

Appendix 1

Aberdeen City Council Draft Housing Revenue Account 2014/15 – 2018/19 Budget

Our vision is
for Aberdeen
to be an **ambitious**,
achieving, **smart** city.



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DRAFT HOUSING REVENUE ACCOUNT

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Revenue Assumptions

In preparing the information for the draft Housing Revenue Account budget for the financial year 2014/15, a number of assumptions have been made and these are given below.

Should you require an electronic version of the budget contained within this documentation, please contact Helen Sherrit, Finance Partner (Housing & Environment) on (34)6353 or e-mail hsherrit@aberdeencity.gov.uk. The budget information is available as a set of Excel spreadsheets.

Inflation

In preparing the budget no general inflationary uplift has been added which is in line with the base assumptions used in preparing the General Fund Budget for 2014/15, (there are some exceptions to this rule such as utility costs and contractual uplifts etc. and these are stated in the variance notes). Inflation is currently running at approximately 3.2% (RPIX at September 2013). (Source: Office of National Statistics)

Housing Stock

The number of Council houses owned by the Council, as at 31 October 2013, is 22,547. It has been assumed that there will be a further 64 sales during the financial year 2013/14, bringing total sales for the year to 140. The average selling price for the period 1 April 2013 to 31 October 2013 is approximately £49,500.

Set Aside Rules

For the financial year 2013/14 the Council budgeted for 100% of all Council house sales to be utilised to repay debt. The Council is free to decide on how the proceeds from the disposal of Council houses are used. **The Head of Finance recommends that all capital receipts continue to be used to repay debt for the financial year 2014/15 and future years.**

Council House Sales

It has been assumed that the level of house sales will be 140 in 2013/14. The average selling price for 2013/14 is currently estimated at £49,500. The average number of houses for the financial year 2014/15 is therefore estimated to be 22,413 properties.

Rental Income

The income available in 2013/14 to fund the proposed budgeted level of expenditure has been calculated by taking the projected income under the revised rent structure plus 4.2% (RPIX at September 2013 + 1% which is the Council's current rent strategy/policy).

Heat with Rent

A detailed analysis has been carried out on the utility bills for Heat with Rent to ensure that the charging policy introduced in the 2006/07 budget setting process can be continued into 2014/15. No increase of income has been built into the proposed budget.

Working Balances

In developing a rent setting strategy it is important to ensure that there are adequate working balances. The Head of Finance must be confident that the level of working balances is adequate to meet any unforeseen contingencies particularly as regards the uncertainty surrounding welfare reform and the impact this could have on viability of the business plan of the Housing Revenue Account. Given this inherent uncertainty it is **proposed that the working balances continues to be increased to 10% over a 3 year period.**

Priority Based Budgeting Process

This is the fourth year of the Priority Based Budgeting Process (PBB) which previously had focussed on the Council's General Fund rather than the HRA as this had been subject to the scrutiny of the 30 year business plan. However this year it was agreed to include the HRA as there are many benefits to strengthening the links to the PBB process to the HRA business planning. These benefits include greater transparency of decision making, strengthening the links to the Smarter City objectives, maximising the effective use of the HRA funding to benefit Council tenants and provide the best possible property management services.

Following discussions with Housing & Environment, a number of potential service options were put forward which included reviewing the emergency cover provided by Building Services and the Grounds Maintenance contract, strengthening the links between Social Care & Wellbeing and the aids and adaptation budgets, reducing the level of voids & arrears.

In developing the budget figures growth items were identified which included voids, arrears and the cleaning of sheltered housing. For all of these growth items a potential option has been developed.

The process and potential options (options which the tenants could see an immediate impact) were taken to the meeting of the Tenants Budget group in September 2013. Overall the tenants on this group were in favour of progressing with these options.

Work is now ongoing to develop the options into potential work streams a number of which are already established. An example is work on voids and arrears.

Business Plan

In conjunction with the PBB process during 2013 the 30 year business plan model, which sets out the current and future financial position of the Council's HRA, it's ability to meet and maintain the Scottish Housing Quality Standard (SHQS) and manage, repair and invest in tenant's homes has been updated with the financial information from the financial year 2012/13. This continues to show a business plan which is sustainable in the long term. However if there were to be increases in, for example, interest rates this would impact on the long term viability of the plan. Only the increase in the budget for bad debts has been factored into the business plan as no other measurable impacts of welfare reform are, at this stage, known but could dramatically change the cash flow of the plan.

A sustainable rent policy must be adhered to in order to secure the long term financial position of this 30 year business plan. The current Council policy for maintaining sustainable rents is for a rental increase of RPIX plus 1%. This rent policy will require review once SHQS has been achieved and the next steps have been announced by the Scottish Government.

Housing Capital Expenditure Programme

Housing Investment Programme

2014/15 will see continued major investment in tenants' homes to make sure that they meet their needs and expectations as well as the requirements of the Scottish Housing Quality Standard (SHQS). Aberdeen City continues to make steady progress towards SHQS compliance with 90.1% of our stock now meeting the standard (as at 1 November 2013) and therefore progressing well to meet the target of 90.9% compliance by March 2014.

As at 31 March 2013 Aberdeen City Council compared favourably with other cities for SHQS completion –Aberdeen 88.9%, Glasgow 87.3%, Edinburgh 82.2%, and Dundee 74.5%.

It is unclear as to any future obligations beyond the SHQS completion date of 2015 it is anticipated this may relate to energy efficiency.

The Council will continue to provide funding for the provision of combined heat and power in our multi storey stock. These actions will improve the energy performance of the council housing stock and prevent potentially hundreds of tenants from falling into or remaining in fuel poverty.

The Council has started work on a major over-cladding scheme for High Rise buildings with blocks in Seaton and Balnagask being completed by 2013/14 with work commencing on further blocks in Seaton, Stewart Park Court & Hilton Court.

To ensure that the Council can meet its priorities in terms of its housing stock the capital programme for the next five years (inclusive of slippage) is proposed as follows:

2014/15 - £46.923 Million
2015/16 - £37.074 Million
2016/17 - £32.933 Million
2017/18 - £31.182 Million
2018/19 - £29.914 Million

The capital investment programme falls in 2015/16 as a result of the reduced work required on the SHQS however not as significantly as anticipated due to the significant investment in over-cladding being undertaken.

