Housing Revenue Account Business plan 2018-2048

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1   Executive Summary

Introduction

1.1   This document sets out Aberdeen City Council's plans for managing and maintaining its housing stock of over 22,000 rented properties held in the Housing Revenue Account (HRA). It captures the financial framework within which the fund will be managed to ensure maximum value is achieved throughout the projected thirty year cycle.

1.2   Its fundamental purpose is therefore to demonstrate and ensure the efficient use of the Authority's housing assets and rental income, and how we will ensure high quality customer services for tenants. The Business Plan is designed to set out the strategic goals of the Council's Housing Service and measure progress toward achieving these goals, provides a realistic appraisal of how these strategic goals will be achieved within the limitations of available funding and the predicted economic climate.

Key Findings

1.3   The Business Plan details the following:

- the context of the national, regional, and local factors affecting our provision of housing stock (Section 2)
- the vision and core objectives of our housing management plans that are linked to the strategic aims of the Local Outcome Improvement Plan (LOIP) and other strategies and policies affecting our service (Section 3)
- an assessment of our housing management and maintenance in terms of asset management, how we work, our service performance, tenant participation and partnership working (Section 4)
- our financial plans to provide a realistic assessment of our potential to meet our objectives within the limitations of funding available (Section 5)
- our improvement plans and actions to work towards meeting our vision and core objectives

1.4   The vision and objectives, linked to the LOIP:

Prosperous Place:

To manage and maintain our housing stock to create a place where all people can prosper.

Prosperous People:

To operate a sustainable HRA into the future that provides fair, accessible and high quality services to be delivered to our tenants and applicants at an affordable cost, demonstrating value for money while improving our staff experience, customer experience and use of resources.

Main objectives for the Housing service are as follows:

Prosperous Place:

Main objectives for the Housing service are as follows:

- We will ensure council housing that is affordable is available as part of a mix of market property types.

- We will create an attractive and welcoming environment for our tenants in partnership with our communities
- We will support community capacity building through the use of technology
- We will manage our assets making best use of resources to support investment in our properties, estates and communities
- We will embrace best practice in improving our housing services and improve the tenant experience
- We will provide efficient and effective housing management and maintenance services for the benefit of our tenants and staff
- We will enable tenants and residents to have influence over the way we manage services and set priorities.
- We will work with community partners to improve outcomes for our tenants

Prosperous People:

- We will respond robustly and proportionately to concerns about the well being and vulnerability of tenants and their risk of harm
- We will seek to reduce the risk of harm by increasing individual and community resilience to vulnerability
- We will empower tenants to feel they have real and meaningful choice and control over their own lives
- We will prevent and reduce the incidence of crime, disorder and antisocial behaviour and ensure our tenants are safe and feel safe

1.5 The 30-year Business Plan shows that the HRA is in a strong financial position and projects a working balance of £63m at the end of the 30-year period. However, in the context of the sensitivities and assumptions over that timeframe, that is a reasonable contingency projection.

1.6 The Business Plan is intended to be easily accessible to stakeholders. It provides information to demonstrate that

- the Council has a clear strategic direction for Housing services
- that the associated financial position of the service to deliver this is understood, refreshed and current
- key actions are clear to our tenants and customers, our staff, the public, our colleagues and partner agencies, and to external scrutiny bodies.

1.7 That projection is based on a smoothed rent increase of RPI (estimated at 2%) plus 1% over the 30-year period. It is recognised that keeping social housing rent increases to a practical minimum is important. However, as tenant rent is the primary income stream to ensure that there is an appropriate level of investment in the housing stock, and to manage the outstanding debt, this is felt to be a suitable assumption. Housing benefit/Universal Credit will reduce the impact of the rises for the most vulnerable tenants.

1.8 Debt per unit at Year 1 £8,795, at Year 5 £11,284 and Year 10 £11,621. Debt charge as a percentage of rental income per year reduces from a maximum of 28% to a minimum of 15% within the 30 year period.

1.9 Over the 30-year period, it is anticipated that there will be investment of £1.455bn of capital expenditure (including three approved sites of new build) that averages at £66k per property. The council's asset management plan is being updated to reflect changes being driven by local and national policy. This means that whilst component replacements are included in the plan, while new structural and environmental options and major changes of use are that the Council is not aware of are not currently in the plan.

1.10 There are also a number of current national considerations, such as improving environmental efficiency in properties, and a review of the fire safety and regulatory framework for high rise domestic buildings as a result of Greenfell, that will develop and we will need to monitor these and ensure that this Business Plan is updated as required, to ensure an ongoing and thorough assessment of affordability is made. Additional details are included in section 4.

1.11 The political commitment to build an additional 2,000 homes in an additional driver to continually refresh both the financial and asset management plans. The appointed financial consultants Arneil Johnston have updated the 30 year financial plan and reviewed the financial capacity of the HRA to develop new build housing. Affordability is dependent on actions that achieve reducing the unit build cost, obtaining Scottish Government Grant and maintaining rental increases at a minimum of 3% (RPI +1%).

1.12 The cost of housing management is currently £322.98 per year per property. A review of Aberdeen City Council's Housing Service was completed in December 2017 by Housemark Scotland, which contained recommendations for updating and improving the service. Where possible these recommendations have been factored into the Case for Change Transitional Structure. A wider range of benchmarking data is also now available to the service through Housemark, with the opportunity to view and compare with other social housing providers across the UK. This provides opportunities to understand best practice in the field and identify where there are improvements in efficiency and value for money in using the HRA. Also it is anticipated that there could be efficiencies made by digital improvements and process improvements, with any efficiency savings being reinvested in improving the customer experience.

1.13 The housing management assessment shows:
Strong:
- High levels of satisfaction with repairs and maintenance service.
- Positive practice was identified in the CCTV monitoring of Multi Storey Blocks.
- High percentage of stock meeting Energy Efficiency Standard for Social Housing (EESSH) and Scottish Housing Quality Standard (SQHS) standards compared to our peer group.
- Low cost of Housing Management per property.
- Commitment of staff and managers and their enthusiasm for change and service improvement.

Room for improvement:
- Levels of tenant satisfaction indicators with overall service, information and participation, and neighbourhood management
- Customer focussed processes and rent arrears recovery
- Cost of void property repairs
- Void property waiting time remains well above average

- Void letting standards

Comprehensive improvement plans are set out in section 6 to this report.

1.14 This document builds on a starting point of the 30-year HRA financial plan to ensure it reflected the current budgeted HRA revenue expenditure, capital investment and debt position this was carried out in August 2018. The financial model enables us to look at short, medium and long-term projections of the HRA and to test a number of scenarios such as the affordability of new build. We also carried out sensitivity analysis of the impact of changes to inflation, bad debt and voids. While this produces a 30-year long term picture, for planning purposes we are focussing on a five-year window with ongoing annual review. Summarised information from this plan is shown in Appendix 7.

Conclusions

1.15 The HRA can demonstrate financial viability over the 30-year life of the Business Plan.

1.16 Service improvements are required in such areas as Housing Management to manage the introduction of Welfare Reform/Universal Credit, and improve Voids Management and Tenancy Sustainability to ensure the long-term viability is achieved.

1.17 The financial modelling enables the Council to be clear about the financial demands on the HRA over the short to medium term are the maintenance of the existing Housing stock, managing debt and maintaining reasonable rent increases. All new build requires additional borrowing as funding from Scottish Government or Council tax/ developers contributions will only cover a proportion of the total costs. In order to meet capital investment requirements around being affordable, sustainable and prudent the scope for new build projects needs to be developed in light of these requirements.

1.18 The Business Plan will be reviewed annually and updated for any significant change to the investment plan and reported to the relevant committee through the Budget Process.

2   Context

2.1   Appendix 1 sets out a wide range of factors impacting on the Scottish Housing environment and hence the ACC Housing Revenue Account. The key elements are explored below.

The Economy

2.2   Aberdeen is like no other place in Scotland. The City has benefited greatly from the prosperity brought by the oil and gas industry and many people and communities have enjoyed positive outcomes as a result. Whilst the rest of Scotland suffered badly during the global financial crisis in 2008, Aberdeen was relatively untouched by the recession. But eight years on, when the rest of the UK economy is recovering, Aberdeen has undergone a rebalancing of its economy due to lower oil prices and the focus now is on economic diversification, recognising the inherent volatility in the oil price and the maturity of the North Sea basin.

2.3   Despite the past economic vibrancy provided by the oil and gas sector, there are still significant levels of deprivation in the City and some localities have not seen much benefit from the wealth generated through the oil and gas sector. For decades some communities have endured poor outcomes, with little opportunity for social and economic mobility. This has galvanised a renewed focus on inclusive economic growth, which is at the heart of the Community Planning partnership and the Local Outcome Improvement Plan for the city.

2.4   Due to the historical success of the City, workers in Aberdeen benefit from average salaries that are almost £6,000 higher than the Scottish average, and unemployment levels are low. Some of the most affluent areas of Scotland are within Aberdeen City, but equally within the City boundaries are some of Scotland's most deprived areas.   In 2016, twenty-two of the 283 data zones within Aberdeen were within the 20% most deprived areas in Scotland.

2.5   Most children that are living in poverty are living in a working household. Aberdeen has 49 larger administrative areas called intermediate zones. The Scottish Index of Multiple Deprivation (SIMD) is the Scottish Government's official tool for identifying small area concentrations of multiple deprivation across Scotland.   Eight of Aberdeen's neighbourhoods are recognised as deprived on this basis, these are listed below alongside the overall % of HRA stock.

 Torry 4.72% Middlefield 2.31%

 Tillydrone 7.52% Heathryfold 0.64%

 Seaton 5.57% Northfield 4.38%

 Woodside 5.69% Mastrick 6.63%

The highest density of the HRA stock is within these areas.

2.6   It is also clear that many of our tenants face difficult financial circumstances as a result of debt, unemployment, slower than normal wage growth and for some the impact of the Welfare Reform programme. Rising fuel costs over recent years have also put significant

additional pressure on many household budgets, particularly for those living on the state pension or dependent on other benefits. The HRA has in part mitigated some of the impact of fuel poverty for tenants through the heat with rent scheme.

