

ABERDEEN CITY COUNCIL

HOUSING REVENUE ACCOUNT
BUDGET 2019/20

DRAFT HOUSING REVENUE ACCOUNT**Index**

Page 2	.	.	.	.	.	Index
Page 3	.	.	.	.	.	Revenue Assumptions
Page 4	.	.	.	.	.	Housing Capital Expend Prog

Section 1 – HRA Budget 2019/20

Page 5	.	.	.	.	.	HRA Draft 2019/20 Budget
Page 7	.	.	.	.	.	HRA Variance Notes
Page 11	.	.	.	.	.	Miscellaneous Rents
Page 13	.	.	.	.	.	Tenants Consultation

Section 2 – HRA Budget 2019/20 – 2023/24

Page 14	.	.	.	.	.	5 Year HRA Budget
Page 16	.	.	.	.	.	5 Year HRA Assumptions
Page 17	.	.	.	.	.	5 Year Capital Budget
Page 20	.	.	.	.	.	Housing Capital Plan – New Build Council Housing
Page 24	.	.	.	.	.	Summerhill Model
Page 26	.	.	.	.	.	Dyce Model

Revenue Assumptions

In preparing the information for the draft Housing Revenue Account budget for the financial year 2019/20, 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 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 2019/20, (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 3.2% (RPI at November 2018). (Source: Office of National Statistics)

Housing Stock

The number of Council houses owned by the Council, as at 31 December 2018, is 22,689.

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 2019/20.

Rental Income

The income available in 2019/20 to fund the proposed budgeted level of expenditure has been calculated by taking the current out turn uplifting by 4.3% (RPI at July 2018 3.3 + 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 2019/20. 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 Chief Officer - 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

Currently the Capital Programme only includes the programmed replacement element which includes replacement windows, heating, kitchen and bathrooms etc. It should be noted this programme makes no allowance for the 2,000 new build homes.

Separately identified is models for the Summerhill site over the 40 years (the period the debt is borrowed over) and the buy back policy model all assumptions have been stated.

Housing Revenue Account					
Draft 2019/20 Budget		Budget	Out-turn	Budget	Notes
		2018/19	2018/19	2019/20	
		£000's	£000's	£000's	
Premises Costs					
1	Rates	60	78	80	
2	Rent – Other	102	55	62	1
3	Repairs and Maintenance	27,685	27,685	28,516	2
4	Maintenance of Grounds	3,203	3,071	3,163	3
5	Gas	515	570	604	4
6	Electricity	2,754	2,754	2,974	4
7	Cleaning Service	500	500	500	5
8	Security Service	341	341	351	6
9	Window Cleaning	26	26	26	
10	Refuse Collection	337	300	309	7
11	Cleaning – Sheltered Housing	578	578	595	8
12	Other Property Costs - Council Tax	28236,383	286	295	9
			36,244	37,476	
Administration Costs					
14	Downsizing Grants/Direct Debit Incentives	102	102	102	10
15	Legal Expenses	350	250	250	
16	Office Tel / Rent	10	10	10	
17	Tenants Arrears	2,000	2,500	2,500	11
18	Charges - Services Admin & Management.	9,745	9,745	10,037	12
19	General Consultancy	60	60	60	13
20	Training for Front Line Staff	100	100	100	13
21	Benefits Staff	63	61	63	13
22	Charges - Tenants Participation	206	120	150	14
23	Charges for Environmental Health	217	217	226	
		12,853	13,165	13,498	
Supplies & Services					
24	Provision of Meals	155	155	158	15
25	Television Licence	8	5	5	
26	IT Provision	254	200	200	16
		417	360	363	
Agencies					
27	Mediation Service	83	83	50	17
28	Energy Advice	83	83	83	18
29	Benefits Advice	14	14	0	
30	Disabled Persons Housing Service	39	39	39	13
		219	219	172	

