

Aberdeen City Council
Draft Housing Revenue Account
2017/18 – 2020/21 Budget



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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 2017/18, 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 (Communities Housing & Infrastructure) 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 2017/18, (there are some exceptions to this rule such as contractual uplifts etc. and these are stated in the variance notes). Inflation is currently running at approximately 2.2% (RPI at November 2016). (Source: Office of National Statistics)

Housing Stock

The number of Council houses owned by the Council, as at 30 November 2016, is 22,100. It has been assumed that there will be a further 20 sales during the financial year 16/17, bringing total sales for the year to 132.

Council House Sales

Right to Buy ended for all Council and housing association tenants in Scotland on 31 July 2016 therefore it has been assumed that there will be no house sales in 2017/18. Some sales may occur in 2017/18 however these are not expected to be significant.

There are approximately 130-140 applications still being processed. It is anticipated that the majority of these will not conclude this financial year. Valuations are still awaited on a large number of applications due to the demand on the District Valuer and they are only aiming to have the valuations completed by the end of this financial year.

Rental Income

The income available in 2017/18 to fund the proposed budgeted level of expenditure has been calculated by taking the current out turn uplifting by 2.9% (RPI at July 2016 + 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 2017/18. No increase in 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 balance continues to be maintained at a minimum of 10%.**

Housing Capital Expenditure Programme

Housing Investment Programme

The major projects undertaken by the Council are as follows:

Continuation of the work on the Seaton 7 multi storey over cladding projects at Aulton, Beachview, Bayview and Northsea Courts with overall completion aimed for May 2018.

Installation of District Heating to Regensburg Court, Hilton Court, Stewart Park Court and Granitehill House.

Continuation of New Build projects at Smithfield and Manor Walk.

Complete external insulation works to tenement blocks in the Froghall area.

Continue with a programme of structural survey throughout the housing stock.

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 follow:

2017/18 - £55,318 Million

2018/19 - £30,078 Million

2019/20 - £24,632 Million

2020/21 - £24,914 Million

2021/22 - £25,556 Million

A further report will be brought to Council in March detailing the feasibility study of the 2,000 potential new builds, no expenditure for this project has been included within the draft budget.

Housing Revenue Account					
Draft 2017/18 Budget					
		Budget	Out-turn	Budget	Notes
		2016/17	2016/17	2017/18	
		£000's	£000's	£000's	
Premises Costs					
1	Rates	32	49	49	
2	Rent – Other	97	97	102	1
3	Repairs and Maintenance	24,746	24,922	25,114	2
4	Maintenance of Grounds	3,244	3,244	3,279	3
5	Gas	610	663	663	4
6	Electricity	2,346	2,642	2,642	4
7	Cleaning Service	480	506	494	5
8	Security Service	380	380	380	6
9	Window Cleaning	25	25	26	
10	Refuse Collection	286	275	278	7
11	Cleaning – Sheltered Housing	510	560	566	8
12	Other Property Costs - Council Tax	103	274	282	9
		32,859	33,638	33,875	
Administration Costs					
14	Downsizing Grants/Direct Debit Incentives	102	50	102	10
15	Legal Expenses	397	320	350	
16	Office Tel / Rent	14	12	14	
17	Former Tenants Arrears	2,000	2,000	2,000	11
18	Charges - Services Admin & Management.	9,173	9,388	9,484	12
19	General Consultancy	55	40	60	13
20	Training for Front Line Staff	100	50	103	13
21	Benefits Staff	42	60	61	13
22	Charges - Tenants Participation	214	180	206	14
23	Charges for Environmental Health	190	196	201	
		12,288	12,296	12,581	
Supplies & Services					
24	Provision of Meals	174	160	155	15
25	Television Licence	5	8	8	
26	Integrated Housing System	231	231	254	16
		410	399	417	
Agencies					
27	Mediation Service	81	81	82	17
28	Energy Advice	80	80	82	18
29	Citizens Advice Bureau	14	14	14	13
30	Disabled Persons Housing Service	39	39	39	13
31	Ethnic Minority Worker	13	13	15	13
		228	227	232	