Demand for Our Housing

2.7   Due to the downturn in the Oil industry which has led to a net out migration of -4.5% in 2016/17(2017 National records of Scotland) there has been a decreasing demand for property. This has reduced private sector rent levels considerably and property prices fell, which may serve to push some households towards negative equity. This creates potential risks of deterioration and abandonment of properties. Macro-economically the historically low interest rates are projected to be subject to increases, which may affect affordability for households and could lead to unfortunate cumulative effects for households already coping with unemployment and negative equity.

2.8   As at July 2018 we have 6,113 applicants waiting for housing including around 520 homeless households. We let 2017 properties in 2017/18 and have let 775 properties this year to end of July 2018.

2.9   Demand as at July 2018 for each size of property from those on the housing lists is illustrated in the following table. A number of applicants appear twice in the table below as they may be on more than one list which explains the difference in the number on the housing lists, from the figure given above.

Number of Bedrooms	ACC DISCRETION/COMMITTEE	URGENT REHOUSING LIST	SUPPORT LIST	WAITING LIST	TRANSFER LIST	Sum:
1	91	476	1,150	2050	544	4,311
2	13	70	21	694	382	1,180
3	13	20	0	324	413	770
4	0	3	0	40	86	129
5	0	1	0	1	8	10
6	0	0	0	1	0	1
Sum:	117	570	1,171	3,110	1,433	**6,401**

Regulatory Framework

Welfare Reform

2.10 The Welfare Reform Act 2012 has been described as the biggest change to the welfare state for people of working age since 1945. ACC recognise that many of our customers receive a range of benefits and tax credits and may be affected by the changes. Welfare Reform will impact on many of our tenants and other services users and includes a risk to our income through greater levels of rent arrears.

2.11 ACC will continue to prepare and to respond to the impacts of welfare reform by:

- Participating in the citywide Welfare Reform Board with membership including various partners across the 3rd sector as well as NHS; Police; DWP and advice agencies.

- Participating in the Welfare Reform Operational Group which meets regularly and includes representatives from various services within ACC plus the Department of Work and Pensions.

- Various work streams have been developed include a Communications plan for the city (including a city Universal Credit guide and online strategy); a training plan with some internal and some external delivery in partnership with DWP; a digital inclusion plan (including mapping IT availability & support across the city); a support plan; and operational planning around rent collection & debt management.

- As part of the case for change to the transitional structure for the Early Intervention and Community Empowerment cluster, investment in housing management staff was agreed.

- Continued participation in the Scottish Local Authority Rents Forum and Scottish Housing Network Welfare Reform Forum

- Maintaining good working relationship with our local Department of Work and Pensions colleagues in the city and our neighbouring colleagues in Aberdeenshire & Angus Councils.

Scottish Government

2.12 The Scottish Government introduced the Scottish Social Housing Charter to help improve the quality and value of the services that social landlords provide and to support the Government's long-term aims. Also the guidance within the Scottish Government Guidance on Operation of Local Authority Housing Revenue Account brings together in one place, the role of the HRA, how it must operate, who the resources contained within it are meant to benefit and what outcomes can be expected from those resources.

2.13 Further to the previous Scottish Quality Housing Standard, the main quality target is the 2020 target date for meeting the Energy Efficiency Standard for Social Housing (EESSH) fast approaching. Achieving this target remains the target for Aberdeen City Council.

2.14 ACC expect to hear from the Scottish Government in due course of the energy efficiency requirements for our stock from 2020 onwards. Once this guidance has been received a re-assessment of the housing stock's energy performance will be undertaken to identify

what measures will have to be introduced to meet outcomes. The Scottish Government is currently consulting on fuel poverty legislation, including refining the definition of fuel poverty. ACC has met with the Minister for Local Government, Housing and Planning and SG officials.

2.15 ACC is currently developing the Torry Heat Network which will go towards likely outcomes initially extending the existing district heating network to serve Deeside Family Centre, Balnagask House and Provost Hogg Court. With the a long term aim is to utilise the heat generated by the Energy from Waste plant.

2.16 The Scottish Government provided funding of £254 million, aligned to the City Region Deal, to support infrastructure development. With regards to housing this included £130million guaranteed grant for affordable housing in the City region; and £20million infrastructure fund to unlock potential housing sites.

Scottish Housing Regulator

2.17 The Scottish Housing Regulator regulates registered social landlords and the landlord and homelessness services of local authorities. It is an executive agency of the Scottish Government and it exercises independently the regulatory powers of Scottish Ministers.

2.18 Its overall purpose is to regulate to protect the interests of tenants and other service users, ensure the continuing provision of good quality social housing and maintain the confidence of funders. The Scottish Government's Social Housing Charter came into force in April 2012.

2.19 One of the Scottish Housing Regulator's roles is to monitor and assess landlords' performance against the Charter, through regulatory assessments, published analysis and thematic work. The Regulator will intervene to secure improvement when they need to. Each year they publish reports about each social landlord's performance against the Charter to ensure scrutiny and transparency of performance.

2.20 Appendix 5 sets out the Social Housing Charter 2017-18 averages for Scotland sector with Aberdeen City Council included for comparison against peer groups.

3 Vision, Objectives and Strategic Links

Business Plan Objectives

3.1 The vision for housing management and maintenance is:

To manage and maintain our housing stock to create a place where all people can prosper.

To operate a sustainable HRA into the future that provides fair, accessible and high quality services to be delivered to our tenants and applicants at an affordable cost, demonstrating value for money while improving our staff experience, customer experience and use of resources.

Main Objectives of the HRA – Linked to the Local Outcome Improvement Plan (see section 3.2)

	Objective	Strategic Link – LOIP
1	We will ensure council housing that is affordable is available as part of a mix of market property types.	Prosperous Economy
2	We will respond robustly and proportionately to concerns about the well being and vulnerability of tenants and their risk of harm	Prosperous People
3	We will seek to reduce the risk of harm by increasing individual and community resilience to vulnerability	Prosperous People
4	We will empower tenants to feel they have real and meaningful choice and control over their own lives	Prosperous People
5	We will prevent and reduce the incidence of crime, disorder and antisocial behaviour and ensure our tenants are safe and feel safe	Prosperous Place
6	We will create an attractive and welcoming environment for our tenants in partnership with our communities	Prosperous Place
7	We will support community capacity building through the use of technology	Enabling Technology

Main Objectives of the HRA – Linked to the Strategic Business Plan (see section 3.3)

	Objective	Strategic Link – Strategic Business Plan
8	We will manage our assets making best use of resources to support investment in our properties, estates and communities	How we work Customer Experience Staff Experience and Use of Resources
9	We will embrace best practice in improving our housing services and improve the tenant experience	
10	We will provide efficient and effective housing management and maintenance services for the benefit of our tenants and staff	
11	We will enable tenants and residents to have influence over the way we manage services and set priorities.	

12	We will work with community partners to improve outcomes for our tenants	

Strategic Links

3.2 The Business Plan aims to align corporate and service strategic documents to demonstrate how the service will operate into the future and to continue to provide services that meet the core objectives set out in the diagram above.

Local Outcomes Improvement Plan (LOIP)

3.3 The Local Outcome Improvement Plan that sets out the direction for the Community Partnership sets out the main vision for the city as:

'A place where all people can prosper'

This vision is then expanded into four themes:

- Aberdeen prospers - Aberdeen has a flourishing, thriving and successful local economy
- Prosperous People - People in Aberdeen are happy and healthy and enjoy positive life outcomes.
- Prosperous Place - People experience Aberdeen as the best place to invest, live and visit
- Enabling Technology - Innovative, integrated and transformed public services.
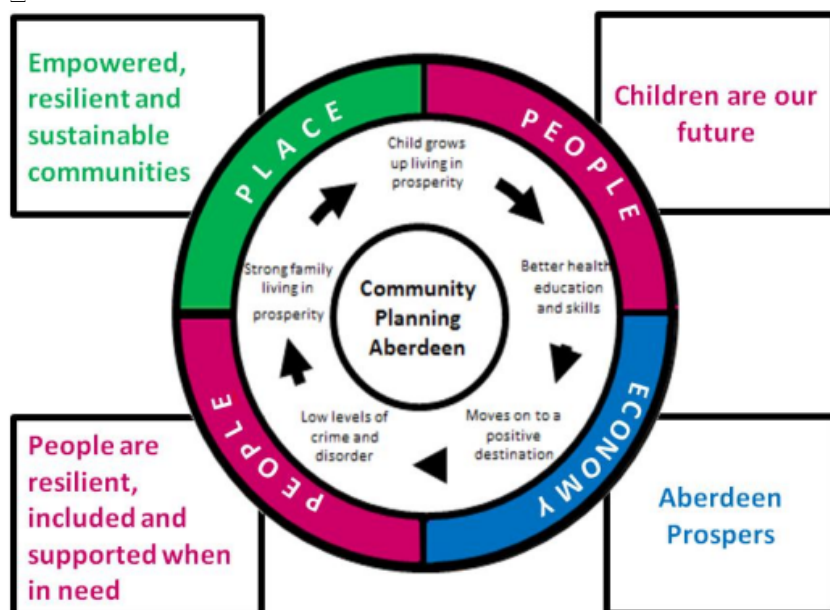
These themes and links to them underpin the first 7 of the Main Objectives of the HRA and our improvement actions linked to these themes are expanded in section 6A of this business plan.

ACC Strategic Business Plan Refresh 2017-18

3.4 The Strategic Business Plan translates how the LOIP will be interpreted into delivery through How we do business and Our Culture

In our change "road map" there are 3 tiers of change:

- Tier1 - Changes which contribute to better stewardship across the organisation - "Business as Usual"
- Tier 2 - Changes which secure improvement - "Business as Usual"
- Tier 3 - The "art of the possible" - Real Transformation

Stewardship is supported by financial management, asset optimisation, governance, procurement and risk, performance, and improvement.

How we secure improvement is underpinned by customer management, business support, workforce change, being digital and service redesign.

Our culture is about how we behave in pursuit of our purpose. It's about our attitudes, values, beliefs, and behaviours. The culture triangle (below) shows focus on customer and staff supported by good use of resources – known as the triple aim. At all times we need to ensure that these 3 aims are in balance:

ACC Target Operating Model

3.5   As part of the transformation programme, ACC is moving towards a new target operating model (TOM) that will materially change how we do business.