HOUSING REVENUE ACCOUNT BUDGET

	Housing Revenue Account	Budget	Out-turn	Budget	
	Draft 2019/20 Budget	2018/19	2018/19	2019/20	
		£'000	£000's	£000's	
	Transfer Payments				
31	Priority Families Service/Housing First	645	645	658	19
32	Loss of Rent - Council Houses	1,106	1,143	1,192	20
33	Loss of Rent - Garages, Parking etc	444	503	525	
34	Loss of Rent - Modernisation Works	109	120	109	
35	Home Loss & Disturbance Payment	0	0	0	
36	CFCR	20,641	20,938	26,173	
		22,945	23,349	28,657	
	Capital Financing Costs				
37	Loans Fund Instalment	7,249	1,552	1,794	
38	Loans Fund Interest	6,670	12,050	8,237	
		13,919	13,602	10,031	21
	Expense Total	86,735	86,939	90,197	
	Income				
39	Ground Rentals	(23)	(11)	(11)	
40	Dwelling Houses Rent Income	(82,686)	(82,929)	(86,198)	22
41	Housing - Heat with Rent Income	(2,097)	(2,127)	(2,127)	23
42	Housing - Garages Rent Income	(1,291)	(1,293)	(1,293)	24
43	Housing - Parking Spaces Rent	(196)	(197)	(197)	24
44	Housing - Insurance Income	0	(10)	(2)	25
45	Housing - Other Service Charge	(542)	(543)	(540)	24
46	Legal Expenses	(318)	(250)	(250)	
47	Revenue Balance Interest	(80)	(79)	(79)	26
	Income Total	(87,235)	(87,439)	(90,967)	
	Net Expenditure	(500)	(500)	(500)	
	Projected Working Balance at 1 April 2019			10,146	
	19/20 Contribution			500	
	Projected Working Balance at 31 March 2020			10,646	

HOUSING REVENUE ACCOUNT 2019/20 BUDGET**Variance Notes****Comparing Draft Budget 2019/20 to Estimated Out-turn 2018/19****Expenditure Movements****1. Rent**

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

2. Repairs and Maintenance

The 2018/19 outturn has been uplifted by 3%. During 2019/20 further work is to be undertaken on this area establishing cyclical programme on such areas as painter work, health and safety.

3. Maintenance of Grounds

Maintenance of Grounds budget has two elements: Ground Maintenance and cleansing/weed control. The budget for 2019/20 has been calculated by using the anticipated out-turn for 2018/19 uplifted by 3%.

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. Assumed Gas will increase by 6% and Electricity 8%.

5. Cleaning Service

This budget is for communal cleaning. The new cleaning contract commenced on xx 2018 and is now carried out by an in house team and is expected to run for 3 years. The contractual value for 2019/20 has been calculated as £500,000.

6. Security Service

The cost of the security included in the budget for 2019/20 is £351,000 and includes the control room team.

7. Refuse Collection

The budget for 2019/20 has been calculated by using the out-turn for 2018/19 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 2018/19 uplifted by 3% 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 2019/20 has been based on the actuals for 2017/18 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 Incentive (£2,000) and (£50,000) Void Initiative.

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 was been developed this will be the second year of this initiative.

11. Tenants Arrears

The budget has been increased to £2.5M to reflect the roll out of Universal Credit, as at the end of December 2018 rent arrears are £4.5m (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 3% has been allowed for which is in line with the assumptions contained within the Council's General Fund.

13. General Consultancy, Training for Frontline Staff, Benefits staff, and Disabled persons Housing Service.

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 Officer/Assistant Housing Officer 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 2019/20 to reflect the accumulated 3% pay award.

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 organisation also provides 'No place like home' a service for those aged 65 years and over with disabilities or age-related illnesses and 'Veterans Voice', providing housing advice service for disabled veterans of armed forces, police, fire service and merchant navy.

The funding covers the Manger'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 in the Local Housing Strategy and form a key part of the Housing Contribution Statement that is integral to Aberdeen City Health and Social Partnership's Strategic Plan.

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. In 2019/20 there is £20k for the customer satisfaction survey.

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 45 of the budget statement above which is shown as "Housing Other Service Charge" contained in miscellaneous rents page 11.