Housing Revenue Account					
Draft 2014/15 Budget		Budget	Out-turn	Budget	Notes
		2013/14	2013/14	2014/15	
		£000's	£000's	£000's	
Premises Costs					
1	Rates	3	19	19	
2	Rent – Other	138	138	141	1
3	Repairs and Maintenance	22,042	22,042	22,407	2
4	Maintenance of Grounds	3,045	3,045	3,075	3
5	Gas	674	674	1,014	4
6	Electricity	2,420	2,420	2,512	5
7	Cleaning Service	542	500	495	6
8	Security Service	372	300	376	7
9	Window Cleaning	19	10	24	
10	Refuse Collection	325	325	328	8
11	Cleaning – Sheltered Housing	453	504	499	9
12	Premises Insurance	57	57	57	10
13	Other Property Costs - Council Tax	122	201	201	11
		30,212	30,235	31,148	
Administration Costs					
14	Downsizing Grants/Direct Debit Incentives	52	20	52	12
15	Legal Expenses	201	201	201	
16	Office Tel / Rent	88	88	88	
17	Former Tenants Arrears	1,379	1,800	2,000	13
18	Charges - Services Admin & Management.	8,582	8,096	8,657	14
19	General Consultancy	55	55	85	15
20	Training for Front Line Staff	100	100	100	15
21	Benefits Staff	95	95	141	15
22	Charges - Tenants Participation	206	206	208	16
23	Charges for Environmental Health	227	227	227	
		10,985	10,888	11,759	
Supplies & Services					
24	Provision of Meals	168	192	194	17
25	Equipment Purchase	55	0	0	
26	Television Licence	5	4	5	
27	Integrated Housing System	314	314	295	18
		542	510	494	
Agencies					
28	Mediation Service	98	98	99	19
29	Energy Advice	81	81	82	20
30	Citizens Advice Bureau	14	14	14	15
31	Disabled Persons Housing Service	38	38	39	15
		231	231	234	

	Housing Revenue Account	Budget	Out-turn	Budget	
	Draft 2014/15 Budget	2013/14	2013/14	2014/15	
		£'000	£'000	£'000	
	Transfer Payments				
32	Aberdeen Families Project	414	414	418	21
33	Loss of Rent - Council Houses	722	1,157	900	22
34	Loss of Rent - Garages, Parking etc	211	271	218	
35	Loss of Rent - Modernisation Works	50	50	100	
36	Supporting People Contribution	406	406	406	23
37	CFCR	22,034	22,175	22,459	
		23,837	24,473	24,501	
	Capital Financing Costs				
38	Loans Fund Instalment	3,903	4,580	5,228	
39	Loans Fund Interest	9,559	8,658	9,026	
40	Heating Leasing Payment	131	100	0	
		13,593	13,338	14,254	24
	Expense Total	79,400	79,675	82,390	
	Income				
41	Government Grant - General	(234)	(234)	0	25
42	Ground Rentals	(27)	(27)	(27)	
43	Dwelling Houses Rent Income	(76,220)	(76,584)	(79,552)	26
44	Housing - Heat with Rent Income	(1,649)	(1,649)	(1,649)	27
45	Housing - Garages Rent Income	(1,179)	(1,136)	(1,136)	28
46	Housing - Parking Spaces Rent	(192)	(180)	(180)	28
47	Housing - Insurance Income	(2)	(2)	(2)	
48	Housing - Other Service Charge	(489)	(500)	(489)	28
49	Legal Expenses	(260)	(225)	(225)	
50	Revenue Balance Interest	(148)	(138)	(130)	29
	Income Total	(80,400)	(80,675)	(83,390)	
	Net Expenditure	(1,000)	(1,000)	(1,000)	
	Projected Working Balance at 1 April 2014	5,525			

HOUSING REVENUE ACCOUNT 2013/14 BUDGET

Variance Notes

Comparing Draft Budget 2014/15 to Estimated Out-turn 2013/14

Expenditure Movements

1. Rent

This budget is for the rent of Police Houses, Accommodation for Community Groups and Housing Offices.

2. Repairs and Maintenance

An analysis is contained at page 13.

3. Maintenance of Grounds

Maintenance of Grounds budget has two elements: Ground Maintenance (including £152K for ad hoc grass cutting requests from Housing Managers) and cleansing/weed control. The budget for 2014/15 has been calculated by uplifting the 2013/14 budget by 1% (the budgeted salary uplift).

4. Gas

The Council moved on to the Scottish Government National Procurement for Gas Supply on 1 April 2010 with the contract price reviewed on an annual basis. The budget has been calculated using the actual consumption from 2012/13 and an anticipated rates increase in the contract price as advised by the Council's energy unit.

5. Electricity

This is the fourth year of a four year electricity contract. The budget has been calculated by using the actual consumption from 2012/13.

6. Cleaning Service

This budget is for communal cleaning. The cleaning contract commenced on 5 July 2010 and runs for three years. To date the contract has not been agreed for July 2014 onwards therefore the budget has been based on actual expenditure for 2012/13.

7. Security Service

This budget is for the Security Service which started in 2012/13 and runs for three years. The cost of the security included in the budget for 2014/15 is £376,000, and includes the control room team.

8. Refuse Collection

This budget for 2013/14 has been uplifted by 1% for the potential wage increase.

9. Cleaning – Sheltered Housing

This is the budget for the cleaning of Sheltered Housing and has been calculated by using the anticipated out-turn for 2013/14 uplifted by 1%.

10. Premises Insurance

The budget for 2014/15 has been maintained at the 2013/14 level.

11. Other Property Costs – Council Tax on void properties

This budget is for the cost of Council Tax due on void properties. The actual expenditure for 2012/13 has been used and is based on the assumption that there will be no increase in Council Tax for 2014/15 based on the terms and conditions of the award of the General Revenue Grant.

12. Downsizing Grants/Direct Debit Incentives

There are currently two schemes within this budget line which are Downsizing grants (£50,000) and Direct Debit Incentives (£2,000). Budgets have been maintained at the 2013/14 level.