3.6   Through March – July 2018 significant work was undertaken to move to a transitional structure. For Housing management, this structure has Locality Inclusion Managers that will combine Community Development and Housing management at a local level. There are no longer Local Housing Managers working solely on Housing issues. This is part of a concerted effort to develop a holistic locality management approach, and includes matrix management of temporary accommodation at a local level.

This new structure supports the challenges facing the HRA in the following ways:

The customer function provides more focus for tenant customer experience improvement. The resources function consolidates skills related to estate management and financial management for improved asset and financial planning.
The commissioning function focused on interpreting customer need into the best direction of resources and provision models using business intelligence.
The operations function focuses and consolidate core delivery functions for improved efficiencies.

City Region Deal

3.7 As part of the memorandum of understanding, the City Region Deal establishes £20 million in infrastructure funding to unlock housing sites that are of strategic importance to the local authorities and 5-year certainty on £130 million of affordable housing grant.

3.8 The affordable housing grant 2016/17 to 2020/21 will be delivered through the SHIP (detailed in 3.11). It is intended to facilitate a joint approach towards planning for meeting housing needs across the City Region. Provide certainty of resource availability over the 5-year period will allow for definite forward planning within and across the 2 LA areas and encourage innovation and efficiencies in the utilisation of the subsidy available.

Local Development Plan

3.09 Sites are available within the LDP to build HRA properties.

Local Housing Strategy

3.10 Our aim is to ensure that the maximum number of council houses is available to those who need them. Our Local Housing Strategy demonstrates how we aim to achieve these aims.

- Future housing supply
- Housing conditions in the social sector
- Homelessness
- Housing support/ housing needs of an ageing population
- Fuel Poverty
- Impact of benefit reforms
- Private Sector

This strategy has been through the appropriate peer review process at National level and will be submitted to City Growth and Resources Committee on the 18th September 2018.

Strategic Housing Investment Plan (SHIP)

3.11 The core purpose of the Strategic Housing Investment Plan (SHIP) is to set out strategic investment priorities for affordable housing over a five year period to achieve the outcomes set out in the Local Housing Strategy (LHS). The plan reinforces the local authority as the strategic housing authority, the importance of the outcomes and targets set out in the LHS and informs Scottish Government housing investment decisions. It is expected that SHIPs will be directly informed by the LHS and developed in consultation with key stakeholders. SHIPs will be the key documents for identifying strategic housing projects to assist the achievement of 50,000 target affordable homes target identified by the Scottish Government.

3.12 Aberdeen's current SHIP is oversubscribed, with proposals for £17m of affordable housebuilding against an actual grant of £12.279m.

3.13 At Council on the 6th March 2018, the ruling coalition announced plans for the development of 2,000 Council Housing in the City; and also agreed delegated powers for the Chief Officer – Corporate Landlord to buy back properties previously sold by the Council and it's predecessors where economically advantageous to do so.

3.14 On the 6th March 2018 Council also agreed to the recruitment of an Empty Homes Officer, in partnership with Shelter Scotland. While not directly linked to the HRA, it is important to note this development as a potential impact on the availability of affordable housing in the

City, and an indirect link with the HRA is apparent with the potential for maximising the housing stock available in the city.

4 Service Assessment

4.1 Appendix 1 sets out a SWOT (Strengths, Weaknesses, Opportunities, and Threats) assessment under taken by the service. The key elements are explored below.

Asset Management

The Council's Housing Stock

4.2 Aberdeen City Council's ambition is to deliver a housing asset base which is sustainable, in good condition and meets housing need through evidence based decision making achieved through the creation of an Asset Management model. The model will have a traffic light basis to rank all properties within the HRA.

The aims are to:

- increase the proportion of green assets providing highly sustainable fit for purpose homes
- reduce the proportion of red assets and the associated drain on HRA fundability
- deliver housing led regeneration projects which improve social and economic outcomes for communities
- ensure the Council's multi story housing assets are sustainable both economically and environmentally

4.3 The asset management plan is currently being updated and will include:

- Updating model with 17/18 information
- Defining and prioritising purpose of analysis: investment planning, area management or strategic housing tool
- Using priority to define 3 asset samples: define key questions and options
- Defining investment or improvement options- test using NPV model
- Building option appraisal framework and criteria
- Option appraisal of asset improvement options.

4.4 It is assessed that the main component replacements are well reflected in the 30-year business plan, but structural and environmental improvements are not so well reflected. The asset management plan refresh will also provide more information on identifying stock that is under-utilised or could be considered for change of use or demolition. This more significant change to make more appropriate use of the housing asset has not yet been incorporated into the plan. In addition the development of the 2,000 new houses will also need to be built in. Following the completion of the asset management plan then the capital investment streams would need to be re profiled and a revised assessment of affordability made. (Appendix 8 details the stock profile)

How We Work

4.5 The main activities supporting housing management are as follows:

1. Allocations
2. Homeless management (funded by General Fund)
3. Void Management
4. Estate Management
5. Housing Support

6.   Income collection
7.   Housing repairs
8.   Property management - factoring

A review by Housemark has recently provided an assessment of these services and the findings are summarised below.

Allocations

4.6   The Allocation/Housing Access Team is split into three defined areas and they are:
- Homeless - Links to Temp Accommodation and Housing Advice
- Housing Advice - Referrals from other two streams
- Allocations - Main Waiting List

Following the case for change being agreed, a new post of Housing Access and Support Manager has been appointed to, with single oversight of these three critical areas. An improvement plan, linked to holistic locality management, is being implemented to ensure that these services work most effectively for the customer. A new Allocations policy is being consulted on in July / August 2018, and this, along with the proposed new Rent Management plan, will ensure ACC has relevant policies to support tenancies through the introduction of Universal Credit and beyond.

Voids

4.7   ACC is in the lower quartile for satisfaction with new home and days to relet homes, and is near median in terms of the cost of void repairs and void rent loss.

Estate Management

4.8   Within the ARC the satisfaction with Neighbourhoods was 79.4%. this is below average for Scotland and will have an impact on letting times and the number of times a property is offered before being accepted. This does not represent good value for money for the HRA.

Housing support

4.9   The housing support provided is hours-based rather than outcome-based. There is no uniform way for support providers to measure the impact of the support provided. ACC does collect data from providers which is uploaded to iWorld, however there may be different forms for each provider.

Income Collection/Arrears

4.10   Our performance in collecting rent in recent years has been very good compared with our peer group. However, we have relatively high levels of Notice of Proceedings (NOP), Legal Actions and evictions. During 2017/18 we have strengthened our focus on early intervention in rent arrears cases resulting in significant reduction in legal action cases. This has included a new tenancy sustainment panel with an objective to identify actions to reduce risks of eviction and homelessness early intervention and preventative approaches will be further enhanced with the additional housing staff proposed.

Repairs

4.11 There are some very good performance statistics in relation to the repairs service except for the time taken for void repairs. As a result of an increase in turnover of properties, allied with difficulty appointing contractors to undertake the work to bring the properties to letting standard.

Property Management (Factoring)

4.12 There are 3,149 properties on the Property Factor Register. These properties are within 39 multi-story blocks, with 569 owners and the remainder being tenants. Within the other stock types there are a further 13,702 owners that are not part of the factoring service but may receive services e.g. communal maintenance and have to pay their share of the cost. There are low levels of customer satisfaction with this service. For this part of the business to improve, work effectively and integrate well with other parts of the service, there needs to be a review of policy and practice, in particular in relation to the management of multi-storey blocks.

Customer service

4.13 The review undertaken included sessions with service users, with feedback from these sessions suggesting that staff are perceived as structured in their approach to day to day tasks, with a tendency to follow the process even when they can see a better way to do something, almost like "but the process says…"

4.14 A more flexible and responsive service that focuses on the needs of the customer could improve performance and efficiency. A training programme is being developed for new staff within the service, that will ensure regulatory standards are met while also supporting staff to develop skills required by the TOM.

Management Costs

4.15 The HRA in 2017/18 incurred direct staff costs of £5.7m cost with a 195 FTE. In addition £2.7m of Central Support Services costs was incurred and further staff time of £0.431m was charged to capital projects. This does not include staff employed via the Building Services trading account, many of who are delivering services on behalf of the housing service, e.g. housing repairs.

4.16 The HRA invests £100k per year in training.   Individual officers training needs are assessed through the Performance, Review (PR&D) and Development process. A new housing service induction is being developed for all officers involved in frontline housing services. In addition the HouseMark Housing Services Review has identified further training for staff on listening, negotiation and communication skills, as mentioned above this will be part of the training for new staff within the cluster.

4.17 The Housing Service has been supporting students to undertake housing qualifications for a number of years, this year there are 11 students in two groups undertaking the Level 3 in Housing Practice, which began in June this year and completed in March 2018. Last year there was one group of 6 students and 7 students the year before. We also have 3

students studying the Level 4 (1st year)at Dundee College and 1 student undertaking the Diploma (1st year) through Stirling University.

4.18 The table below illustrates the how the percentage of direct staff time is allocated across Housing Management Functions with the majority being spent on arrears and estate management.

Posts	Arrears	Allocations	Estate Management	Tenancy Sustainment	Repairs Admin	Asset Management	Sheltered Housing	High Rise	Other activities	TOTAL ACTIVITY COSTS
ASSISTANT HOUSING OFFICER	55.00	15.00	20.00	5.00	5.00					100.00
HOUSING MANAGER	10.00	10.00	25.00	10.00	5.00	5.00	5.00	5.00	25.00	100.00
HOUSING OFFICER	20.00	20.00	30.00	10.00	5.00		5.00	5.00	5.00	100.00
SENIOR HOUSING OFFICER	10.00	10.00	45.00	10.00	5.00		5.00	5.00	10.00	100.00

Service Awards

4.19 Recent achievements within the Housing service include:

- Tenant Participatory Advisory Service – TPAS – National award for Developing Communities for the work undertaken at the Linksfield Multi Storeys, this involved improved communication between all tenants in each multi and in all three, a different approach to Tenant Participation and Estate Management and gave the Community what they wanted.
- Our Housing Service Review Group was runner up for the TPAS National Award for best practise in developing scrutiny.
- In June 2018 the Council was shortlisted for five National Tenant Participation Awards by the Tenant Information Service TIS and won three awards.
- The TIS presented Aberdeen City Council with the Danny Mullen Award, presented to the Organisation of the Year.
- Criteria focuses on innovation in housing, with a particular emphasis on tenant participation. Our staff, elected members and, most importantly, tenants have embraced this in recent years and clearly judges recognise the great strides that have been taken.
- A tenant representative from ACC won the Frances Nelson MBE Award for Tenant of the Year. The prize is a tribute to the dedication and commitment Norma makes to improving the lives of others in her community and the example she sets. It is the second consecutive year an Aberdeen tenant has been honoured.
- To complete the hat-trick, the Tenant Participation Champion of the Year prize was awarded to a Development Officer within ACC for Tenant and Resident Participation

Technology Enabled Care (TEC)

4.20 TEC improves the quality of life for older people and people with specific needs by enabling them to maintain their independence and help them to live longer in their own homes. TEC can reduce hospital admissions, enable timely discharge from hospital and avoid admission to residential care or nursing homes.