	Housing Revenue Account	Budget	Out-turn	Budget	
	Draft 2017/18 Budget	2016/17	2016/17	2017/18	
		£'000	£000's	£000's	
	Transfer Payments				
32	Priority Families Service	465	465	465	19
33	Loss of Rent - Council Houses	1,119	865	890	20
34	Loss of Rent - Garages, Parking etc	426	424	436	
35	Loss of Rent - Modernisation Works	106	100	109	
36	Home Loss & Disturbance Payment	184	279	301	21
37	Supporting People Contribution	0	100	0	
38	CFCR	23,935	23,959	24,045	
		26,235	26,192	26,246	
	Capital Financing Costs				
39	Loans Fund Instalment	6,091	6,001	6,874	
40	Loans Fund Interest	8,208	7,109	7,999	
		14,595	13,110	14,873	22
	Expense Total	86,317	85,861	88,225	
	Income				
41	Ground Rentals	(20)	(26)	(26)	
42	Dwelling Houses Rent Income	(82,392)	(81,713)	(84,083)	23
43	Housing - Heat with Rent Income	(2,000)	(2,089)	(2,089)	24
44	Housing - Garages Rent Income	(1,176)	(1,263)	(1,263)	25
45	Housing - Parking Spaces Rent	(180)	(224)	(220)	25
46	Housing - Insurance Income	(2)	(2)	0	26
47	Housing - Other Service Charge	(547)	(547)	(547)	25
48	Legal Expenses	(387)	(350)	(350)	
49	Revenue Balance Interest	(114)	(147)	(147)	27
	Income Total	(86,818)	(86,361)	(88,725)	
	Net Expenditure	(500)	(500)	(500)	
	Projected Working Balance at 1 April 2017			9,870	
	17/18 Contribution			500	
	Projected Working Balance at 31 March 2017			10,370	

HOUSING REVENUE ACCOUNT 2017/18 BUDGET

Variance Notes Comparing Draft Budget 2017/18 to Estimated Out-turn 2016/17

Expenditure Movements

1. Rent

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

2. Repairs and Maintenance

An analysis is contained at page 11.

3. Maintenance of Grounds

Maintenance of Grounds budget has two elements: Ground Maintenance and cleansing/weed control. The budget for 2017/18 has been calculated by using the anticipated out-turn for 2016/17 uplifted by 1.08%.

4. Gas/Electricity

The Council moved on to the Scottish Government National Procurement for Gas and Electricity Supply on 1 April 2010 with the contract price reviewed on an annual basis. It has been assumed that consumption and rates will remain at 2015/16 levels.

5. Cleaning Service

This budget is for communal cleaning. The new cleaning contract commenced on 1 July 2015 and is expected to run for 3 years. The contractual value for 2017/18 has been calculated as £494,000.

6. Security Service

The cost of the security included in the budget for 2017/18 is £380,000 and includes the control room team.

7. Refuse Collection

The budget for 2017/18 has been calculated by using the out-turn for 2015/16 uplifted for salary increases.

8. Cleaning – Sheltered Housing

This is the budget for the cleaning of Sheltered Housing and has been calculated by using the outturn for 2016/17 uplifted by 1.08% for salary increases.

9. Other Property Costs – Council Tax on void properties

This budget is for the cost of Council Tax due on void properties. The budget for 2017/18 has been based on the actuals for 2015/16 uplifted by 3% as this is the assumption made in the General Services Budget.

10. Downsizing Grants/Direct Debit and Void Incentives

There are three schemes within this budget line which are Downsizing grants (£50,000), Direct Debit Incentives (£2,000) and (£50,000).

The Downsizing scheme provides assistance and a financial incentive to Council tenants occupying a property larger than their requirements to move to smaller more suitable housing in order to increase the supply of larger family housing. This budget is being maintained at the current level as the impact of welfare reform and the general economic downturn could lead to a potential rise in requests to downsize.

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.

To support tenants move into their new homes and improvement of void property management performance, a new homes incentive scheme has been developed.

11. Former Tenants Arrears

The budget has been maintained at £2M, as at the end of November 2016 rent arrears are £3.6m (includes former and current). The budget for former tenant arrears is for the write off of uncollectable arrears and any increase in the debt provision.

12. Management & Administration

The staffing budget is based on the current structure of the Housing Revenue Account and includes central support recharges. A pay award of 1.08% has been allowed for which is in line with the assumptions contained within the Council's General Fund.

13. General Consultancy, Training for Front Line Staff, Benefits staff, Citizens Advice Bureau, Disabled persons Housing Service and Ethnic minority worker

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.

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. This has been uplifted for 2017/18 to reflect the accumulated 1.08% pay award.

The contribution to the Citizens Advice Bureau (CAB) provides funding to the service at ARI/Woodend Hospitals. Discussions are ongoing around the future provision of this service.

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 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.

Ethnic minority housing outreach worker 3 year funding was agreed at 14 January 2014 Housing & Environment Committee. Aberdeen City Council will continue to provide funding for this joint post for a further year 2017/18. Funding beyond this period will be subject to review.

14. Tenants Participation

This is the budget allocated for the provision of Tenants Participation and includes the employment costs of one Development Officer (Tenant and Resident Participation), Newsbite and training for tenant representatives.

15. Provision of Meals

This budget is for the provision of meals at Denmore and Kingswood extra care housing by Bon Accord Care. The income for this service is contained in line 47 of the budget statement above which is shown as "Housing Other Service Charge". A pay as you go system is being introduced from 1 April 2017, it is recommended the current charges for Coronation Court are adopted however take up and income will require to be reviewed during 2017/18 these are contained in miscellaneous rents page 16.