The Downsizing scheme provides assistance and a financial incentive to Council tenants occupying 3+ bedroom family properties in high demand areas to move to smaller more suitable housing in order to increase the supply of large family housing. This budget is being maintained at the current level as there could be a potential rise in.

The Direct Debit Incentive scheme was introduced on 5 April 2010. Each month there is a draw for all new and existing direct debit payers for a chance to win a week free rent period, to encourage more people to switch to paying by direct debit.

13. Former Tenants Arrears

The budget has been increased to £2M to reflect the increasing rent arrears being experienced (Current arrears have increased from £3.4M at the end of April 2013 to £3.8M at the end of October 2013). The budget for former tenant arrears is for the write off of uncollectable arrears and any increase in the debt provision.

14. Management & Administration

The staffing budget is based on the current structure of the Housing Revenue Account. A pay award of 1% has been allowed for which is in line with the assumptions contained within the Council's General Fund.

15. General Consultancy, Training for Front Line Staff, Benefits staff, Citizens Advice Bureau, Disabled persons Housing Service

All of the above budgets have assumed no uplifts.

General Consultancy allows the Housing Revenue Account to fund one off projects. An example of this type of expenditure would include work on the Housing Business Plan. In addition £30,000 is required every 3 years for a tenant satisfaction survey requested by the Scottish Housing Regulator.

Training for Front line Staff allows, for example, Housing Assistants to participate in professional staff development programmes with the opportunity of gaining membership of the Chartered Institute of Housing.

The costs of the Benefits staff are recharged from the Benefits team for the time spent with Council House Tenants on maximising income and tackling financial exclusion, it is anticipated that the recharge will increase. The increase reflects the business case at 5 December 2013 Finance, Policy & Resources for additional staff for money advice.

The contribution to the Citizens Advice Bureau (CAB) provides funding to the service at ARI/Woodend Hospitals.

Disabled Persons Housing Service (Aberdeen) (DPHS) is a charitable organisation that provides specialist information, advice and advocacy on housing matters to disabled people, their families and carers and professionals working in housing, social work, health and the voluntary sector.

The funding covers the code funding the Development Officer's post, plus an allowance for running costs. This will enable the DPHS to continue to develop and expand the range of services that it offers to people of Aberdeen in line with the objectives set out within the Disability Action Group (DAG), DAG Homes Sub-Group Action Plan, the Local Housing Strategy and the Community Care Housing Strategy.

16. Tenants Participation

This is the budget allocated for the provision of Tenants Participation and includes the employment costs of two Tenant Participation Officers, Newsbite and training for tenant representatives.

17. Provision of Meals

The actual expenditure for 2012/13 plus 1% is the basis for the 2014/15 budget. This budget is for the provision of meals at Denmore and Kingswood extra care housing. The income for this service is contained in line 48 of the budget statement above which is shown as "Housing Other Service Charge". No increase to this charge is being recommended (this is contained in miscellaneous rents page 19) as this is an outstanding action of the Housing for varying needs review. A pay as you go system is being considered as part of this review.

18. Integrated Housing System

This budget is based on the IT requirements for 2014/15 which includes all the support and maintenance costs.

19. Mediation Service

For 2014/15 budget has been maintained at 2013/14 levels.

20. Energy Advice

The Energy Advice budget is currently a payment to SCARF (Save Cash and Reduce Fuel). SCARF encourage the sustainable use of energy, achieving affordable warmth, eradicating fuel poverty and extending the life of natural energy resources across the North East of Scotland.

21. Aberdeen Families Project

This budget is used to fund the Aberdeen Families Project. The Families project is based in the Torry area and provides intensive support and supervision to families (mainly council tenants) who are involved in serious antisocial behaviour which could result in their eviction and subsequent homelessness. The service aims to reintegrate tenants or former tenants who are homeless and have a history of not sustaining a satisfactory tenancy, back into a tenancy without requiring intensive housing management. The budget is based on the 2013/14 budget uplifted by 1%.

22. Loss of Rent Council Houses

The budget has been calculated using void targets and known movement of tenants between sheltered and main stream tenancies.

23. Supporting People Contribution

This budget is a contribution to cover the costs of providing the former Wardens salaries for people who were not in receipt of Housing Benefit as at 31 March 2003. The contribution in 2014/15 is based on the actual expenditure for 2012/13.

This does not reflect the costs associated with the former warden's salaries as this forms part of the General Fund.

The contribution is being considered as part of the review for Housing for Varying Needs and therefore will be subject to change.

24. Capital Financing Costs

The budget for Capital Financing Costs is based on the likely level of capital spend in 2013/14 as at the end of September 2013 and a possible future programme for 2014/15 of £41.7 million as well as the level of historic debt that has to be financed. It also assumes that the consolidated loans pool rate (the rate used to calculate debt charges) is 4.3%.

Income

25. Government Grant – General

This budget was previously for the grant income from the Scottish Government for the Hostel. This income and expenditure will no longer be shown in the Housing Revenue Account and instead will be included within the General Fund Homeless.

26. Dwelling Houses Rent Income

The budgeted income from Dwelling House Rent has increased by the potential rent increase of 4.2% (RPIX at September 2013 +1%) which is in line with current Council policy on rent setting. No assumption has been on the Middlefield area.

27. Housing – Heat with Rent Income

A review was undertaken of the income and expenditure of Heat with Rent.

- **Gas**
The projected energy consumption and contract rates were provided by the Council's Energy Management Unit for each sheltered complex. As from 1 April 2011 the Gas Supply is through Scottish Government National Procurement and is reviewed on an annual basis. The energy used in the common rooms and guest rooms has been removed from the calculation as these costs are funded by rent pooling. The revised consumption has been multiplied by the agreed rate to be paid on the gas contract.
- **Electricity**
The projected energy consumption and rates were provided by the Council's Energy Management Unit for each sheltered complex. The four year electricity contract started on 1 April 2011, reductions in the consumption were made for the common rooms and guest rooms as these costs are funded by rent pooling. The consumption has been multiplied by the agreed rate on the electricity contract.
- **Combined Heat & Power (CHP)**
Aberdeen Heat and Power are to advise the Council of the rate increase in November, indications are that the maximum increase will be 5%.