4.21 In 2014 the council started a two year programme to upgrade the infrastructure to support TEC within sheltered and very sheltered housing. This improvement enabled maximum flexibility of a full Telecare enabled service. During 2016/17 upgrading work was also completed at Castlehill Housing Association and Sanctuary Housing sheltered developments to make them fully Telecare enabled.

4.22 In 2016 a pilot project was established in a Council sheltered housing development using the housing service portal and inactivity sensors as a method of remotely monitoring tenant activity and is being used as an alternative to the morning welfare telephone call. Following the success of this project the housing service portal is being rolled out to other sheltered housing developments in the city during 2018/19.

4.23 TEC is available in properties used by mental health and learning disability services to improve independence for service users and provide additional support to service providers. Where appropriate upgrades have been installed enabling responses to be provided remotely by support provides instead of staff being located on site.

4.24 Out with sheltered housing, in August 2018, 2,633 (1,543 with basic alarm and 1,099 with addition sensors) people are being supported by Telecare systems in the city.

4.25 Internet access is an essential tool for service users and service providers. Housing services are currently working in partnership with the IT Transformation Team and Aberdeen City Health & Social Care Partnership in supporting the installation of public Wi-Fi systems in the south of the city including the council's sheltered housing developments.

Choice Based Letting (CBL)

4.26 ACC are currently developing a CBL approach for allocating a proportion of Council properties will make for more efficient allocations by reducing administrative costs arising from multiple offers and refusals being made, minimise any impact on void rent loss arising from the same and promote tenancy sustainment by affording applicants the opportunity to bid for specific properties they would like to live in.

4.27 A partnership with Homehunt NES for properties in Tillydrone is the start of the CBL approach and will go some way to meeting the Scottish Government's objective that common housing registers become the norm across Scotland, bringing the Council together with three of the four main RSLs operating locally.

4.28 How ACC allocates our properties in the future is part of what is being looked at as part of the review of our Allocations Policy which commenced in August 2018. The review will be looking at the effectiveness of CBL. We will also be consulting with staff, elected members, tenants, applicants etc to ascertain their view on CBL.

Service Performance

4.29 The comparison against Social Housing Charter benchmarks is shown in appendix 5. Findings for 2017/18 are summarised below.

Summary table shown below:

Indicator	ACC	Peer Group	Variance
Percentage satisfied with overall service	83.0	86.7	-3.7
Percentage satisfied with keeping tenants informed	76.9	85.3	-8.4
Percentage satisfied with opportunities to participate	67.7	77.0	-9.3
Satisfied with quality of home	84.5	86.8	-2.3
Average hours taken to complete emergency repairs	3.3	4.1	-0.8
Average days to complete non-emergency repairs	26.0	7.3	18.7
Average time to relet properties	49.9	25.5	24.4
Percentage of tenancy offers refused	51.8	35.2	16.6
Gas safety record renewed by anniversary date	100.0	99.9	0.1
Satisfaction with repairs service	95.0	92.4	2.6
Satisfaction with neighbourhood management	79.4	85.9	-6.5
Tenant sustainability %> 1 year	90.2	89.9	0.3

Service Strengths

4.30 Through various methods, such as inspection, benchmarking and HouseMark Housing Services Review, we have been recognised as having strengths in the following areas:

- **High levels of satisfaction with repairs and maintenance service.** From the ARC The repairs appointments kept indicator was 98.93%, the satisfaction levels were 95.9% and Gas Safety Certificates are 100%

- **Positive practice was identified in the CCTV monitoring of Multi Storey Blocks.** CCTV operators are proactively sending emails to a generic address with anything they noticed whilst monitoring the CCTV. The approach is being rolled out to housing officers and this will generate intelligence for Police Scotland and Scottish Fires and Rescue.

- **Percentage of stock meeting EESSH compared to our peer group.** ACC 82.02% of stock meets EESSH with 80.64% for the upper quartile of our peer group.

- **Low cost of Housing Management per property** this is shown in both HouseMark (£213 per property compared with the peer group of £264) and Scotland's Housing Network (£430 per property compared with SHN Average of £820).

- **High levels of rent collection.**

Areas for Improvement and Service Priorities

4.31 We are currently reviewing and evaluating several key areas with a view to improving service planning, provision and delivery:

- **Tenant satisfaction levels**
- **Voids Management**, shown through the average relet days. A group has been established to monitor the repair times of voids, there has been an improvement however this area requires further investigation and recommendations for further improvement

- **Legal Actions for rent arrears,** ACC have comparatively high levels of court action however during 2017/18 we have refreshed our approach to focus more on early intervention and this has already had significant impact on legal activity.
- **Management of multi-storey blocks including Factoring** as a result of a lack of a current Asset Management Strategy (AMS). AMS would support decision making for disposal.

Benchmarking

4.32 Benchmarking, or comparing performance with others, can be a useful way of checking performance levels. The Scottish Housing Regulator has published all the Charter information returns in a way that allows comparisons with other landlords. This tool is available online and can be accessed by anyone. It is a useful way for tenants to do their own comparisons. As with all high level statistical reporting, further analysis and understanding of context is needed to properly understand where there are differences. Formal benchmarking and performance is an area that we are currently developing with both Scottish Housing Network and House Mark.

4.33 ACC is one of the 4 Council's which have taken part in the Value for Money study by Scotland's Housing Network, it is hoped that this will expand as a number of other Local Authorities have committed to complete. The report ACC had low costs in Estate Management, Repairs Administration, Asset Management, Tenancy sustainment and Suspension and Management and low debt per unit. However high costs were evidenced in arrears staffing, component replacement of Kitchens, Bathrooms and Windows.

4.34 ACC completed the HouseMark report for the first year in 2017, this provides comparison with a peer group throughout the UK. This highlighted good results in such areas as Housing Management Costs, rent arrears as % of rent due, average no of calendar days to complete repairs and % stock meeting EESH. Poor performance in relet days, number of tenants evicted due to rent arrears and average cost per responsive repair.

Tenant Participation and Consultation

4.35 Aberdeen City Council is committed to tenant participation and our partnership approach with tenants and residents is widely acclaimed for innovation and excellence. The Council has won many National Tenant Participation Awards. "Having your say – Playing you Part" is our new draft Tenant Participation Strategy currently being finalised.

4.36 The graph below shows the percentage of tenants satisfied with the overall service.
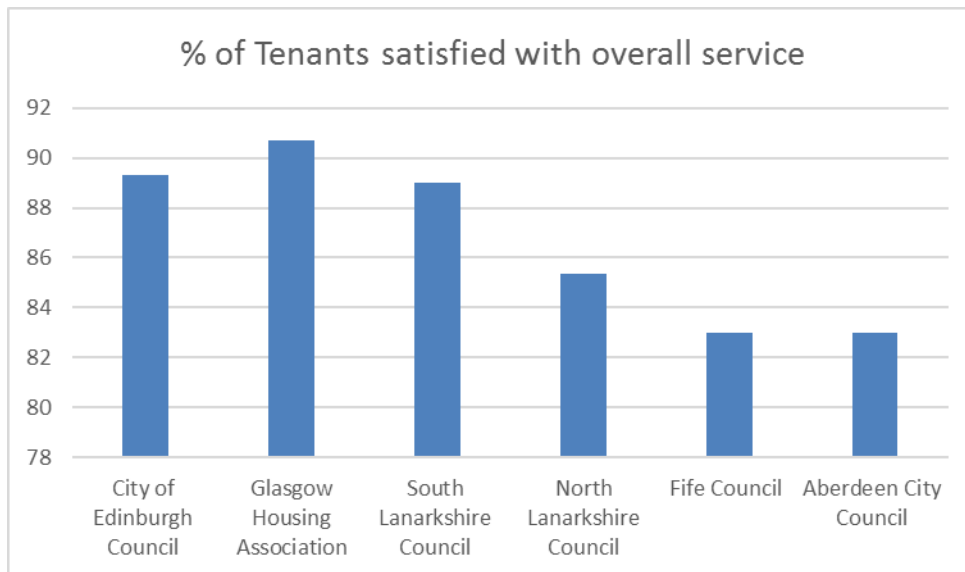
4.37 The Council's approach to Tenant Participation enables tenant participation in strategic and more localised community issues. Various Registered Tenants Organisations operate to assist tenant and resident engagement on strategic issues including the Housing Performance and Tenant Participation Budget Group which provides scrutiny to the HRA. As part of this group's work it is a member of the North East HRA forum which is benchmarking HRA use over five local authority social landlords.

4.38 ACC are currently working with Tenant Participation Advisory Service and Tenants Information Service to benchmark our scrutiny standards with a view to developing and securing gold standard accreditation. Currently there is 19 Registered Tenants Organisations and 24 non-registered groups, with most participating in local community issues.

4.39 ACC routinely collect tenant views e.g. when a tenant moves in, when a repair is completed Every three years we conduct an extensive Tenants Satisfaction Survey with the last one survey completed in 2017. Also holding various events for specific issues requiring consultation. Our Conversation Café approach has been recognised as best practise when consulting on our rent and allocation policies. Tenant's feedback is used to help us monitor performance and support our continuous improvement objective by informing the drivers with the Council's strategic business plan and service improvement plans. ACC also consider the recommendations made from our Housing Service Review Group who has recently reviewed Housing Management and Repairs Services. These recommendations have been added to our improvement plans.