16. Integrated Housing System

This budget is based on the IT requirements for 2017/18 which includes all the support and maintenance costs.

17. Mediation Service

The budget for 2017/18 covers the Service Level Agreement with SACRO.

18. 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.

19. Priority Families Service

This budget is used to fund the Priority Families Service which includes a Business Unit (consisting of 1FTE Manager and 0.5 FTE Analyst) and a Key Worker Delivery Unit (delivered by an external body) agreed at Communities, Housing and Infrastructure on 17th May 2016. The service which went live in January 17 provides intensive intervention services to families (mainly council tenants) which includes addressing anti-social behaviour, ensuring children and young people attend school as required, accessing appropriate health care, establishing routines and positive parenting and improving employability.

20. Loss of Rent Council Houses

The budget has been calculated based on 2016/17 forecast outturns uplifted by 2.9% the approved rental policy for 2017/18.

21. Home loss and disturbance payments

This budget in 2017/18 for home loss and disturbance payments is principally for those tenants effected in the Haudagain triangle site. This was approved at Housing & Environment Committee on 25 August 2016.

22. Capital Financing Costs

The budget for Capital Financing Costs is based on the likely level of capital spend in 2016/17 as at the end of December 2016 and a possible future programme for 2017/18 of £55.318 million as well as the level of historic debt that has to be financed.

Income

23. Dwelling Houses Rent Income

The budgeted income from Dwelling House Rent has increased by the potential rent increase of 2.9% (RPI at July 2016 +1%) which is in line with current Council policy on rent setting. The budget for 2017/18 has been calculated based on the 2016/17 outturn.

24. Housing – Heat with Rent Income

A review was undertaken of the income and expenditure of Heat with Rent and further details are contained on page 17.

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

This budget will move depending on the level that miscellaneous rents are set at, as covered on page 16. The current budget therefore assumes that there will be no increase at present.

26. Housing Insurance Income

A review is being undertaken of the insurance contract and it is anticipated this will break even.

27. 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 2016/17 and current economic conditions.

	HOUSING REPAIRS DRAFT BUDGET	Approved Budget 2016/17 £'000	Projected Spend 2016/17 £'000	Base Budget 2017/18 £'000
<u>PLANNED AND CYCLICAL MAINTENANCE</u>				
1	External Joiner work Repairs including external painter work etc.	1,028	1,101	1,101
2	Boiler Maintenance – Sheltered Housing	261	325	325
3	Controlled Entry Systems – Maintenance	338	345	345
4	Fire Precautions - Servicing & Renewal of Equipment inc. Smoke Detectors & Dry Risers	194	195	195
5	Flat Roofs/Dormers – Renewal & Insulation	153	136	136
6	Common Rooms – Replacement of Furniture	43	101	101
7	Gas Servicing, Maintenance and Repair	4,120	4,702	4,500
8	Laundry Equipment Replacement & Maintenance	53	101	101
9	Legionella Testing incl. Repair/Renewal of Tanks	47	48	48
10	Lift Maintenance	356	483	483
11	Mutual Repairs outwith Housing Action Areas	27	27	27
12	Pumps & Fans - Maintenance & Renewal	62	58	58
13	Sheltered Housing - Replacement of Carpets, furnishings etc	43	43	43
14	Standby Generators – Maintenance	102	101	101
15	Warden call systems- maintenance and Repair	96	96	96
16	Provision of Community Alarm	246	246	246
17	Environmental Improvements (including internal communal areas)	1,200	1,200	1,200
18	Void Properties	3,985	4,288	4,000
19	Asbestos	77	60	60
20	Former Housing Capital budgets – energy efficiency, upgrading entrance halls and laundry facilities	245	245	245
Planned/Cyclical Maintenance Sub Total		12,674	13,901	13,412
<u>DAY TO DAY RESPONSE MAINTENANCE</u>				
21	Blacksmith General incl. Renewing & Repairing Rotary Driers/Handrails	119	152	152
22	Car Park Repairs	14	38	38
23	Chimney heads - Repointing and Rebuilding	42	4	4
24	Condensation - Treatment of Walls	91	148	148
25	Electrical Work - General Repairs	1,308	1,107	1,107
26	Emergency Work - Out of Hours Service	540	506	506
27	External/Internal Response Paintwork	226	168	168
28	Fire Damage Repairs	26	13	13
29	Garage Repairs	70	44	44
30	Glazier work	157	143	143
31	Joiner work - General Repairs	2,578	2,666	2,666
32	Mason work and Water Penetration Repairs	484	718	718
33	Minor Environmental Services	673	655	655
34	Plasterwork – General	313	233	233
35	Plumber work – General	1,214	1,159	1,159
36	Slater work	1,164	1,052	1,052
37	Snow Clearance	55	55	55
38	TV Aerial	115	99	99
39	Rubbish Removal	27	12	12
40	Vandalism	55	62	62
41	Water Services Charges	10	10	10
Day to Day Response Maintenance Total		9,280	9,043	9,043
42	Fees	2,792	2,631	2,659
43	Recharges		(654)	
TOTAL REPAIRS AND MAINTENANCE BUDGET		24,746	24,922	25,114