Page 20 of this document shows the recovery of these costs

28. Housing – Garages Rent Income, Housing Parking Spaces Rent, Housing – Other Service Charges

This line will move depending on the level that miscellaneous rents are set at, as covered on page 13. The current budget therefore assumes that there will be no increase at present.

29. Interest on Revenue Balances

This is akin to bank interest received on the HRA's cash flow during the year. Budget is based on the income received in 2012/13 and current economic conditions.

HOUSING REPAIRS DRAFT BUDGET		Approved Budget 2013/14 £'000	Projected Spend 2013/14 £'000	Base Budget 2014/15 £'000
PLANNED AND CYCLICAL MAINTENANCE				
1	External Joiner work Repairs including external painter work etc.	1,500	1,664	1,500
2	Boiler Maintenance – Sheltered Housing	300	300	310
3	Controlled Entry Systems – Maintenance	370	236	240
4	Fire Precautions - Servicing & Renewal of Equipment inc. Smoke Detectors & Dry Risers	220	393	400
5	Flat Roofs/Dormers – Renewal & Insulation	50	51	55
6	Common Rooms – Replacement of Furniture	40	17	25
7	Gas Servicing, Maintenance and Repair	2,885	3,010	2,940
8	Laundry Equipment Replacement & Maintenance	60	90	90
9	Legionella Testing incl. Repair/Renewal of Tanks	60	87	100
10	Lift Maintenance	350	370	370
11	Mutual Repairs outwith Housing Action Areas	25	25	30
12	Pumps & Fans - Maintenance & Renewal	120	71	75
13	Sheltered Housing - Replacement of Carpets, furnishings etc	40	35	40
14	Standby Generators – Maintenance	120	74	80
15	Warden call systems- maintenance and Repair	90	14	90
16	Provision of Community Alarm	230	230	230
17	Environmental Improvements (including internal communal areas)	1,200	827	1,200
18	Void Properties	3,550	3,753	3,600
19	Asbestos	200	79	200
Planned/Cyclical Maintenance Sub Total		11,410	11,326	11,575
DAY TO DAY RESPONSE MAINTENANCE				
20	Blacksmith General incl. Renewing & Repairing Rotary Driers/Handrails	160	232	230
21	Car Park Repairs	15	23	25
22	Chimney heads - Repointing and Rebuilding	5	0	5
23	Condensation - Treatment of Walls	100	40	50
24	Electrical Work - General Repairs	1,100	1,100	1,150
25	Emergency Work - Out of Hours Service	620	552	550
26	External/Internal Response Paintwork	250	209	210
27	Fire Damage Repairs	300	189	200
28	Garage Repairs	50	27	30
29	Glazier work	150	168	170
30	Joiner work - General Repairs	2,400	2,700	2,750
31	Mason work and Water Penetration Repairs	350	574	500
32	Minor Environmental Services	560	580	550
33	Plasterwork – General	270	277	275
34	Plumber work – General	1,150	1,167	1,180
35	Slater work	800	783	800
36	Snow Clearance	52	52	52
37	TV Aerial	150	55	60
38	Rubbish Removal	140	35	50
39	Vandalism	100	57	65
40	Water Services Charges	10	10	10
Day to Day Response Maintenance Total		8,732	8,830	8,912
41	Fees	1,900	1,900	1,920
TOTAL REPAIRS AND MAINTENANCE BUDGET		22,042	22,056	22,407

REPAIRS AND MAINTENANCE BUDGET 2014/15

General

The projected spend figures have been taken from invoicing up to the end of September 2013 and a projection to year end.

Projections are based on the average monthly spend, updates from Surveyors and in the case of the general trades historical information has been taken from previous spend patterns.

Projected spend in 2013/14 is currently anticipated to be approximately on budget however this can be subject to change as this budget is demand led.

Specific Items

Planned and Cyclical Maintenance

Item 1 External Joinerwork repairs including external paintwork

Item 31 Masonwork and Water Penetration repairs

Expenditure is above budget due to the good weather experienced in the summer which has allowed higher than anticipated level of work to be carried out.

Item 17 Environmental Improvements

This line includes crime prevention measures, bird proofing including the removal of nests, area fencing, security doors, sound insulation, security lighting and other estate management improvements identified by Housing Officers.

Item 18 Void Properties (Relets)

It is anticipated that there will be little increase in the voids budget as although there is to be a higher specification of cleaning being carried out this will be negated by the retaining a number of fixture and fittings from the out going tenant.

Day to Day Response Maintenance

The items listed under Day to Day response are more susceptible to weather /climate/fluctuations in costs from year to year. The projected and budget costs are in part based on historical data taken from previous years.

Fees

The fees include the recharge for the call centre who receive the repairs calls. Also uplifted by 1% for wage inflation.

	Management & Admin		Proposed	
		Budget	Budget	
		2013/14	2014/15	Notes
		£000's	£000's	
	Staff Costs			1
1	Salaries	6,003	4,974	
2	Overtime	70	91	
3	Superannuation	1,063	947	
4	N.I	481	388	
5	Other Staff Costs	245	376	
		7,862	6,776	
	Premises Costs			2
6	Rates	104	29	
7	Rent	30	26	
8	Insurance	2	2	
9	Electricity/Gas	63	23	
10	Void Properties	10	0	
11	Rubbish Removal	21	3	
12	Cleaning	114	24	
13	Repairs and Maintenance	34	3	
14	Security	51	0	
		429	110	
	Administration Costs			2
15	Printing	89	90	
16	Photocopying	19	16	
17	Stationery	31	25	
18	Subscriptions	22	23	
19	Postages	101	79	
20	Telephones	50	39	
21	Bank Charges(inc Cash in transit	77	85	
22	Advertising	44	44	
23	Course Expenses	100	14	
24	Legal Expenses	1	0	
25	Former Tenants Arrears	1	0	
26	Tenants Participation Expenses	20	17	
		555	432	

				Proposed	
		Budget		Budget	
		2013/14		2014/15	
		£'000		£'000	Notes
	Transport Costs				2
27	Travel Costs	99		99	
		99		99	
	Supplies & Services				2
28	Equipment Purchases	69		15	
29	Computer Software Support	15		226	
30	Sundry Outlays	153		159	
		237		400	
	Corporate/Directorate Recharge				
31	Corporate/Directorate Recharges	2,366		2,143	3
		2,366		2,143	
	Expense Total	11,548		9,960	
	Income				
	Recharges:-				
34	Management & Admin – HRA	(8,582)		(8,657)	
35	Tenants Participation – HRA	(206)		(208)	
36	Other Housing	(330)		(219)	
37	Homeless Persons	(149)		(143)	
38	Housing Capital	(1,044)		(733)	
		(10,311)		(9,960)	
39	Hostel - Rents	(1,237)		0	
	Income Total	(11,548)		(9,960)	
	Net Expenditure	0		0	

MANAGEMENT AND ADMINISTRATION BUDGET

Variances and Notes

The 2014/15 budget for management and administration is based on the current structure of Housing.