16. IT Provision

This budget is based on the IT requirements for 2019/20 which includes all the support, maintenance including set up costs of Choice Based Letting.

17. Mediation Service

The budget for 2019/20 covers the Service Level Agreement with SACRO.

18. Energy Advice

Energy Advice encourages 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 and a Key Worker Delivery Unit (delivered by an external body) agreed at Communities, Housing and Infrastructure on 17th May 2016. The service 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 2018/19 forecast outturns uplifted by 4.3% the approved rental policy for 2019/20.

21. Capital Financing Costs

The budget for Capital Financing Costs is based on the likely level of capital spend in 2018/19 as at the end of November 2018 and a possible future programme for 2019/20 of £35 million (with no new build) as well as the level of historic debt that has to be financed.

Income**22. Dwelling Houses Rent Income**

The budgeted income from Dwelling House Rent has increased by the potential rent increase of 4.3% (RPI at July 2018 +1%) which is in line with current Council policy on rent setting with a start date of 30 April 2018. The budget for 2019/20 has been calculated based on the 2018/19 outturn less April 19 as the 28 days notice must be given to the tenants.

Below is an analysis of the current rents in 2018/19 & the impact of the proposed 4.3% rent increase proposed for 2019/20 -

Rental 2018/19					
Property Group Property (Bedrooms)					
	0	1	2	3	4
Multi/flat/maisonette	60.09	71.64	77.42	83.22	88.98
Four in a block	65.87	77.42	83.20	89.00	94.76
Cottage/House	71.67	83.22	89.00	94.80	100.56
Proposed 4.3% Rental increase 2019/20					
Property Group Property (Bedrooms)					
	0	1	2	3	4
Multi/flat/maisonette	62.67	74.72	80.75	86.80	92.81
Four in a block	68.70	80.75	86.78	92.83	98.83
Cottage/House	74.75	86.80	92.83	98.88	104.88

23. 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 12.

24. 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 11. The current budget therefore assumes that there will be no increase at present.

25. Housing Insurance Income

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

26. 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 2017/18 and current economic conditions.

Miscellaneous Rents

ABERDEEN CITY COUNCIL HOUSING REVENUE ACCOUNT					
Proposed Increase to be included in the HRA budget – Miscellaneous Rents					
		2019/20			
		Current	Proposed	Increase	Percentage
		Rental	Rental	Per Week	Increase
Note	Miscellaneous Increases	£	£	£	%
	Garages	11.80	12.30	0.50	4.24
	Denburn and West North Street Spaces	5.40	5.65	0.25	4.63
1	Denburn and West North Street Spaces – Non Resident	20.00	20.00	0	0
	Garages Sites	4.60	4.80	0.20	4.35
	Car Ports	5.05	5.25	0.20	3.96
	Car Parking Spaces – Local Residents	4.20	4.40	0.20	4.76
1	Parking Spaces Non Local Residents	20.00	20.00	0	0.00
2	Meals at Denmore & Kingswood	35.00	40.00	5.00	14.29
3	Guest Rooms	10 & 15	10 & 15	0	0
4	House Garden Scheme (annual)	75.60	77.50	1.9	2.5

The above proposed prices for 2019/20 have been increased broadly in line with the proposed rental increase subject to:

Note 1 – In 2017/18 the ‘non residents’ charge was reduced to £20pw to be competitive with charges applying in other city centre car parks from £35pw, it is recommended that there is no change to this charge in 2019/20.

Note 2 – No increase has been applied to meals at Denmore and Kingswood for many years therefore the difference between the charge and income has widened therefore in order to bring in line with cost an increase of £5 is recommended.

Note 3 - No increase is being recommended in 2019/20.

Note 4 – This is an annual registration payment for the House Garden Scheme for those who require help with under taking garden maintenance.

Heat with Rent calculations for 2019/20

It was agreed in the 2018/19 budget process not to increase the Heat with Rent 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 2019/20 based on current forecasts for consumption and cost.

