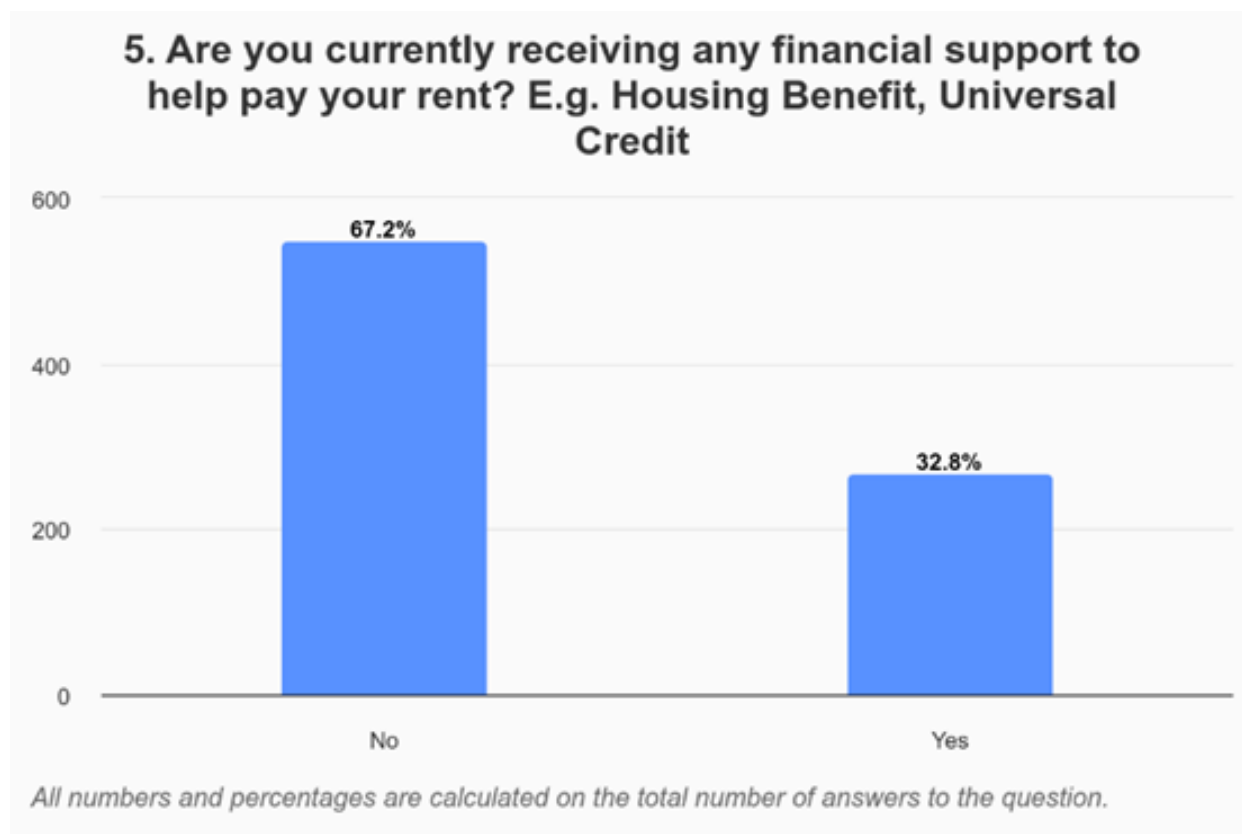
**4a. Do you agree with changing the current rent payment cycle to 52 weeks?**