1. Staff Costs

There is a reduction in staff costs due to the removal of the hostel as it is no longer deficit funded therefore any costs pressure of running the hostel will be placed on the general fund. The existing staff costs have been increased to reflect annual salary increments and the pay award.

2. Premises Costs, Fees & Charges, Administration Costs, Transport Costs, Supplies and Services

All the above budgets have been reviewed with certain costs being adjusted based on current service provision. The removal of the hostels as noted in 1 will also result in a number of budgets not being required.

3. Corporate/Directorate Charges

This budget is based on the current services being provided to Housing and may be subject to change. It covers services such as Legal, Finance, Office Accommodation, IT, Corporate Director and Heads of Service etc.

Miscellaneous Rents

Heat with Rent – 48 week basis		
	Previous	Proposed
	£	£
Gas Heated Properties		
Bedsits	9.05	10.55
1 bed roomed flats	9.85	11.85
2 bed roomed flats	10.65	13.15
3 bed roomed flats	11.45	14.45
Electrically Heated Properties		
Bedsits	10.05	11.55
1 bed roomed flats	10.85	12.85
2 bed roomed flats	11.65	14.15
3 bed roomed flats	12.45	15.45
CHP Properties		
All 1 Bed roomed Properties	9.60	11.60
All 2 Bed roomed Properties	10.40	12.90

ABERDEEN CITY COUNCIL HOUSING REVENUE ACCOUNT					
Proposed Increase to be included in the HRA budget – Miscellaneous Rents					
		2014/15			
		Current	Proposed	Increase	Percentage
		Rental	Rental	Per Week	Increase
Note	Miscellaneous Increases	£	£	£	%
	Garages	10.00	10.40	0.40	4.0
	Denburn and West North Street Spaces	4.55	4.70	0.15	3.3
1	Deburn and West North Street Spaces – Non Resident	35.00	35.00	0.00	0.0
	Garages Sites	3.85	4.00	0.15	3.9
	Car Ports	4.25	4.40	0.15	3.5
	Car Parking Spaces – Local Residents	3.40	3.60	0.20	5.9
1	Parking Spaces Non Local Residents	35.00	35.00	0	0
2	Window Cleaning	0.85	0.85	0	0
2	Meals at Denmore & Kingswood	35.00	35.00	0	0
	Mortgage Reference Fees	62.00	64.50	2.50	4.0
3	Guest Rooms	10.00 & 15.00	10.00 & 15.00	0	0
4	Factoring Charge	60.00	62.00	2.00	3.3

The above proposed prices for 2014/15 have been increased broadly in line with the proposed rental increase subject to:

Note 1 These charges have been referred to the Housing & Environment Committee on 14 January 2014 by the Enterprise, Strategic & Infrastructure Committee on 12 November 2013.

Note 2 These charges are being considered as part of the overall review of Housing for Varying Needs.

Note 3 These charges were agreed at H& E Committee on 28 August 2012 therefore will be subject to review during 2014/15..

Note 4 This is an annual charge per owner as a result of the Property Factors Act which was introduced on 1st October 2012.

Heat with Rent calculations for 2014/15

It was agreed in the 2013/14 budget process to apply an **increase of 80p per week for bedsits, 90p per week for 1 bed roomed dwellings, £1.00 per week for 2 bed roomed dwelling and £1.10 per week for 3 bed roomed dwellings** across all the Council's Heat with Rent properties.

A review of consumption and costs is required each year and especially as only the electric contract was fixed for four years. There is also potential revised costs for CHP and Gas each year.

In addition to the cost of energy this year a cost of bad debts has been factored into the calculation as this is becoming an increasing problem especially as the heat with rent scheme is expanding.

In addition as the charge is the same every week, tenants on Heat with Rent are not faced with the problem of having to pay large gas or electric bills during the colder winter months which extended into the spring months in 2013.

It is proposed to apply an **increase of £1.50 per week for bedsits, £2.00 per week for 1 bed roomed dwellings, £3.00 per week for 2 bed roomed dwelling and £2.50 per week for 3 bed roomed dwellings across all the Council's Heat with Rent properties in 2014/15.**

For 2014/15 revised rates will result in **increases of between 15% and 26%**. These increases are higher than previous years due to the increased consumption figures in 2012/13 & the continued increase in gas costs (these are predicted to increase by 10% in 2014/15).

This would generate sufficient income to ensure the Housing Revenue Account would break even between the costs to the Council of providing electricity and gas through Combined Heat with Power charges for the heating in these dwellings over a four year period.

	Estimated 4 year cost to Council £'000	Estimated 4 year income to cover costs £'000
Total	6,500	6,500

This would equate to the following weekly Heat with Rent charges for 2014/15:

for electrically and oil heated properties:

Bedsits	11.55	Increase of 15%
1 bed roomed dwellings	12.85	Increase of 18%
2 bed roomed dwellings	14.15	Increase of 21%
3 bed roomed dwellings	15.45	Increase of 24%

for gas heated properties:

Bedsits	10.55	Increase of 17%
1 bed roomed dwellings	11.85	Increase of 20%
2 bed roomed dwellings	13.15	Increase of 23%
3 bed roomed dwellings	14.45	Increase of 26%

for CHP heated properties:

1 bed roomed dwellings	11.60	Increase of 21%
2 bed roomed dwellings	12.90	Increase of 24%

ABERDEEN CITY COUNCIL Tenants Consultation

Aberdeen City Council is committed to ensuring that tenants' views are both sought and listened to. As part of the review on the future of the Council housing stock, a tenant referendum was held to determine what the views of tenants were.