ACC are members of the award-winning Group – NETRALT – North East Tenants Residents and Landlords Together working with two other local authorities and all the housing associations in Aberdeen and surrounding area, to share ideas, hold joint events and training. NETRALT was recognised nationally for their award-winning Housing Cafes and the improvement of tenant & resident participation in the North East

4.40 Aberdeen City Council strives to improve services where possible, and monitors service standards closely. We are members of the Scottish Housing Network and have also contracted with House Mark to provide additional benchmarking services and analysis.

Partnership Working

4.41 The Housing service works closely with partners and examples are given below.:
- Supporting the creation of residents' groups
- Working with Housing Associations
- Working with other community groups and councils
- Promoting anti food poverty initiatives
- Working with community projects
- Working with credit unions
- Working with young people
- Working with Police Scotland
- Working with Integrated joint board
- Working with sustainable transport groups
- Working with NHS Healthy Hoose
- Working with Scottish Fire and Rescue Service

5 Financial Strategy

Introduction

5.1 The HRA is a statutory requirement for all local authorities that provide a housing landlord service. It is a ring-fenced account with income mainly being generated from tenants' rents. Expenditure is incurred through the management and maintenance of, as well as investment in, the housing stock to ensure that tenants' homes are safe, secure, warm free from defects and meet current standards.

The HRA is divided into Capital and Revenue items:-
* Expenditure on Capital items is where money is invested in major works (such as external refurbishment, replacement roofs, full house heating and insulation upgrades) to improve the physical quality of the houses.
* Revenue income is predominantly the rent that tenants pay to the Council and Revenue expenditure is associated with the day-to-day management and maintenance of the houses. Further detail on the revenue income and expenditure is provided within Figures A and B below.

(Figure A – 2017/18 Actual HRA Expenditure)
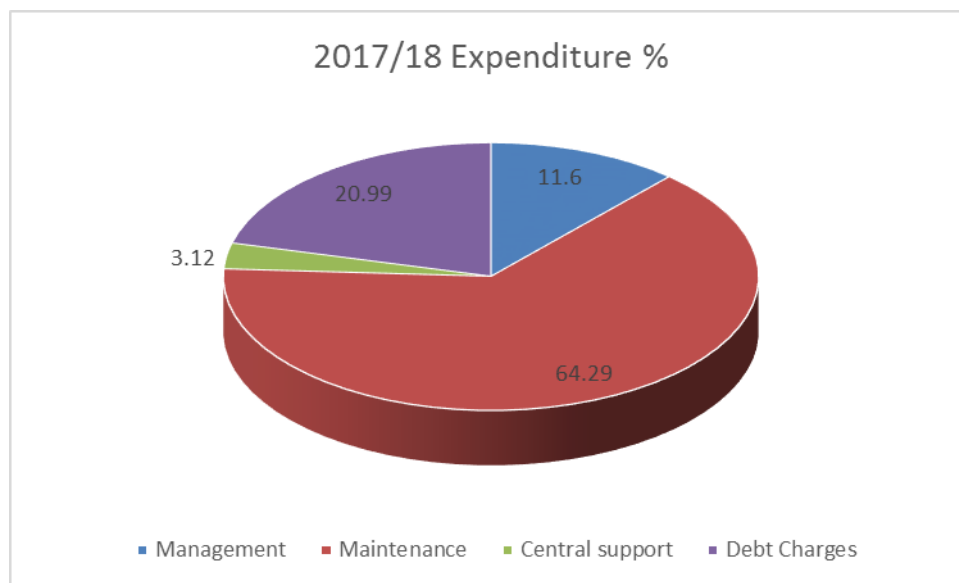
The greatest proportion (64%) of revenue spend is on maintenance.

(Figure B – 2017/18 Actual HRA Income)

It should be noted that homelessness services and housing support services are funded from the Council's General Fund and do not form part of the Housing Revenue Account.

30-year Position
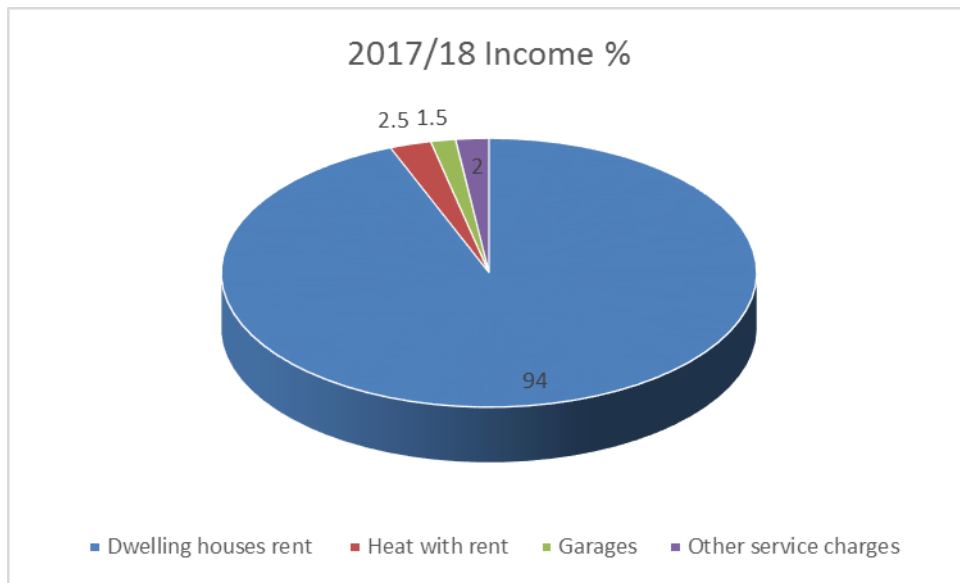
5.2 The primary focus of the financial modelling which underpins the Business Plan was to ensure that the HRA can be sustained over the 30-year period, with more detailed focus on the medium term (3-5 years). The model has allowed the review and assessment of the required level of funding over the medium to long term. Financial modelling has been done, taking the 2018/19 approved HRA budget as the base year. The actual housing stock numbers as at 22,224 have been used to model opening stock.

The overview position on HRA is detailed in Appendix 7.

Stock Valuation

5.3 The 2017-18 Annual Accounts of Aberdeen City Council states the valuation of Council Dwellings on the HRA at £1.8bn. Council Dwellings are valued using the Beacon Method which involves full inspection of a sample of properties (Beacons). Full inspection is not considered necessary due to the similarity of the property types covered by the Beacons.

Rent Income

5.4 The HRA must be self-sustaining, so the expenditure detailed above must be funded. The primary ways in which the HRA is funded are through rental Income, use of reserves and borrowing. A sustainable rent policy must be implemented to secure the long term financial position of the 30-year business plan. The Council agreed at CH&I Committee on 1st November 2016 a policy for maintaining sustainable rents is for a rental increase of RPI (RPI assumed at 2%) plus 1% for 3 years thereafter this will be reviewed and tenant's views consulted.   Consideration could be made to fixing the rental increase for three years to provide stability to the HRA and allow the development of new build.

5.5   In February 2017 Council agreed to set a rent freeze for 2017/18. This has had the impact of removing £107m over the 30-years of the business plan as this could not be built back into future years.

Sensitivity analysis – impact of alternative rental policies on HRA fundability

Rents	Max Debt Affordability %	Cumulative reserves £'000	Max Debt per unit @ year 10
Baseline inflation +1%	28	62,913	11,621
Inflation +0.5%	44	30,521	12,440
Inflation only	53	30,521	13,241
Rent freeze in Year 2 & 3	32	30,521	12,316

5.6   Sensitivity analysis indicates rents must be maintained at the baseline inflation +1% in order for the plan to be affordable over the 30 years. A review of the Council's rent structure was undertaken five years ago which identified rental charge inconsistencies across property types and sizes. It was recommended that the Council develop a long term rental strategy based on fair and transparent system for charging rents, providing a basis for a secure income stream into the HRA. The phasing of the new rent structure will end in April 2019 so all rents will be placed on the model rent with exception of those new build properties with a new build premium.

5.7   Association of Local Authority Chief Housing Officers (ALCHO) Housing Officers recently undertook a review of Business Planning practices within Local Authorities. They found that business planning is well developed across the sector the understanding of risks is improving and changing, debt affordability has been a key driver in the past. Rent affordability is now increasing a leading concern. Highlighted also rent freezes are likely to have a bigger longer term impact than short term cost increases in many areas.

Use of Reserves

5.8   The Council has a working balance which has been built up over several years created from savings within the HRA. This reserve is necessary to ensure the HRA is financially sustainable and can meet any unforeseen or exceptional circumstances for example Welfare Reform (Detail contained in Appendix 3 of this cost pressure). In 2018/19 budget it was agreed to continue to maintain the working balance at 10% of gross expenditure.

Borrowing

5.9   Capital expenditure can also be funded from borrowing. This means that the cost of capital in any particular year is spread over a number of years in line with the conditions of borrowing (i.e. 20 years/30-years or a combination). This results in an annual charge for borrowing which is met from revenue. Any borrowing is undertaken in line with the current Council's Borrowing Policy.

5.10 Borrowing can be internal or external to the Council. The economic case for borrowing externally or using the Council's own reserves to finance capital expenditure is essentially

down to whether interest rates are higher or lower than the long term average return on the Council's external investments (with fund managers).

5.11 As at 31 March 2018 the HRA borrowing was £187m. At this level of borrowing, the debt cost per dwelling is £8,643. This compares to national average of £12,807 per dwelling for 2015/16.

Capital Receipts

5.12 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 2018/19. Some legacy sales set in motion before the deadline may occur in 2018/19 however these are not expected to be significant. Income from Right to buy sales was used to write off debt therefore this source of capital income has effectively stopped and will result in increased borrowing to fund the capital programme.

Debt Profile and investments

5.13 The plan assumes an interest rate of 3.82% in year 1 18/19, increasing to 5% by year 10 and then held at this level throughout the life of the model. The investment Strategy is undertaken for the whole of the Council and not specifically the HRA.

Asset Investment

Asset Management & National Standards (SHQS and EESSH)

5.14 The most important developments at a housing stock level in the last decade have been the requirement to meet the Scottish Housing Quality Standard (SHQS) which was a significant investment. Aberdeen City Council has performed well against this target, and the focus has now turned to Environmental Efficiency Standards (EESH). These measures help ensure that our housing stock is modern, warm, well insulated, and provide space for tenants to thrive. They also ensure that less energy is required to heat each home, helping to reduce our impact on the environment.