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

**Question 5**

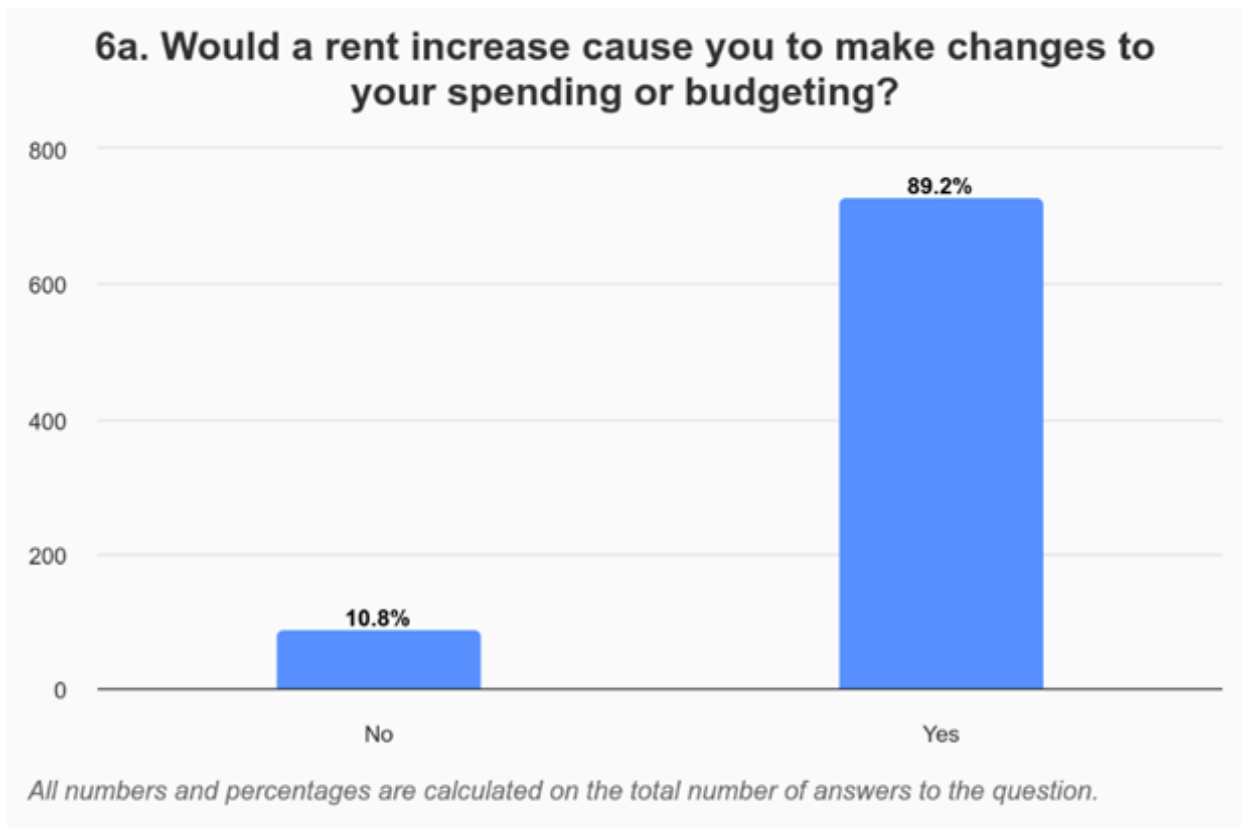
Tenants were asked whether they receive financial support with their rent. The responses show that 67.2% of respondents do not receive any financial assistance, while 32.8% do receive support through Housing Benefit or Universal Credit. This highlights that the majority of respondents are fully responsible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