The tenants voted overwhelmingly to retain the Council as their landlord in 2002, provided that continued improvements were made to the housing stock. In 2004, the Council adopted a Housing Business Plan approach. This has allowed us to plan for the future.

Furthermore, a questionnaire was sent out to tenants in September 2013 to ascertain views on the possible rent increase of inflation plus 1%. The table below shows the results of the questionnaire. In 2012 only 356 responded to the questionnaire therefore an increase of 1,115 in 2013.

ANNUAL RENT CONSULTATION – Feedback

Do you agree that the rent policy, inflation + 1%, should be continued to maintain investment in our housing stock and improve services?

	Returns	Percent
Yes	1,038	73
No	383	27
Total	1,421	100

Housing Revenue Account		Budget	Budget	Budget	Budget	Budget	Notes
		2014/15	2015/16	2016/17	2017/18	2018/19	
		£000's	£000's	£000's	£000's	£000's	
Premises Costs							
1	Rates	19	19	20	20	21	
2	Rent	141	146	151	156	162	
3	Repairs and Maintenance	22,407	22,937	23,482	24,039	24,611	1
4	Maintenance of Grounds	3,075	3,105	3,137	3,168	3,200	2
5	Gas	1,014	1,116	1,227	1,350	1,485	4
6	Electricity	2,512	3,048	3,093	3,142	3,191	4
7	Cleaning Service	495	495	495	507	520	3
8	Security Service	376	380	384	387	391	2
9	Window Cleaning	24	25	25	26	26	3
10	Refuse Collection	328	331	335	338	341	2
11	Cleaning – Sheltered Housing	499	504	509	514	519	2
12	Premises Insurance	57	57	57	57	57	3
13	Other Property Costs - Council Tax	201	201	201	201	201	
		31,148	32,364	33,116	33,905	34,725	
Administration Costs							
14	Down sizing Grants/Direct Debit Incentives	52	52	52	52	52	
15	Legal Expenses	201	201	201	201	201	
16	Office Tel / Rent	88	90	92	95	97	3
17	Former Tenants Arrears	2,000	2,000	2,000	2,000	2,000	
18	Charges - Services Admin & Management	8,657	8,745	8,831	8,920	9,009	2
19	General Consultancy	85	55	55	85	55	
20	Training for Front Line Staff	100	100	100	100	100	
21	Benefits Staff	141	142	144	145	147	2
22	Charges - Tenants Participation	208	210	212	214	216	2
23	Charges for Environmental Health	227	229	232	234	236	2
		11,759	11,824	11,919	12,046	12,113	
Supplies & Services							
24	Provision of Meals	194	196	198	200	202	
25	Equipment Purchase	0	0	0	0	0	
26	Television Licence	5	5	5	5	5	
27	Integrated Housing System	295	302	310	318	325	3
		494	503	513	523	532	

	Housing Revenue Account	Budget	Budget	Budget	Budget	Budget	
		2014/15	2015/16	2016/17	2017/18	2018/19	
		£'000	£'000	£'000	£'000	£'000	
	Agencies						
28	Mediation Service	99	100	101	102	103	2
29	Energy Advice	82	83	84	84	85	2
30	Citizens Advice Bureau	14	14	14	14	15	2
31	Disabled Persons Housing Service	39	39	40	40	41	2
		234	236	239	240	244	
	Transfer Payments						
32	Aberdeen Families Project	418	422	426	431	435	2
33	Loss of Rent - Council Houses	900	931	964	998	1,033	5
34	Loss of Rent - Garages, Parking etc	218	226	234	242	250	
35	Loss of Rent - Modernisation Works	100	104	107	111	115	
36	Supporting People Contribution	406	406	406	406	406	
37	CFCR	22,459	22,133	22,997	24,500	26,977	
		24,501	24,222	25,134	26,688	29,216	
	Capital Financing Costs						
38	Loans Fund Instalment	5,228	6,178	6,855	7,414	7,916	
39	Loans Fund Interest	9,026	9,589	9,746	9,694	9,521	
40	Heating Leasing Payment	0	0	0	0	0	
		14,254	15,767	16,601	17,108	17,437	
	Expense Total	82,390	84,916	87,522	90,510	94,267	
	Income						
41	Government Grant – General	0	0	0	0	0	
42	Ground Rentals	(27)	(27)	(27)	(27)	(27)	
43	Dwelling Houses Rent Income	(79,552)	(82,078)	(84,684)	(87,372)	(90,429)	
44	Housing - Heat with Rent Income	(1,649)	(1,649)	(1,649)	(1,649)	(1,649)	
45	Housing - Garages Rent Income	(1,136)	(1,136)	(1,136)	(1,136)	(1,136)	
46	Housing - Parking Spaces Rent	(180)	(180)	(180)	(180)	(180)	
47	Housing - Insurance Income	(2)	(2)	(2)	(2)	(2)	
48	Housing - Other Service Charge	(489)	(489)	(489)	(489)	(489)	
49	Legal Expenses	(225)	(225)	(225)	(225)	(225)	
50	Revenue Balance Interest	(130)	(130)	(130)	(130)	(130)	
	Income Total	(83,390)	(85,916)	(88,522)	(91,210)	(94,267)	
	Net Expenditure	(1,000)	(1,000)	(1,000)	(700)	0	
	Actual Working Balance	7,525	8,525	9,525	10,225	10,225	

HOUSING REVENUE ACCOUNT FIVE YEAR BUDGET ASSUMPTIONS

1. Repairs and Maintenance

The analysis of the five year budget is to follow. The budget has been uplifted by 2.5% in 2014/15 to 2018/19. The fee element has been uplifted by 1% to reflect the salary uplift.

2. Maintenance of Grounds, Security Service, Refuse Collection, Cleaning – Sheltered Housing, Charges – Services Admin & Management, Benefits staff, Charges – Tenants participation, Charges for Environmental Health, Mediation Service, Energy Advice, Citizens Advice Bureau, Disabled Persons Housing Service, Aberdeen Families Project

As these budgets are principally for staffing within the Council an uplift of 1% has been applied to reflect the anticipated public sector pay awards.