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. In addition, the Housing (Scotland) Act 2001, makes it a legal requirement for Aberdeen City Council to consult with all tenants on any proposed changes to their rent.

The council currently has a rent uplift policy of the Retail Price Index (RPI)+1% with RPI taken from the July figure of the preceding year. The figure for July 2018 was 3.3% which means a proposed rent increase of 4.3%.

The consultation used Newsbite which is sent to all council tenants to advertise the consultation, the article provided information on the consultation and invited tenants to either call a free phone number or go on-line to register their views. We also used paid Facebook advertising and Aberdeen City Councils own social media accounts.

Tenants were consulted on the proposed rent increase during September 2018, the results were as follows:

Option	Total	Percent %
I agree with the proposed rent increase for 2019/2020	39	22
I disagree with the proposed rent increase for 2019/2020	139	78
Total number of responses	178	100

Housing Revenue Account		Budget	Budget	Budget	Budget	Budget	Notes
		2019/20	2020/21	2021/22	2022/23	2023/24	
		£000's	£000's	£000's	£000's	£000's	
Premises Costs							
1	Rates	80	82	84	85	87	
2	Rent	62	64	66	68	70	
3	Repairs and Maintenance	28,516	29,371	30,252	31,160	32,095	1
4	Maintenance of Grounds	3,163	3,258	3,356	3,456	3,560	2
5	Gas	604	640	679	720	763	5
6	Electricity	2,974	3,212	3,469	3,747	4,047	5
7	Cleaning Service	500	526	542	558	575	3
8	Security Service	351	362	373	384	395	2
9	Window Cleaning	26	27	27	28	28	3
10	Refuse Collection	309	318	328	338	348	2
11	Cleaning – Sheltered Housing	595	613	632	651	670	2
12	Other Property Costs - Council Tax	295	303	313	322	332	
		37,476	38,777	40,119	41,515	42,969	
Administration Costs							
13	Down sizing Grants/Direct Debit Incentives	102	102	102	102	102	
14	Legal Expenses	250	250	250	250	250	
15	Office Tel / Rent	10	10	10	11	11	3
16	Former Tenants Arrears	2,500	2,500	2,500	2,500	2,500	
17	Charges - Services Admin & Management	10,037	10,338	10,649	10,968	11,297	2
18	General Consultancy	60	60	60	60	60	
19	Training for Front Line Staff	100	102	104	106	108	3
20	Benefits Staff	63	65	67	69	71	2
21	Charges - Tenants Participation	150	153	156	159	162	2
22	Charges for Environmental Health	226	233	240	247	254	2
		13,498	13,813	14,138	14,472	14,816	
Supplies & Services							
23	Provision of Meals	158	161	164	168	171	
24	Television Licence	5	5	5	5	5	
25	Integrated Housing System	200	204	208	212	216	3
		363	370	378	385	393	

HOUSING REVENUE ACCOUNT BUDGET

Housing Revenue Account		Budget	Budget	Budget	Budget	Budget	
		2019/20	2020/21	2021/22	2022/23	2023/24	
		£000's	£000's	£000's	£000's	£'000	
Agencies							
27	Mediation Service	50	51	52	53	54	2
28	Energy Advice	83	85	86	88	90	2
29	Disabled Persons Housing Service	39	40	41	41	42	2
		172	175	179	183	186	
Transfer Payments							
30	Priority Families Service	658	671	685	698	712	2
31	Loss of Rent - Council Houses	1,192	1,228	1,265	1,303	1,342	4
32	Loss of Rent - Garages, Parking etc	525	540	557	573	590	
33	Loss of Rent - Modernisation Works	109	112	116	119	123	3
34	CFCR	26,173	26,963	26,459	26,186	26,800	
		28,657	29,515	29,081	28,879	29,567	
Capital Financing Costs							
35	Loans Fund Instalment	1,794	2,003	2,170	2,349	2,520	
36	Loans Fund Interest	8,237	8,129	9,382	10,407	10,565	
		10,031	10,132	11,552	12,756	13,085	
	Expense Total	90,197	92,782	95,447	98,190	101,015	
Income							
37	Ground Rentals	(11)	(11)	(11)	(11)	(11)	
38	Dwelling Houses Rent Income	(86,198)	(88,784)	(91,447)	(94,191)	(97,017)	4
39	Housing - Heat with Rent Income	(2,127)	(2,127)	(2,127)	(2,127)	(2,127)	
40	Housing - Garages Rent Income	(1,293)	(1,293)	(1,293)	(1,293)	(1,293)	
41	Housing - Parking Spaces Rent	(197)	(197)	(197)	(197)	(197)	
42	Housing - Insurance Income	(2)	(2)	(2)	(2)	(2)	
43	Housing - Other Service Charge	(540)	(540)	(540)	(540)	(540)	
44	Legal Expenses	(250)	(250)	(250)	(250)	(250)	
45	Revenue Balance Interest	(79)	(79)	(79)	(79)	(79)	
	Income Total	(90,697)	(93,283)	(95,947)	(98,690)	(101,516)	
	Net Expenditure	(500)	(500)	(500)	(500)	(500)	