REPAIRS AND MAINTENANCE BUDGET 2017/18

General

The projected spend figures have been taken from invoicing up to the 7th December 2016 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 2016/17 is currently anticipated to be above budget however this is not significant and can be subject to change as this budget is demand led.

An uplift has not been added to the figures as RICS Building Costs Information Service is forecasting a potential decrease in general building costs however it has been decided it would be prudent to leave at out-turn for 2016/17.

Specific Items

Planned and Cyclical Maintenance

Item 7 Gas Servicing, Maintenance and Repairs

In order to achieve the 100% target set by the regulator a budget of £4.5m is required.

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)

During 2017/18 there should be a reduction in work on this budget line as properties are passed to the tenant at the minimum letting standard however maintained at current level until a marked decrease is shown.

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. Uplifted by 1.08% for wage inflation.

	Management & Admin		Proposed	
		Budget	Budget	
		2016/17	2017/18	Notes
		£000's	£000's	
	Staff Costs			1
1	Salaries	5,642	5,585	
2	Overtime	81	74	
3	Superannuation	1,038	1,000	
4	N.I	563	507	
5	Other Staff Costs	389	656	
6	Vacancy Factor	(351)	(365)	
		7,362	7,457	
	Premises Costs			2
7	Rates	29	29	
8	Rent	26	26	
9	Electricity/Gas	23	23	
10	Rubbish Removal	3	3	
11	Cleaning	25	25	
12	Repairs and Maintenance	3	3	
		109	109	
	Administration Costs			2
15	Printing	77	77	
16	Photocopying	14	14	
17	Stationery	18	19	
18	Subscriptions	4	23	
19	Postages	87	87	
20	Telephones	40	40	
21	Bank Charges(inc Cash in transit	77	77	
22	Advertising	45	45	
23	Course Expenses	14	14	
26	Tenants Participation Expenses	11	9	
		387	405	
	Transport Costs			
	Travel Costs	97	90	
		97	90	

			Proposed	
		Budget	Budget	
		2016/17	2017/18	
		£'000	£'000	Notes
	Supplies & Services			2
28	Equipment Purchases	15	15	
29	Computer Software Support	231	254	
30	Sundry Outlays	174	174	
		420	443	
	Corporate/Directorate Recharge			
31	Corporate/Directorate Recharges	2,365	2,526	3
		2,365	2,526	
	Expense Total	10,740	11,030	
	Income			
	Recharges:-			
34	Management & Admin – HRA	(9,173)	(9,484)	
35	Tenants Participation – HRA	(214)	(206)	
36	Other Housing	(231)	(227)	
37	Homeless Persons	(53)	(51)	
38	Housing Capital	(838)	(808)	
39	Integrated Housing	(231)	(254)	
		(10,740)	(11,030)	
	Income Total	(10,740)	(11,030)	
	Net Expenditure	0	0	

MANAGEMENT AND ADMINISTRATION BUDGET

Variances and Notes

The 2017/18 budget for management and administration is based on the current structure of Housing.

1. Staff Costs

The staff costs have been increased to reflect annual salary increments and the pay award. A vacancy factor of 8% is included as per 2016/17 budget.

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.

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

ABERDEEN CITY COUNCIL HOUSING REVENUE ACCOUNT					
Proposed Increase to be included in the HRA budget – Miscellaneous Rents					
		2017/18			
		Current	Proposed	Increase	Percentage
		Rental	Rental	Per Week	Increase
Note	Miscellaneous Increases	£	£	£	%
	Garages	11.00	11.30	0.30	2.73
	Denburn and West North Street Spaces	5.00	5.15	0.15	2.90
1	Denburn and West North Street Spaces – Non Resident	35.00	20.00	-15.00	00
	Garages Sites	4.30	4.40	0.10	2.33
	Car Ports	4.70	4.85	0.15	3.19
	Car Parking Spaces – Local Residents	3.90	4.00	0.10	2.56
1	Parking Spaces Non Local Residents	35.00	20.00	-15.00	00
2	Meals at Denmore & Kingswood	35.00	See below	0.00	0.00
	Mortgage Reference Fees	64.50	64.50	0.00	0.00
3	Guest Rooms	10 & 15	10 & 15	0.00	0.00
4	Factoring Charge	62	62	0.00	0.00

The above proposed prices for 2017/18 have been increased broadly in line with the proposed rental increase subject to:

Note 1 - In 2012, committee introduced a new charge for Council housing car parks applying to people renting spaces who do not live in the letting area or letting area adjacent to the car park where their space is rented. Charges increased (see note below) to £35 per week (£42 pw including VAT). Prior to the increase there was high demand for spaces however the price increase resulted in the vast majority subject to the increased charge terminating their tenancy. There are currently 210 void parking spaces around city centre letting areas, prior to the price increase there would have been very few. It is therefore proposed to reduce the 'non residents' charge to £20pw to be competitive with charges applying in other city centre car parks.