3. Cleaning Service, Window Cleaning, Premises Insurance, Office Telephone, Integrated Housing

These budgets have been uplifted by the inflationary increase in the HRA Business Plan.

4. Gas & Electricity

Gas has been uplifted 10% each year, Electricity 30% in 2015/16 when the contract is renegotiated & Combined Heat & Power 5% each year.

5. Dwelling Houses Rent Income and Transfer Payments

The budgeted income from Dwelling House Rent is calculated by using the anticipated income from the new rent structure uplifted by the potential rent increase of 4.2% for 2014/15 and then uplifting each year by 3.5% (RPIX of 2.5% used in the business plan, this is the standard inflationary increase plus 1%) less a projected reduction in stock of 140 each year.

HOUSING REPAIRS DRAFT BUDGET		Base Budget 2014/15 £'000	Base Budget 2015/16 £'000	Base Budget 2016/17 £'000	Base Budget 2017/18 £'000	Base Budget 2018/19 £'000
PLANNED AND CYCLICAL MAINTENANCE						
1	External Joiner work Repairs including external paintwork etc.	1,500	1,538	1,576	1,615	1,656
2	Boiler Maintenance - Extra Care Housing	310	318	326	334	342
3	Controlled Entry Systems – Maintenance	240	246	252	258	265
4	Fire Precautions - Servicing & Renewal of Equipment inc. Smoke Detectors & Dry Risers	400	410	420	431	442
5	Flat Roofs/Dormers – Renewal & Insulation	55	56	58	59	61
6	Common Rooms - Replacement of Furniture	25	26	26	27	28
7	Gas Servicing, Maintenance and Repair	2,940	3,014	3,089	3,166	3,245
8	Laundry Equipment Replacement & Maintenance	90	92	95	97	99
9	Legionella Testing incl. Repair/Renewal of Tanks	100	103	105	108	110
10	Lift Maintenance	370	379	389	398	408
11	Mutual Repairs outwith Housing Action Areas	30	31	32	32	33
12	Pumps & Fans - Maintenance & Renewal	75	77	79	81	83
13	Extra Care Housing - Replacement of Carpets, furnishings etc	40	41	42	43	44
14	Standby Generators – Maintenance	80	82	84	86	88
15	Warden call systems- Maintenance and Repair	90	92	95	97	99
16	Provision of Community Alarm	230	236	242	248	254
17	Environmental Improvements	1,200	1,225	1,251	1,277	1,304
18	Relets	3,600	3,693	3,790	3,893	3,995
19	Asbestos	200	205	210	215	221
Planned/Cyclical Maintenance Sub Total		11,575	11,864	12,161	12,465	12,777
DAY TO DAY RESPONSE MAINTENANCE						
20	Blacksmith General incl. Renewing & Repairing Rotary Driers/Handrails	230	236	242	248	254
21	Car Park Repairs	25	26	26	27	28
22	Chimney heads - Repointing and Rebuilding	5	5	5	5	6
23	Condensation - Treatment of Walls	50	51	53	54	55
24	Electrical Work - General Repairs	1,150	1,179	1,205	1,238	1,269
25	Emergency Work - Out of Hours Service	550	564	578	592	607
26	External/Internal Response Paintwork	210	215	221	226	232
27	Fire Damage Repairs	200	205	210	215	221
28	Garage Repairs	30	31	32	32	33
29	Glazier work	170	174	179	183	188
30	Joiner work – General Repairs	2,750	2,817	2,889	2,962	3,035
31	Mason work and Water Penetration Repairs	500	513	525	538	552
32	Minor Environmental Services	550	564	578	592	607
33	Plasterwork – General	275	282	289	296	304
34	Plumber work – General	1,180	1,210	1,240	1,271	1,302
35	Slater work	800	820	841	862	883
36	Snow Clearance	52	53	55	56	57
37	TV Aerial	60	62	63	65	66
38	Rubbish Removal	50	51	53	54	55
39	Vandalism	65	67	68	70	72
40	Water Services Charges	10	10	11	11	11
Day to Day Response Maintenance Total		8,912	9,135	9,363	9,597	9,837
Fees		1,920	1,938	1,958	1,977	1,997
TOTAL REPAIRS AND MAINTENANCE BUDGET		22,407	22,937	23,482	24,039	24,611

Draft Housing Capital Budget 2014/15 to 2018/19

Project	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
SCOTTISH HOUSING QUALITY STANDARDS					
1 Compliant with the tolerable standard					
1.1 Major Repairs-	1,000	1,000	1,000	1,000	1,000
Roofs Renewal/Gutters/RWP/Roughcast					
Undertaking large scale repairs to Roofs/Gutters/RWP/Roughcast					
	1,000	1,000	1,000	1,000	1,000
2 Free from Serious Disrepair					
2.1 Primary Building Elements					
Structural Repairs Multi Storey	7,380	8,400	3,416	1,859	2,000
Multi Storey blocks are surveyed on a 5-7 year cycle to identify any works required to the structure of the buildings in order to keep the buildings safe and prolong their life.					
Structural Repairs General Housing	3,000	2,000	1,500	1,500	1,500
Structural works carried out in order to keep the building stable and structurally sound.					
Secondary Building Elements					
2.2 Upgrading Of Flat Roofs General	350	350	300	300	250
Replacement of existing roof covering and upgrading of insulation to meet current building regulations.					
2.3 Upgrade Flat Roofs Multi Storey	684	718	1,572	1,319	1,385
Full replacement of the flat roofs and also checking the replacement of roof ventilation as required					
2.5 Mono Pitched Types	526	839	881	925	979
Replacement of the external render of the building, replacement of gutters and downpipes, environmental works					
2.6 Window Replace General	1,251	480	2,638	2,720	1,249
A rolling programme of double glazing where previously single glazing, or replacing existing double glazing to meet current standards. This is based on a cyclical programme.					
2.7 Window Replace Multi Storey	0	0	0	0	0
A rolling programme to replace existing double glazing to meet current standards. This is based on a cyclical programme.					
2.8 Balcony Storm Doors	60	0	0	0	0
Replacement of existing doors with more secure, solid doors					
2.9 Balcony Glass Renewal - Multi Storey	160	0	0	0	0
Replacement of existing balcony glazing on a cyclical basis					
	13,411	12,787	10,307	8,623	7,363