5.15 Other Investment Plans/Priorities

Over the following five years investment is to be made on structural repairs for multi storey blocks and general housing (includes over cladding), window and heating replacements and the continuation of the modernisation programme (Kitchens and bathrooms).

Aberdeen City Council has a stock of non-traditional build properties which consists of 3,863 multi storey properties and 1,980 low rise properties. Future priorities for these types will focus on continued fabric repairs programmes to ensure structural elements are kept in good order. In the multi storey stock this is managed through a seven year cyclical programme of surveys and fabric repairs. A structural survey of the Council's low rise stock, including non -traditional types is nearing completion. From the results of these surveys a programme of fabric repairs will be identified. It is likely thereafter that low rise non- traditional properties will require to be inspected on a five to ten year cyclical basis. This may result in more regular structural repair contracts and, therefore, a requirement for more regular and higher expenditure on these properties. In addition to the above, there are challenges in ensuring some multi storey and non- traditional types meet the Energy Efficiency Standard for Social Housing (EESSH) by 2020. Going forward there may be a higher energy standard put in place by the Scottish Government from 2020. There is no

information on what that will entail, but it is highly likely that it will not be possible to achieve compliance in much of our multi storey and non-traditional stock.

In 2018/19 it is anticipated the following will be the priorities –
- Structural Repairs on 9 Multi Storey Blocks £4.2m
- Heating system replacements 926 properties £4.4m
- Solid Wall Insulation £3.8m
- Energy Efficiency on 5 Multi Storey Blocks £2.2m

New Affordable House Building

5.16 During 2018/19 is it anticipated that the following new build completions will be made in Smithfield 98 and Manor Walk 80.

As instructed by the Council at its budget meeting on 6th March 2018 the Director of Resources reported to the City Growth and Resources Committee on 19th June 2018 with business cases for the delivery of 2,000 Council houses in conjunction with private developers, as appropriate, working within an affordable capital investment sum of £250 million and with the requirement that each business case must demonstrate the long term affordability and sustainability of the Council's Housing Revenue Account.

Individual financial models are being prepared for each project and, in order to assist in the delivery timescales, agreement of the Strategic Commissioning Committee, at its meeting on 19th June 2018 (report RES/18/034), was obtained to delegate authority to the Director of Resources, following consultation with the Convenor and Vice-Convenor of that Committee, to approve the finalised financial models.

In terms of financial aspects, this includes the types and sources of funding including for example, Council / HRA borrowing, Council 2nd Homes Grant and Scottish Government Grant, affordable housing developer contributions etc. The final financial models are required to demonstrate the self-sustainability of each project and as such, a project will only be progressed where this is demonstrated: if it does not, then the project will not be progressed.

Risk Assessment

Financial Risks

5.17 There are many variables in the financial modelling to be considered. The assumptions made in the financial modelling have been tested, but financial risks still remain. Assumptions include inflation at 2%, rental inflation 3%, void rates 1.2% and debt per unit in 18/19 £8,795. All are comparable with other local authorities who have completed Scotland's Housing Network Value for Money Study.

Potential risks
- Interest rates are currently at a very low level, but over the lifetime of the model are likely to rise. This is mitigated to some extent with the use of a pooled rate of interest, which are less likely to show major fluctuations.

- ACC is monitoring the Ministerial Working Group on Building Fire Safety. This includes a review of Fire Safety and Regulations framework for High Rise Domestic Buildings. This may have an impact on Asset Management Costs.
- Impact of Brexit on demand for Council Housing, with many EU nationals returning to Europe.

- Voids may increase due to the availability of alternative housing options from other providers aiming at the key workers market.

- The introduction of Univeral Credit.

- Further reduction in the demand for Sheltered Housing Multi Storey Flats, these properties can be returned to mainstream however the challenge will be rehousing the existing tenants.

- Construction prices increase, through benchmarking it is clear there are higher costs experienced in both Aberdeenshire & Aberdeen City than our peer group.

5.18 Risk Analysis – Impact of key risk factors

Risk Factor	Max Debt Affordability	Cumulative reserves	Max Debt per unit
	%	£'000	£
Baseline	28	62,913	16,255
Bad debts double to 5%	34	30,524	18,882
Void rates increase to 3%	31	32,060	17,677
Construction prices increase by 1%	35	30,521	20,712

Demonstrates that if any of the risk factors do occur the 30 year plan will be pushed towards the 35% limit set by ACC**.**

PESTLE Diagram – factors affecting the Scottish Housing environment

Political	Economic
- Austerity economics continued in public finances - Brexit - Referendum 2 Bill - Scottish government review of local government - Double devolution agenda - Public Bodies (Joint Working) (Scotland) Act 2014 and the national outcomes for health and wellbeing. - Community planning agenda - Homelessness agenda (Non HRA) - Welfare reform - Potential introduction of Rent Pressure Zones - Community Justice reform - City region deal - Ministerial Working Group on Building and Fire Safety - Fuel Poverty Bill	- Downturn in oil & gas industry - High operating costs in the North Sea basin - Skills, expertise and employment leaving the region - Intense global competition - Local unemployment rising - Tight labour market, especially for key workers - House prices and impact on Private Rented Sector - Interest Rates, Negative Equity & Repossessions - Consumer inflation affecting standard of living - Reducing public sector funding - City region deal - Ministerial Working Group on Building and Fire Safety - Welfare reform
Social	**Technological**
- Fluctuating population: potential for significant reduction or increase depending on regional economy - Increasing aging population / cost of health & social care - Projected increasing school age population - Increasing migrant workers and multi ethnic diversity - Geographical variations in deprivation - Multi-generational deprivation - Substance Misuse - Reducing levels of antisocial behaviour - Enabling independent living in the community for those with a disability or long term health condition - Community resilience - Community Justice reform - Ministerial Working Group on Building and Fire Safety - Welfare reform	- Inadequate digital infrastructure and high cost of connections - Increase in use of digital channels - Greater automation of processes and objects - Rise of sensors and devices connected to the internet - Rise of the smartphone society - New techniques to gather and analyse data - Transformation of IT infrastructure and operations - Integrated approach to public service ICT - Commitment to 100% super-fast broadband - Greater use of telecare and telehealth systems to support independent living.
Legal	**Environmental**
- Scottish Government "Programme for Government" 2015 - Community Empowerment (Scotland) Act 2015 - Bill to devolve LA responsibilities to communities - Child Poverty Bill - Local and national targets to increase delivery of new affordable houses 1% of budget to be subject to Community Choices - Welfare Reform – Universal Credit implementation - Community Justice (Scotland) Act 2016 - Creation of Housing Revenue Account Business Plan	- Circular Economy and Zero Waste Bill - Climate change bill and Paris Agreement implications - Scottish Government's Low Carbon Economic - Strategy - Flooding - EESH standards in social housing

Local Outcomes Improvement Plan (LOIP)

Summary of Locality Plans

Middlefield, Northfield, Cummings Park, Mastrick and Heathryfold Locality Plan

We will improve area housing

We will deliver additional affordable housing in the Locality

We will deliver high quality social housing, estates and housing services

We will improve outcomes for families with most complex needs – Priority Families

Torry Locality Plan

We have access to affordable, fit for purpose, and well maintained housing which we can sustain

We will deliver high quality social housing, estates and housing services

We will deliver additional affordable housing that meets resident's needs

We will deliver the Priority Families Service

Tillydrone, Woodside and Seaton Locality Plan

Ensure high quality housing

We will deliver additional affordable housing in the locality

We will deliver high quality social housing, estates and housing services

We will establish a Priority Families service team in the locality and prioritise its services for local

SWOT analysis of service

Strengths	Weaknesses
• A skilled, experienced workforce with expertise of their work • Multi-disciplinary • Established partnerships and networks • Flexibility of Smarter Working • High quality services • EU and international experience • Award winning services and reputation of other services • In-house staff development and good training programmes • Strategic influence – nationally, regionally and internationally • Internal and external relationships • Portfolio of high impact projects • Proactive and focus on continuous improvement • Strength of new political and business relationships • Community engagement • Housing Revenue Account financial plan	• Reputation within the City, Shire and nationally • Credibility amongst business customer • Lack of certain core skills and expertise • Budget cuts means strain on resources • Communications within directorate and organisation • Mainstreaming of monitoring and performance systems • Responding to changing need • Risk averse and reluctance to change • Lack of integrated systems / databases • Workforce planning – recruitment / retention of experienced staff and underdevelopment / training of staff • Bureaucracy • Reliance on temporary accommodation for homeless people • Lack of appropriate special needs housing to enable independent living
Opportunities Better communication • Shared Services/co-location • Partnerships and collaboration • Locality Planning and the LOIP • SIP and other capital projects • Public service reform and improvement agenda • Changing delivery models/service redesign • Government policy and changes • Recruitment of new staff with different abilities • Staff development • Opportunities to generate income and improve public health through development of the pest control service	Threats Economic downturn and rising demand • Public sector deficit and budget reductions • Failure to capitalise on the timing, moment and opportunity that the political, public and private sector leadership has shown • Recruitment to posts • Welfare reform / Universal Credit • Shared services • Oil and gas industry downturn • Population growth • Outcome of Local Government Elections • Aging population with different needs • Lack of affordable housing within the City

Social Housing Charter 2013-14, 2014-15, 2015-16, 2016-17 & 2017-18 averages for Scotland sector and peer groups highlighting Aberdeen City Council.