Note: Residents of the City, regardless of whether they live nearby or are Council house tenants, were charged at £4.40 per week (£211.20 per year) in Denburn and West North Street multistorey car parks and £3.40 in all other surface car parks. People who rent spaces and live outside the City were charged £10.90 per week (£523.20 per year).

Note 2 – Recommended the same method of charging as Coronation Court is implemented – Starter £1.00, Main £1.80 and Pudding £1.00.

Note 3 - No increase is being recommended in 2017/18.

Note 4 - This is an annual charge per owner as a result of the Property Factors Act which was introduced on 1st October 2012. A full service review will be undertaken during 2017/18 therefore no change is required at this point in time.

Heat with Rent calculations for 2017/18

It was agreed in the 2017/18 budget process to apply a decrease in Heat with Rent of £2 on all charges.

A review of consumption and costs is required each year. 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.

It is proposed that Heat with Rent charges do not increase in 2017/18 based on current forecasts for consumption and cost (assuming there will be a price increase as the price of a barrel of oil has increased over the last 12 months) .

Heat with Rent – 48 week basis		
	Previous	Proposed
Gas Heated Properties	£	£
Bedsits	8.55	8.55
1 bed roomed flats	9.85	9.85
2 bed roomed flats	11.15	11.15
3 bed roomed flats	12.45	12.45
Electrically Heated Properties		
Bedsits	9.55	9.55
1 bed roomed flats	10.85	10.85
2 bed roomed flats	12.15	12.15
3 bed roomed flats	13.45	13.45
CHP Properties		
All 1 Bed roomed Properties	9.60	9.60
All 2 Bed roomed Properties	10.90	10.90

**ABERDEEN CITY COUNCIL
Tenants Consultation**

Aberdeen City Council is committed to ensuring that tenants' views are both sought and listened to. Communities, Housing and Infrastructure Committee on the 1 November 2016 agreed a rent policy of inflation (RPI as at July of the preceding year) + 1% for three years.

Legislation states that tenants must be consulted on any potential rent increases, a questionnaire was therefore sent out to all our tenants asking for their opinion on a potential rent increase for 2017/18 of $RPI(1.9\%)+1\% = 2.9\%$ this is equivalent to an average increase of £2.20 per week.

The table below shows the results of the questionnaire

	Returns	Percent
Yes	1,658	56
No	1,232	41
No reply	84	3
Total	2,974	100

Tenants were also asked to list their priorities from the main services Housing provides, 1 being the highest and 3 the least, the table below the shows the results

Service	High priority	Medium priority	Lowest priority	No Comment
Repairs	2,258	406	52	258
Grounds Maintenance	745	1310	503	416
Improvements	1,625	862	136	351
New Build	1,616	666	313	379
Housing Management	1,002	1,069	422	481

Housing repairs, Improvements and New Build are the most important areas for investment from a tenants perspective.

Housing Revenue Account		Budget	Budget	Budget	Budget	Budget	Notes
		2017/18	2018/19	2019/20	2020/21	2021/22	
		£000's	£000's	£000's	£000's	£000's	
Premises Costs							
1	Rates	49	50	51	52	53	
2	Rent	102	104	106	108	110	
3	Repairs and Maintenance	25,114	25,618	26,130	26,653	27,186	1
4	Maintenance of Grounds	3,279	3,312	3,345	3,378	3,412	2
5	Gas	663	716	773	835	902	4
6	Electricity	2,642	2,880	3,139	3,421	3,729	4
7	Cleaning Service	494	504	514	524	535	3
8	Security Service	380	388	395	403	411	2
9	Window Cleaning	26	27	27	28	28	3
10	Refuse Collection	278	281	284	286	289	2
11	Cleaning – Sheltered Housing	566	572	577	583	589	2
12	Premises Insurance	0	0	0	0		3
13	Other Property Costs - Council Tax	282	291	299	308	318	
		33,875	34,741	35,641	36,581	37,563	
Administration Costs							
14	Down sizing Grants/Direct Debit Incentives	102	102	102	102	102	
15	Legal Expenses	350	350	350	350	350	
16	Office Tel / Rent	14	14	15	15	15	3
17	Former Tenants Arrears	2,000	2,000	2,000	2,000	2,000	
18	Charges - Services Admin & Management	9,484	9,579	9,675	9,771	9,869	2
19	General Consultancy	60	60	60	60	60	
20	Training for Front Line Staff	103	105	107	109	111	
21	Benefits Staff	61	61	62	62	63	2
22	Charges - Tenants Participation	206	210	214	219	223	2
23	Charges for Environmental Health	201	203	205	207	210	2
		12,581	12,685	12,790	12,896	13,003	
Supplies & Services							
24	Provision of Meals	155	158	161	164	168	
25	Television Licence	8	8	8	8	9	
26	Integrated Housing System	254	259	264	270	275	3
		417	425	434	443	451	