### Question 6a

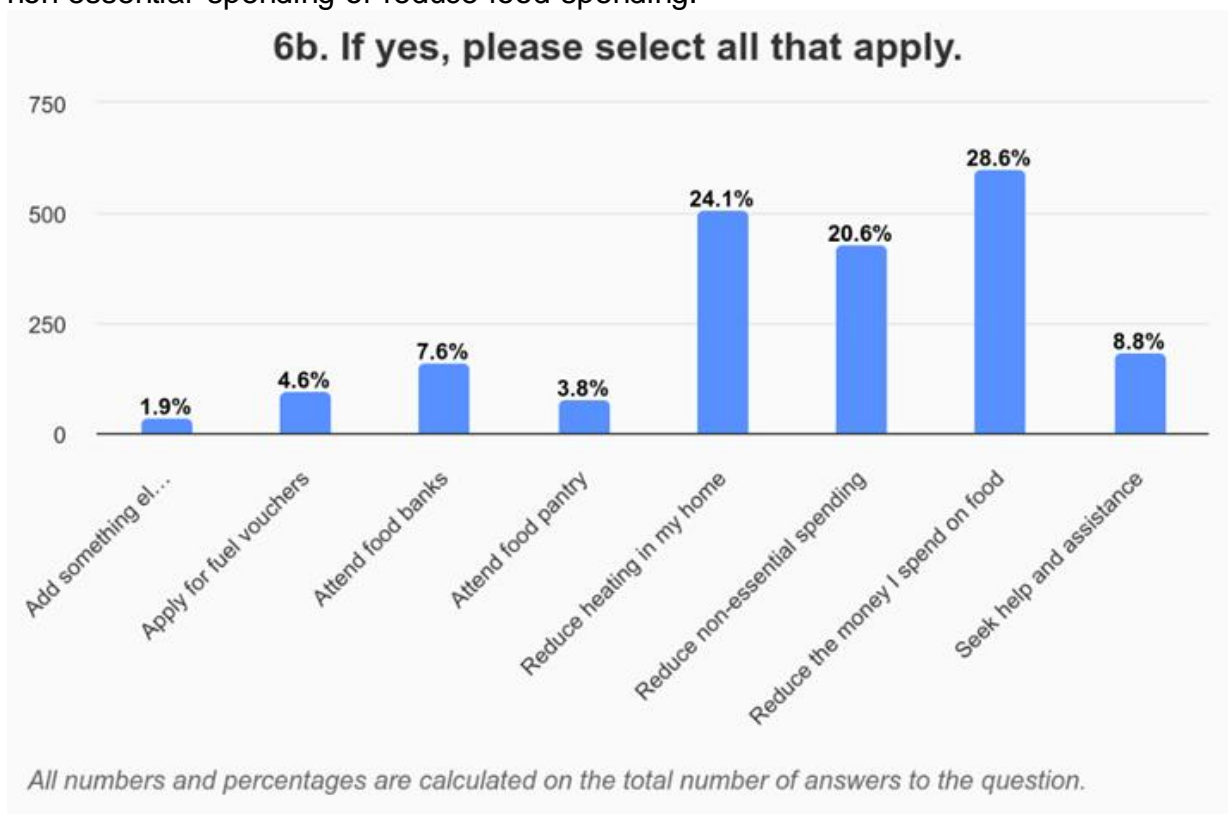
Tenants were asked whether a rent increase would require them to make changes to their spending or budgeting. The results show that 89.2% of respondents said they would need to adjust their household budgets, while only 10.2% indicated that it would not affect their spending plans. This demonstrates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