	I1 Percentage satisfied with overall service					I3 Percentage satisfied with keeping tenants informed					I6 Percentage satisfied with opportunities to participate				
	2013-	2014-	2015-	2016-	2017-	2013-	2014-	2015-	2016-	2017-	2013-	2014-	2015-	2016-	2017-
Aberdeen City Council (Large LA)	85.9	85.9	85.9	83.	83.	84.5	84.5	84.5	76.9	76.9	79.8	79.8	79.8	67.7	67.7
All LAs	81.1	83.4	83.3	85.3	84.9	77.7	80.5	81.5	81.5	84.7	63.9	69.7	71.3	72.4	76.9
All RSLs	89.1	88.9	90.	91.	91.3	90.7	90.8	92.2	92.9	92.9	80.8	81.3	83.	85.9	86.5
Peer Group 1 - Specialist	89.3	88.8	88.2	88.9	86.9	88.5	86.8	88.2	87.2	84.3	73.5	74.3	75.1	74.6	74.3
Peer Group 10 - Large LA & GHA	83.2	84.2	86.8	86.5	86.7	74.8	77.7	85.4	84.9	85.3	63.4	69.	76.	74.	77.
Peer Group 11 - Stock transfer LA									0.					0.	
Peer Group 2 - Rural	87.2	87.1	88.6	90.2	92.2	87.7	87.9	90.3	92.	94.1	75.	76.	78.9	80.9	84.8
Peer Group 3 - Small urban	92.7	91.3	93.9	93.5	96.1	93.9	94.3	95.	94.7	96.4	85.8	88.	87.7	89.8	93.5
Peer Group 4 - Medium urban	91.4	90.8	91.1	93.3	91.9	94.5	94.8	94.8	96.3	95.7	86.	84.3	85.1	90.7	90.7
Peer Group 5 - Large urban	87.7	87.9	89.	90.2	91.3	89.1	89.4	91.6	92.2	93.6	79.	80.1	83.6	85.7	89.4
Peer Group 6 - Small stock transfer	88.8	88.	89.5	92.3	94.8	93.7	92.8	93.6	95.7	98.3	87.8	85.8	87.1	92.5	97.8
Peer Group 7 - Large stock transfer	85.8	86.6	87.6	87.8	88.6	87.1	87.3	89.6	89.8	89.7	76.1	76.5	79.5	81.6	79.3
Peer Group 8 - Small LA	80.3	82.3	81.6	85.7	84.5	77.1	81.3	80.9	86.5	86.4	64.2	70.	69.7	78.2	78.4
Peer Group 9 - Medium LA	80.7	84.4	83.3	84.1	84.3	80.8	81.5	79.7	81.7	81.8	63.9	69.5	70.4	71.7	74.9
SHN Average		88.1		90.2	89.8		89.3		91.1	90.9		79.6		83.8	84.2
SHR Scottish Average	87.9	88.1	89.	90.2		88.9	89.3	90.6	91.1		78.4	79.6	81.3	83.8	

Social Housing Charter 2013-14, 2014-15, 2015-16, 2016-17 & 2017-18 averages for Scotland sector and peer groups highlighting Aberdeen City Council.

	I11 Average length of time taken to complete emergency repairs					I12 Average length of time taken to complete non-emergency repairs					I15 Gas safety record renewed by anniversary date				
	2013-	2014-	2015-	2016-	2017-	2013-	2014-	2015-	2016-	2017-	2013-	2014-	2015-	2016-	2017-
Aberdeen City Council (Large LA)	4.7	11.4	5.2	3.2	3.3	10.1	8.7	6.5	6.5	2.6	67.	97.	100.	100.	100.
All LAs	7.5	6.3	5.7	5.1	4.4	9.9	9.5	9.	8.4	7.2	97.7	99.5	99.7	99.9	99.8
All RSLs	5.1	4.5	3.4	3.5	2.9	5.8	5.7	5.6	5.5	5.4	98.8	99.5	99.8	99.9	99.9
Peer Group 1 - Specialist	4.3	4.5	4.6	3.7	3.6	6.6	5.7	5.1	5.1	6.2	99.1	98.2	99.3	99.5	99.6
Peer Group 10 - Large LA & GHA	6.4	5.7	5.6	4.1	4.1	9.5	9.3	8.6	8.3	7.3	95.6	99.5	99.8	100.	99.9
Peer Group 11 - Stock transfer LA			4.9	4.1					9.1	13.2			99.7	100.	
Peer Group 2 - Rural	12.1	6.	5.1	3.9	3.8	6.5	6.5	6.2	6.5	5.8	99.	99.7	99.7	99.9	100.
Peer Group 3 - Small urban	2.9	3.4	3.1	2.5	2.5	3.	3.2	4.2	3.	3.9	98.9	99.9	99.8	99.9	100.
Peer Group 4 - Medium urban	3.7	2.6	2.5	2.5	2.5	3.7	3.7	3.6	3.5	3.8	97.2	99.2	99.8	99.9	100.
Peer Group 5 - Large urban	5.3	4.7	3.	3.1	2.9	5.6	5.4	5.2	5.2	5.	98.3	99.3	99.8	99.9	99.8
Peer Group 6 - Small stock transfer	1.9	1.7	2.7	1.9	1.8	4.8	4.3	3.9	4.4	4.1	99.8	99.9	99.9	100.	99.8
Peer Group 7 - Large stock transfer	4.6	4.7	3.7	4.2	2.8	7.1	7.2	7.5	6.7	6.2	99.8	99.8	100.	99.9	100.
Peer Group 8 - Small LA	6.2	4.5	5.	4.3	3.9	10.3	8.7	8.3	9.	7.7	99.7	99.4	99.6	99.9	99.9
Peer Group 9 - Medium LA	10.3	8.4	7.5	7.2	5.4	10.2	10.3	9.6	8.4	6.7	99.7	99.5	99.7	99.8	99.5
SHN Average		5.8		4.7	4.1		7.9		7.1	6.6		99.5		99.9	99.8
SHR Scottish Average	6.9	5.8	5.1	4.7		8.2	7.9	7.5	7.1		98.1	99.5	99.8	99.9	

Social Housing Charter 2013-14, 2014-15, 2015-16, 2016-17 & 2017-18 averages for Scotland sector and peer groups highlighting Aberdeen City Council.

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	I10 Satisfied with quality of home					I17 Satisfaction with management of neighbourhood					I18 Percentage of tenancy offers refused				
	2013-	2014-	2015-	2016-	2017-	2013-	2014-	2015-	2016-	2017-	2013-	2014-	2015-	2016-	2017-
Aberdeen City Council (Large LA)	88.	88.	88.	84.5	84.5	85.6	85.6	85.6	79.4	79.4	52.8	48.5	48.5	50.3	51.8
All LAs	81.1	82.9	83.8	80.8	84.6	78.4	81.1	81.2	80.7	83.8	46.4	45.4	40.5	40.5	39.3
All RSLs	86.	86.3	86.9	88.	89.7	85.2	85.6	86.8	88.3	88.7	35.9	36.6	33.5	32.8	28.6
Peer Group 1 - Specialist	91.2	92.6	92.1	91.2	91.5	87.3	87.3	86.1	85.	83.6	26.8	25.2	21.2	24.1	24.9
Peer Group 10 - Large LA & GHA	84.	85.7	85.4	87.	86.8	78.9	82.9	84.1	86.2	85.9	41.3	41.9	45.4	34.8	35.2
Peer Group 11 - Stock transfer LA				0.					0.					0.	
Peer Group 2 - Rural	84.9	85.1	86.8	87.7	89.	81.6	80.4	83.	84.9	86.5	29.6	28.	30.7	33.	31.3
Peer Group 3 - Small urban	87.8	87.9	87.	87.9	93.	89.4	90.6	90.8	91.2	94.6	32.3	35.8	23.2	24.2	11.3
Peer Group 4 - Medium urban	88.2	87.6	87.3	89.6	90.9	87.7	87.8	88.	91.2	92.4	32.1	35.3	32.9	29.5	27.
Peer Group 5 - Large urban	83.7	84.	85.9	87.	88.4	81.7	82.9	85.4	86.6	87.8	43.5	42.1	39.2	35.9	33.5
Peer Group 6 - Small stock transfer	86.5	87.1	88.5	89.5	92.5	90.4	88.7	89.3	91.9	96.3	51.1	42.4	44.	41.4	23.2
Peer Group 7 - Large stock transfer	83.	84.1	84.8	86.	86.7	82.4	82.5	85.1	86.	86.3	27.6	33.9	28.	31.6	24.
Peer Group 8 - Small LA	80.1	81.1	84.6	83.3	85.3	77.6	79.8	79.8	83.	84.9	47.9	44.	38.7	42.8	38.7
Peer Group 9 - Medium LA	80.5	83.4	81.7	82.3	82.2	79.	81.6	81.1	83.	81.	51.8	50.	48.1	46.6	45.4
SHN Average		85.8		86.9	88.5		84.9		87.1	87.7		41.9		37.3	35.9
SHR Scottish Average	85.3	85.8	86.5	86.9		84.2	84.9	86.	87.1		42.2	41.9	37.8	37.3	

Social Housing Charter 2013-14, 2014-15, 2015-16, 2016-17 & 2017-18 averages for Scotland sector and peer groups highlighting Aberdeen City Council.

	I16 Satisfaction with repairs service					I20 Percentage of all tenancies from previous year sustained					I35 Average time to re-let properties				
	2013-	2014-	2015-	2016-	2017-	2013-	2014-	2015-	2016-	2017-	2013-	2014-	2015-	2016-	2017-
Aberdeen City Council (Large LA)	92.2	92.8	95.2	95.9	95.	91.5	92.	92.2	92.4	90.2	71.5	92.5	104.3	51.5	49.9
All LAs	86.	87.	88.8	86.2	90.8	87.4	88.5	88.3	89.4	89.	37.1	38.6	38.6	33.5	32.
All RSLs	87.9	89.7	90.2	91.4	92.6	88.2	89.7	88.4	88.5	87.1	33.7	34.5	31.	28.8	29.1
Peer Group 1 - Specialist	89.1	88.1	91.7	89.	90.2	85.1	86.5	80.9	80.2	79.	59.5	65.5	54.1	47.	39.1
Peer Group 10 - Large LA & GHA	88.9	88.6	90.4	90.5	92.4	88.3	89.5	89.8	90.9	89.9	32.5	34.6	34.5	25.1	25.5
Peer Group 11 - Stock transfer LA			89.7	0.										0.	
Peer Group 2 - Rural	85.2	88.9	88.5	90.7	91.4	88.9	87.2	89.4	88.9	90.4	20.6	21.9	22.4	23.5	19.7
Peer Group 3 - Small urban	91.9	93.7	93.9	93.8	96.3	92.2	90.9	90.4	93.8	92.8	18.4	14.4	12.2	11.8	9.2
Peer Group 4 - Medium urban	90.3	92.3	92.9	92.8	94.1	90.	92.7	91.7	92.8	89.	14.6	12.8	12.9	13.1	11.2
Peer Group 5 - Large urban	86.9	87.5	88.8	90.7	91.2	88.9	91.1	89.4	89.6	88.6	29.5	25.6	24.9	23.4	23.6
Peer Group 6 - Small stock transfer	84.6	91.5	84.5	90.2	95.8	90.3	88.9	88.8	90.3	90.	32.2	40.3	24.5	33.9	36.9
Peer Group 7 - Large stock transfer	84.3	85.9	88.	89.9	93.6	86.8	88.5	88.6	88.7	87.7	40.8	45.6	40.2	35.9	38.6
Peer Group 8 - Small LA	83.9	83.5	87.9	86.2	86.9	90.3	89.5	89.7	90.1	89.9	40.9	44.	35.8	40.2	36.6
Peer Group 9 - Medium LA	87.	90.6	88.3	92.8	94.9	85.	86.5	85.6	87.1	87.4	41.8	41.4	45.5	42.	39.4
SHN Average		89.3		90.6	92.1		89.		89.	88.4		36.9		31.5	31.
SHR Scottish Average	87.6	89.3	90.	90.6		87.7	89.	88.3	89.		35.7	36.9	35.4	31.5	

HRA Financial Plan Assumptions

Inflation

The model has used the longer-term expected rate of 2% RPI over the 30-year period which is comparable with other Local Authorities. An assumption as to the future value of inflation is available from government forecasts, which although higher at present, with the Retail Prices Index (RPI) currently 3.2% (July 18), the Office for Budget Responsibility shows government forecasts for RPI to reduce to 3.2% by 2021. The rate of 2% is assumed reasonable for an average over the 30-years.