Housing Revenue Account		Budget	Budget	Budget	Budget	Budget	
		2017/18	2018/19	2019/20	2020/21	2021/22	
		£000's	£000's	£000's	£000's	£'000	
	Agencies						
27	Mediation Service	82	83	84	84	85	2
28	Energy Advice	82	83	84	84	85	2
29	Citizens Advice Bureau	14	14	14	14	15	2
30	Disabled Persons Housing Service	39	39	40	40	41	2
31	Ethnic Minority Worker	15	15	15	15	15	
		232	234	237	239	241	
	Transfer Payments						
32	Priority Families Service	465	470	474	479	484	2
33	Loss of Rent - Council Houses	890	917	944	973	1,002	5
34	Loss of Rent - Garages, Parking etc	436	449	463	477	491	
35	Loss of Rent - Modernisation Works	109	112	116	119	123	
36	Haudagain Home Loss & Disturbance Payments	301	0	0	0	0	
37	Supporting People Contribution	0	0	0	0	0	
38	CFCR	24,045	23,666	24,771	26,280	27,820	
		26,246	25,614	26,768	28,328	29,919	
	Capital Financing Costs						
39	Loans Fund Instalment	6,874	8,375	8,962	9,362	9,782	
40	Loans Fund Interest	7,999	8,673	8,514	8,173	7,817	
		14,873	17,048	17,476	17,535	17,599	
	Expense Total	88,225	90,747	93,346	96,021	98,777	
	Income						
41	Ground Rentals	(26)	(26)	(26)	(26)	(26)	
42	Dwelling Houses Rent Income	(84,083)	(86,605)	(89,203)	(91,879)	(94,636)	5
43	Housing - Heat with Rent Income	(2,089)	(2,089)	(2,089)	(2,089)	(2,089)	
44	Housing - Garages Rent Income	(1,263)	(1,263)	(1,263)	(1,263)	(1,263)	
45	Housing - Parking Spaces Rent	(220)	(220)	(220)	(220)	(220)	
46	Housing - Insurance Income	0	0	0	0	0	
47	Housing - Other Service Charge	(547)	(547)	(547)	(547)	(547)	
48	Legal Expenses	(350)	(350)	(350)	(350)	(350)	
49	Revenue Balance Interest	(147)	(147)	(147)	(147)	(147)	
	Income Total	(88,727)	(91,247)	(93,845)	(96,521)	(99,278)	
	Net Expenditure	(500)	(500)	(500)	(500)	(500)	

HOUSING REVENUE ACCOUNT FIVE YEAR BUDGET ASSUMPTIONS

1. Repairs and Maintenance

The analysis of the five year budget follows. The budget has been uplifted by 2% in 2018/19 to 2020/21.

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, Priority Families Service

As these budgets are principally for staffing within the Council an uplift of 1% for 2018/19 to 2020/21 has been applied to reflect the anticipated public sector pay awards.

3. Cleaning Service, Security Service, Training for front line staff, Window Cleaning, Office Telephone, Integrated Housing, Loss of rent modernisation works.

These budgets have been uplifted by the inflationary increase in the HRA Business Plan of 2%.

4. Gas & Electricity

Gas has been uplifted 8%, Electricity & Combined Heat & Power 9% from 2017/18 onwards.

5. Dwelling Houses Rent Income and Transfer Payments

The budgeted income from Dwelling House Rent is uplifted by 1.9% for 2017/18 and then uplifting each year by 3% (RPI of 2% used in the business plan, this is the standard inflationary increase plus 1%).