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
3 Energy Efficient					
<u>Effective insulation</u>					
3.1 Energy Efficiency – General Houses	100	100	100	100	100
3.2 General Houses Loft Insulation					
Installation of loft insulation where there is none previously or the topping up of existing insulation to comply with current building regulations.	165	196	185	231	185
<u>Efficient Heating</u>					
3.3 Heating Systems Replacement	5,314	5,442	6,088	6,138	6,677
Replacement of boiler/whole system as deemed necessary.					
3.4 Medical Need Heating	0	0	0	0	0
Installation of gas/electric heating depending on the medical assessment. This can be installing a completely new system, modifying or extending an existing system.					
3.5 Energy Efficiency Major Blocks	4,400	3,750	3,938	4,134	4,341
Contribution to Aberdeen Heat & Power for the creation of Combined Heat & Power Plants					
3.6 Energy Efficiency Sheltered	350	250	250	200	200
Introduction of energy efficiency measures in extra care housing such as new or upgraded heating systems.					
<u>Additional Energy Efficiency measures</u>					
3.7 S.C.A.R.F	35	35	35	35	35
Payment to SCARF for work carried out by them under the Energy Efficiency programme to individual properties. The work carried out includes the installation of loft insulation, draught proofing and compact fluorescent bulbs. Also providing tenants with energy efficiency advice and information.					
3.8 Solid Wall Insulation	150	150	150	150	150
3.9 Vestibule Doors	0	0	0	0	0
	10,514	9,923	10,746	10,988	11,688
4 Modern Facilities & Services					
<u>Bathroom and Kitchen Condition</u>					
4.1 Modernisation Programme	9,728	2,006	1,120	1,691	838
Replacement of bathrooms and kitchens.					
	9,728	2,006	1,120	1,691	838
5 Healthy, Safe & Secure					
<u>Healthy</u>					
5.1 Condensation Measures	75	79	83	87	91
Installation of heating systems and ventilation measures to combat condensation.					
<u>Safe</u>					
5.3 Rewiring	1,548	2,906	2,284	1,674	1,906
Replacement of cabling, fittings and distribution boards as necessary. This work is carried out in every property on a cyclical basis					
5.4 Lift Replacement Multi Storey/Major Blocks	600	724	761	799	839
Replacement of lifts where they are beyond economical repair. This can be full replacement or replacement of specific parts of the lift.					
5.5 Smoke Detectors – Common Areas Major Blocks	54	170	159	125	131

	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
Healthy, Safe & Secure (continued)					
5.6 Services	50	50	50	50	50
Cyclical maintenance/replacement of the following services					
Ventilation Systems, water tanks/pipe work, refuse chutes/chamber, Dry risers systems, Standby Generators					
5.7 Entrance Halls/Concierge	50	50	50	50	50
Provision of security service					
5.8 Laundry Facilities	52	50	50	50	50
Replacement of laundry equipment					
5.9 Upgrading of Lighting	39	14	14	15	16
Installation of lighting controlled by photo cell i.e. switches on and off automatically depending on the level of natural light & installation of lighting in areas where there was none before					
<u>Secure</u>					
5.11 Door Entry Systems	48	42	44	46	49
Installation of door entry and replacement of existing doors where required					
5.12 Replace Door Entry Systems - Major Blocks	48	50	53	56	58
Installation of door entry and replacement of existing doors where required					
5.13 Other Initiatives	366	312	147	135	141
Upgrading of stairs and installation of security doors and door entry systems					
	2,930	4,447	3,695	3,087	3,381

NON SCOTTISH HOUSING QUALITY STANDARDS

6 Community Plan & Single Outcome Agreement					
6.1 Housing For Varying Needs	100	0	0	0	0
New build including extra care housing.					
6.2 Community Initiatives	400	400	300	250	250
Refurbishment of properties or environmental improvements in designated areas.					
6.5 Regeneration/Acquisition of Land or Houses	120	0	0	0	0
Early Action projects linked to Regeneration and Master planning Briefs for Regeneration.					
Acquisition of Land/Houses for the new build programme.					
6.6 CCTV – Multi Storey	310	147	154	162	170
Provision of CCTV for the Multi Storey Service					
6.7 Adaptations Disabled	1,250	1,250	1,000	1,000	1,000
Installation of level access showers, ramps, stair lifts and kitchen adaptations					
6.8 Special Initiatives/Barrier Free Housing	150	150	150	150	150
Provision of specialist facilities or housing for tenants with particular needs i.e. extensions					
6.9 Housing For Varying Needs- Amenity/Adaptations	300	75	75	75	75
Conversion of properties to Amenity Level standard					
6.10 Housing For Varying Needs- Extra Care/Adaptations	430	75	75	75	75
Adaptations required to ensure existing sheltered housing stock meets current standards					
6.11 Roads	100	100	100	100	100
Upgrade of Roads to an adoptable standard					
6.12 Paths	100	100	100	100	100
Formation or upgrading of paths					
6.13 Garages	0	0	0	0	0
Upgrade of Garages					
6.14 New Affordable Housing	500	40	0	0	0
	3,760	2,337	1,954	1,912	1,920

	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
7 Service Development					
7.1 Conditions Surveys	50	25	25	25	25
Surveying of Council houses to identify failures against Scottish Housing Quality Standard					
7.2 Property Database	50	50	50	50	50
Various items of IT equipment including hardware and software					
7.3 Integrated Housing System	75	75	75	50	50
Various purchase of PC's and software packages					
	<u>175</u>	<u>150</u>	<u>150</u>	<u>125</u>	<u>125</u>
9 Service Expenditure					
Corporate Fees	5,405	4,424	3,961	3,756	3,599
	<u>5,405</u>	<u>4,424</u>	<u>3,961</u>	<u>3,756</u>	<u>3,599</u>
Gross Programme	46,923	37,074	32,933	31,182	29,914
Less Slippage	(5,161)	(4,078)	(3,623)	(3,430)	(3,291)
Net Programme	41,762	32,996	29,310	27,752	26,623
Financed by :-					
Borrowing	19,303	10,863	6,313	3,252	0
CFCR	22,459	22,133	22,997	24,500	26,623
Total Funding	41,762	32,996	29,310	27,752	26,623