HRA Costs

The main expenditure items on the HRA are maintenance (including repairs and maintenance, grounds maintenance & energy costs), management and administration, central support (including IT, HR, Finance, Directorate Support) and debt charges.

Repairs and maintenance

This covers the cost of the responsive and cyclical maintenance provided by Building Services. This takes account of the cyclical maintenance costs detailed in Asset Management Strategy, along with the cost of running the Housing Repairs Service.

Management and Administration

The HRA requires proper supervision and management in order to ensure that its properties are effectively managed, maintained and let to tenants.

Capital Expenditure

Capital expenditure includes the cost of major component replacement and the approved new builds. ACC in conjunction with Arneil Johnston are developing an Asset Management Plan. Currently the 30-year Finance Plan shows an investment of £1.455bn over the 30-years.

Borrowing Costs

Historically, borrowing has been required to fund the HRA and where possible the CFCR has been maximised. The plan indicates that the maximum debt affordability is 28% (years 16 to 19) this sits well below the prudential target of 35% set by the Council.

It is expected that borrowing will be undertaken at the Council's internal pooled rate, on which interest has been estimated at 5% from year 10 for the purpose of the financial modelling.

Appendix 6 - HRA Business Plan Financial Summary

	£000's	Year 5 2,018 £000's	Year 10 2,018 £000's	Year 15 2,018 £000's	Year 20 2,018 £000's	Year 25 2,018 £000's	Year 30 2,018 £000's
Mid Point Housing Stock (including new build)		21,680	21,864	21,864	21,864	21,864	21,874
SUPERVISION AND MANAGEMENT COSTS		13,186	14,559	16,074	17,747	19,594	21,634
REVENUE EXPENDITURE							
Response & Void Repairs		16,141	18,448	20,914	23,714	26,893	30,038
Cyclical Repairs		12,201	13,892	15,738	17,830	20,203	22,894
Estate Management & Grounds Maintenance		3,467	3,828	4,226	4,666	5,152	5,688
Other Property Expenditure		5,982	6,605	7,292	8,051	8,889	9,815
Special Services		1,718	1,896	2,094	2,312	2,552	2,818
Agencies		237	262	289	319	352	389
Contribution to working balances		541	598	660	728	804	888
TOTAL REVENUE EXPENDITURE		40,287	45,528	51,213	57,621	64,846	72,529
CAPITAL FINANCING COSTS							
Instalment of Debt (Original debt)		7,000	7,000	7,000	7,000	7,000	0
Interest & Expenses (Original Debt)		6,879	6,212	4,462	2,712	962	0
Loan Charges - Prudential Borrowing		4,998	9,371	21,604	29,198	31,837	28,774
TOTAL CAPITAL FINANCING COSTS		18,877	22,583	33,066	38,910	39,798	28,774
GROSS EXPENDITURE		72,350	82,670	100,353	114,278	124,239	122,938
Debt Charges as a % of Rents		**21%**	**21%**	**27%**	**27%**	**24%**	**15%**
REVENUE INCOME							
Net rental income (less voids and bad debts)		-90,812	-106,113	-123,017	-142,614	-165,332	-191,758
Garage Income		-852	-941	-1,039	-1,147	-1,266	-1,398
Other Income		-3,524	-4,230	-5,009	-5,870	-6,819	-7,868
Interest on Revenue Balances		-108	-108	-102	-102	-102	-282
TOTAL INCOME		**-95,296**	**-111,392**	**-129,167**	**-149,732**	**-173,520**	**-201,306**
NET EXPENDITURE/(INCOME)		**-22,946**	**-28,722**	**-28,814**	**-35,455**	**-49,281**	**-78,368**
CAPITAL INCOME							
Additional Capital which could be borrowed		-352	-14,393	-36,900	-13,584	-9,049	0
CFCR (Net Expenditure/Income)		-22,946	-28,722	-28,814	-35,455	-49,281	-78,368
TOTAL CAPITAL INCOME		**-23,298**	**-43,115**	**-65,714**	**-49,039**	**-58,330**	**-78,368**
CAPITAL EXPENIDTURE							
New Build (Net of Grant Subsidy)		0	0	0	0	0	0
Major component replacement		16,006	11,880	28,681	27,200	34,076	28,071
Structural and Externals		4,560	28,894	35,692	20,217	22,609	32,577
CP & SOA		2,435	2,742	3,102	3,510	3,971	4,493
Service Development		22	24	28	31	35	40
Fees		3,178	4,745	5,819	3,559	3,987	5,560
OCE - SCARF		38	43	48	55	62	70
Slippage		-2,942	-5,213	-7,655	-5,533	-6,411	-6,842
TOTAL CAPITAL EXPENDITURE		**23,298**	**43,115**	**65,714**	**49,039**	**58,330**	**63,969**
Net Capital Expenditure / (Income)		**0**	**0**	**0**	**0**	**0**	**-14,399**
Cumulative Expenditure / (Income)		**0**	**0**	**0**	**0**	**0**	**-32,392**
Net Revenue Expenditure		**0**	**0**	**0**	**0**	**0**	**0**
Calculation of Rent Increase to Facilitate Capital Works							
Net Revenue and Capital Expenditure / (Income)		**0**	**0**	**0**	**0**	**0**	**-14,399**
Additional Income required to fund revenue		0	0	0	0	0	0
Additional Income Required to Fund Capital Works		0	0	0	0	0	0
Income Required from Rent Increase (including reserves)		0	0	0	0	0	0
Closing Balance Including Years Rent Increase (and previous years reserves less MWB)		0	0	0	0	0	-32,392
Reserves Brought Forward							
Minimum Working Balance		-10,237	-10,237	-10,237	-10,237	-10,237	-10,237
Closing Balance excluding Minimum Working Balance		0	0	0	0	0	-32,392
Closing Balance Including Minimum Working balance	-10,237	-10,778	-10,237	-10,237	-10,237	-10,237	-42,629
		13,380	15,712	18,884	22,386	26,252	62,913
Includes contribution to working balances		13,380,236	15,711,860	18,883,708	22,385,685	26,252,150	62,913,194

Stock Profile

As at 31st March 2018, the Council's housing stock on the HRA numbered 22,050 properties.

HRA Housing Stock by Type – 31st March 2018

House type	Number	%
House	5,351	24.3
High Rise	3,857	17.5
Tenement	9,281	42.1
4 in a block	2,129	9.6
Other flat / maisonette	1,432	6.5
Total	**22,050**	

Misc Stock by Type – 31st March 2018

Type	Number
Garages Sites	241
Parking Spaces	911
Lock up Garages	2,042
Total	**3,194**

Stock Age

Period	Number	% stock
Pre: 1919	1,164	5.3
1919 – 1944	4,274	19.4
1945 – 1964	6,000	27.2
1965 – 1982	8,978	40.7
1983 – 2002	1,255	5.7
Post: 2002	379	1.7

Stock Quality

The number of properties meeting the Scottish Housing Quality Standard is set out below:

Description	%
Properties meeting	82.64
Exempt	3.32
Abeyance	3.60
Failing	10.44

Component Replacement

Major components are replaced on an age basis the lifecycle is listed below

Component	Lifecycle (years)
Bathroom	30
Kitchen	20
Heating systems – boiler	15
Heating systems – radiators	15
Windows	30
Doors	30
Wiring	30
Pitched Roofs	60
Flat Roof	30
Downpipes & Gutters	60

Current Capital Programme approved March 2018

Areas	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Includes
Compliant with tolerable standard	1,458	1,977	222	636	820	Major repairs
Free from serious disrepair	12,708	7,478	7,214	8,681	6,021	Structural repairs, window replacement and roof upgrades
Energy Efficient	9,234	9,428	11,411	11,325	7,998	Heat system replacement and energy efficiency
Modern Facilities & Services	1,945	1,435	1,926	1,920	3,127	Kitchens and Bathrooms
Healthy, Safe & Secure	4,713	5,684	1,403	988	1,034	Rewiring and lift replacement
Non Scottish Housing Quality Standards	17,190	24,936	11,761	6,225	5,706	New Build and Disabled adaptations
Total	47,248	50,938	33,937	29,775	24,706	

References

Scottish Government Social Housing Charter

https://beta.gov.scot/publications/scottish-social-housing-charter-april-2017/

LOIP

http://councilcommittees/ieListDocuments.aspx?CId=122&MId=3847&Ver=4

Item 14 OCE/16/0131

ACC Target Operating Model

http://councilcommittees/ieListDocuments.aspx?CId=122&MId=4328&Ver=4

Item 9 OCE/17/024

Local Housing Strategy
http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=62130&sID=19146.

Updated version to be presented to this committee

Strategic Housing Investment Plan

http://councilcommittees.acc.gov.uk/ieListDocuments.aspx?CId=503&MId=4322&Ver=4

Item 17 CHI/17/205

Updated version to be presented to this committee

Choice Based Letting Report

http://councilcommittees.acc.gov.uk/ieListDocuments.aspx?CId=503&MId=3839&Ver=4

Item 42 CHI/16/096