HOUSING REPAIRS DRAFT BUDGET		Base Budget 2017/16 £'000	Base Budget 2018/19 £'000	Base Budget 2019/20 £'000	Base Budget 2020/21 £'000	Base Budget 2021/22 £'000
PLANNED AND CYCLICAL MAINTENANCE						
1	External Joiner work Repairs including external paintwork etc.	1,101	1,123	1,146	1,169	1,192
2	Boiler Maintenance - Extra Care Housing	325	332	338	345	352
3	Controlled Entry Systems – Maintenance	345	352	359	366	373
4	Fire Precautions - Servicing & Renewal of Equipment inc. Smoke Detectors & Dry Risers	195	199	203	207	211
5	Flat Roofs/Dormers – Renewal & Insulation	136	139	141	144	147
6	Common Rooms - Replacement of Furniture	101	103	106	108	110
7	Gas Servicing, Maintenance and Repair	4,500	4,590	4,682	4,775	4,871
8	Laundry Equipment Replacement & Maintenance	101	103	105	107	109
9	Legionella Testing incl. Repair/Renewal of Tanks	48	49	50	51	52
10	Lift Maintenance	483	493	503	513	523
11	Mutual Repairs outwith Housing Action Areas	27	28	28	29	29
12	Pumps & Fans - Maintenance & Renewal	58	59	61	62	63
13	Extra Care Housing - Replacement of Carpets, furnishings etc	43	44	45	46	47
14	Standby Generators – Maintenance	101	103	105	107	109
15	Warden call systems- Maintenance and Repair	96	98	100	102	104
16	Provision of Community Alarm	246	251	256	261	266
17	Environmental Improvements	1,200	1,224	1,248	1,273	1,299
18	Relets	4,000	4,080	4,162	4,245	4,330
19	Asbestos	60	61	62	63	65
20	Former Housing Capital budgets – energy efficiency, upgrading entrance halls and laundry facilities	245	250	255	260	265
Planned/Cyclical Maintenance Sub Total		13,411	13,681	13,955	14,233	14,517
DAY TO DAY RESPONSE MAINTENANCE						
21	Blacksmith General incl. Renewing & Repairing Rotary Driers/Handrails	152	155	158	161	165
22	Car Park Repairs	38	39	40	40	41
23	Chimney heads - Repointing and Rebuilding	4	4	4	4	4
24	Condensation - Treatment of Walls	148	151	154	157	160
25	Electrical Work - General Repairs	1,107	1,129	1,152	1,175	1,198
26	Emergency Work - Out of Hours Service	506	516	526	537	548
27	External/Internal Response Paintwork	168	171	175	178	182
28	Fire Damage Repairs	13	13	14	14	14
29	Garage Repairs	44	45	46	47	48
30	Glazier work	143	146	149	152	155
31	Joiner work – General Repairs	2,666	2,719	2,774	2,829	2,886
32	Mason work and Water Penetration Repairs	718	732	747	762	777
33	Minor Environmental Services	655	668	681	695	709
34	Plasterwork – General	233	238	242	247	252
35	Plumber work – General	1,159	1,182	1,206	1,230	1,255
36	Slater work	1,052	1,073	1,095	1,116	1,139
37	Snow Clearance	55	56	57	58	60
38	TV Aerial	99	101	103	105	107
39	Rubbish Removal	12	12	12	13	13
40	Vandalism	62	63	65	66	67
41	Water Services Charges	10	10	10	11	11
Day to Day Response Maintenance Total		9,044	9,225	9,410	9,598	9,790
Fees		2,659	2,713	2,767	2,822	2,879
TOTAL REPAIRS AND MAINTENANCE BUDGET		25,115	25,618	26,130	26,653	27,186

Draft Housing Capital Budget 2017/18 to 2020/21

PROJECT	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
SCOTTISH HOUSING QUALITY STANDARDS					
1 Compliant with the tolerable standard					
1.1 Major Repairs-	95	0	0	0	0
Roofs Renewal/Gutters/RWP/Roughcast					
Undertaking large scale repairs to Roofs/Gutters/RWP/Roughcast					
	<hr/> 95	<hr/> 0	<hr/> 0	<hr/> 0	<hr/> 0
2 Free from Serious Disrepair					
2.1 Primary Building Elements					
Structural Repairs Multi Storey	10,700	4,020	920	575	1,947
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	3,400	2,000	2,000	2,000	2,000
Structural works carried out in order to keep the building stable and structurally sound.					
<u>Secondary Building Elements</u>					
2.2 Upgrading Of Flat Roofs General	427	50	350	70	300
Replacement of existing roof covering and upgrading of insulation to meet current building regulations.					
2.3 Upgrade Flat Roofs Multi Storey	2,400	520	161	148	737
Full replacement of the flat roofs and also checking the replacement of roof ventilation as required					
2.5 Mono Pitched Types	400	650	650	650	650
Replacement of the external render of the building, replacement of gutters and downpipes, environmental works					
2.6 Window Replace General	3,200	3,661	3,791	4,045	4,002
Window Replace General – Communal	85	99	0	0	0
2.7 Window Replace – Multi Storey	0	19	0	0	0
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.					
2.8 Balcony Storm Doors	0	0	0	0	0
2.9 Balcony Glass Renewal – Multi Storey	0	0	0	0	0
	<hr/> 20,612	<hr/> 11,019	<hr/> 7,872	<hr/> 7,488	<hr/> 9,636
3 Energy Efficient					
<u>Effective insulation</u>					
3.2 General Houses Loft Insulation	54	54	62	208	0
Installation of loft insulation where there is none previously or the topping up of existing insulation to comply with current building regulations.					
<u>Efficient Heating</u>					
3.3 Heating Systems Replacement	4,698	3,938	4,021	7,953	7,327
Replacement of boiler/whole system as deemed necessary.					
3.5 Energy Efficiency – Major Blocks	1,600	1,200	1,600	1,600	1,600
Contribution to Aberdeen Heat & Power for the creation of Combined Heat & Power Plants					
3.6 Energy Efficiency Sheltered	0	0	0	0	0
Introduction of energy efficiency measures in extra care housing such as new or upgraded heating systems.					