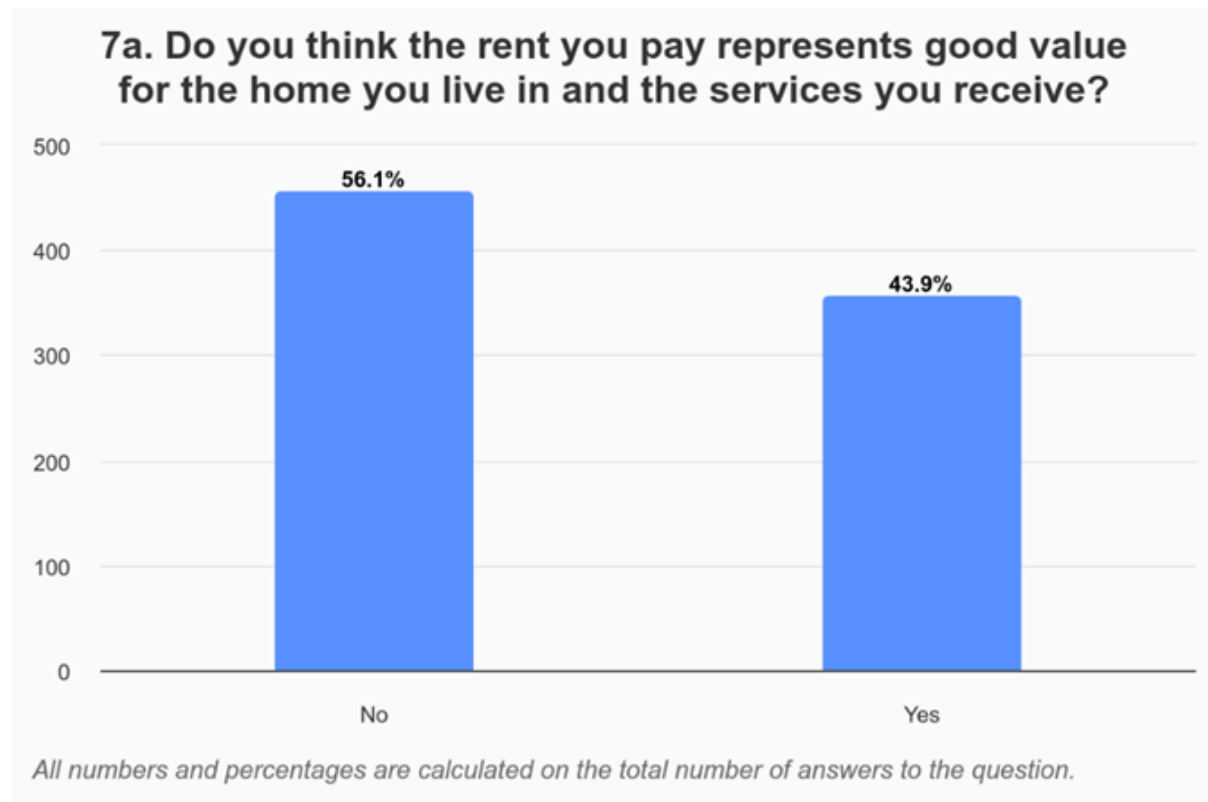
#### Question 6b

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



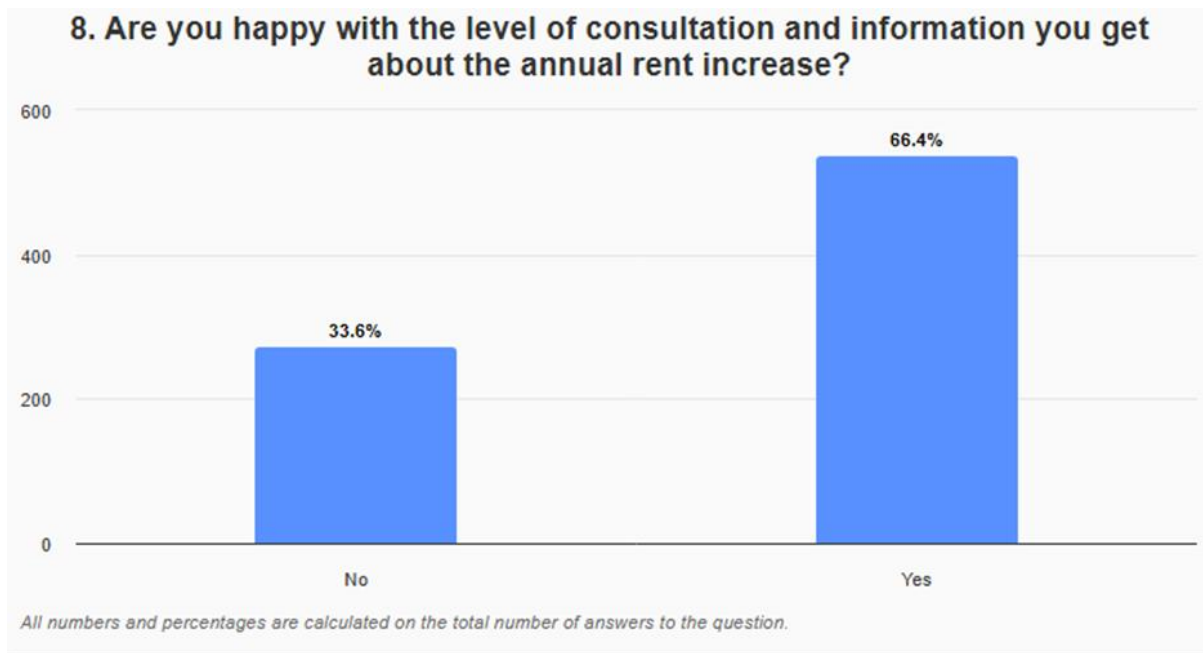
### Question 7a

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



### Question 8

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



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

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

## Comparison with other Local Authorities

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

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

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

## Rent Assistance Fund

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

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

The evaluation concluded the following:

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

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

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

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

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

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

## Heat with Rent calculations for 2026/27

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

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

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

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

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

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

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

## **Housing Capital 2025/26**

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

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

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

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

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

## **Housing Capital 2026/27 to 2030/31**

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

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

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

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

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



## **Affordability of new build**

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

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

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

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

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

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

Sustainable

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

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

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

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

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

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

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

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

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