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
<u>Additional Energy Efficiency measures</u>					
3.7 SCARF	35	35	35	35	35
3.8 Solid Wall Insulation	1,300	2,500	1,000	1,000	1,000
3.9 Vestibule Doors	0	0	0	0	0
	7,687	7,727	6,718	10,796	9,962

Modern Facilities & Services

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
<u>Bathroom and Kitchen Condition</u>					
4.1 Modernisation Programme – Bathroom	830	335	194	259	163
Modernisation Programme – Kitchen	2,310	1,141	947	1,266	897
Replacement of bathrooms and kitchens.					
	3,140	1,476	1,141	1,525	1,060

5 Healthy, Safe & Secure

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
<u>Healthy</u>					
5.1 Condensation Measures	22	23	24	24	24
Installation of heating systems and ventilation measures to combat condensation.					
<u>Safe</u>					
5.3 Rewiring	1,495	1,494	1,549	152	148
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	1,120	632	1,302	0	450
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	66	33	17	0	17
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					
5.9 Upgrading of lightning	0	0	0	0	0
<u>Secure</u>					
5.11 Door Entry Systems	159	470	488	492	489
Installation of door entry and replacement of existing doors where required					
5.12 Replace Door Entry Systems - Major Blocks	98	133	210	0	57
Installation of door entry and replacement of existing doors where required					
5.13 Other Initiatives					
Upgrading of stairs and installation of security doors and door entry systems	638	338	354	808	291
	3,648	3,173	3,994	1,526	1,526

NON SCOTTISH HOUSING QUALITY STANDARDS

6 Community Plan & Single Outcome Agreement

6.1 Housing For Varying Needs	100	100	100	100	100
New build projects or adaptation/refurbishment of existing properties to create accommodation which is suitable for occupation by tenants with particular needs.					

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
6.2 Community Initiatives	500	500	600	600	600
Refurbishment of properties or environmental improvements in designated areas. Cruyff Court redevelopment.					
6.5 Regeneration/Acquisition of Land or Houses	1,500	1,700	700	500	500
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	162	162	179	0	0
Provision of CCTV for the Multi Storey Service					
6.7 Adaptations Disabled	1,000	1,000	1,000	1,000	1,000
6.8 Special Initiatives/Barrier Free Housing	50	800	1,600	800	150
Provision of specialist facilities or housing for tenants with particular needs i.e. extensions					
6.9 Housing For Varying Needs- Amenity/Adaptations	30	30	30	30	30
Conversion of properties to Amenity Level standard					
6.10 Housing For Varying Needs- Extra Care/Adaptations	70	70	70	70	70
Adaptations required to ensure existing sheltered housing stock meets current standards					
6.11 Roads	300	100	100	100	100
Upgrade of Roads to an adoptable standard					
6.12 Paths	200	200	200	200	200
Formation or upgrading of paths					
6.13 Garage	0	0	0	0	0
6.14 New Affordable Housing	18,300	1,748	150	0	0
	22,212	6,410	4,729	3,400	2,750
7 Service Development					
7.1 Conditions Surveys	120	80	0	0	0
7.2 Property Database	120	10	0	0	0
Integrated Housing System	20	20	20	20	20
	260	110	20	20	20
8 Service Expenditure					
8.1 Other Departmental Fees	4,500	3,880	3,203	3,237	3,760
	4,500	3,880	3,203	3,237	3,760
Gross Programme	62,154	33,795	27,677	27,992	28,714
Less 11% Slippage	6,836	3,717	3,045	3,078	3,158
Net Programme	55,318	30,078	24,632	24,914	25,556
Financed by :-					
Borrowing	31,273	6,412	0	0	0
Scottish Government Grant – New Build	0	0	0	0	0
CFCR	24,045	23,666	24,632	24,914	25,556
Total Funding	55,318	30,078	24,632	24,914	25,556