HOUSING REVENUE ACCOUNT FIVE YEAR BUDGET ASSUMPTIONS

1. Repairs and Maintenance

The budget has been uplifted by 3% in 2019/20 to 2023/24.

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, Benefits Advice, Disabled Persons Housing Service, Priority Families Service

As these budgets are principally for staffing within the Council an uplift of 3% for 2019/20 to 2023/24 has been applied to reflect the anticipated public sector pay awards.

3. Cleaning 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. Dwelling Houses Rent Income and Transfer Payments

The budgeted income from Dwelling House Rent is uplifted by 4.3% for 2019/20 and then uplifting each year by 3% (RPI of 2% used in the business plan, this is the standard inflationary increase plus 1%).

5. Gas and Electricity

Gas has been have been uplifted by 6% and electricity 8% similar to 2019/20.

Draft Housing Capital Budget 2019/20 to 2023/24

PROJECT	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
SCOTTISH HOUSING QUALITY STANDARDS					
1 Compliant with the tolerable standard					
1.1 Major Repairs-					
Undertaking large scale repairs to Roofs/Gutters/RWP/Roughcast Errol Place & Errol Street, Gray Court Fabric Repairs	2,527	882	2,087	3,397	1,962
	2,527	882	2,087	3,397	1,962
2 Free from Serious Disrepair					
2.1 <u>Primary Building Elements</u>					
Structural Repairs Multi Storey	1,159	762	1,198	600	924
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	1,000	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					
Replacement of existing roof covering and upgrading of insulation to meet current building regulations.	1,412	491	270	624	729
2.3 Upgrade Flat Roofs Multi Storey					
Full replacement of the flat roofs and also checking the replacement of roof ventilation as required	57	280	385	165	146
2.5 Mono Pitched Types					
Replacement of the external render of the building, replacement of gutters and downpipes, environmental works	650	650	650	650	650
2.6 Window Replacement Houses					
Window Replacement Flats	728	346	1,422	1,240	1,352
Window Replacement General – Communal	2,786	3,412	2,395	1,012	1,112
Window Replacement General – Rosemount Square	1,212	88	0	376	412
	498				
2.7 Window Replace – Multi Storey					
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.	0	0	0	0	0
2.8 Balcony Storm Doors					
	0	0	7	0	0
2.9 Balcony Glass Renewal – Multi Storey					
	0	0	0	0	0
	9,502	8,029	8,327	6,667	7,325
3 Energy Efficient					
<u>Effective insulation</u>					
3.1 Cavity Wall Insulation					
	0	62	92	0	0
3.2 General Houses Loft Insulation					
Installation of loft insulation where there is none previously or the topping up of existing insulation to comply with current building regulations.	172	178	183	184	202
<u>Efficient Heating</u>					
3.3 Heating Systems Replacement					
Replacement of boiler/whole system as deemed necessary and CHP.	4,500	8,344	8,405	5,872	5,638
3.5 Energy Efficiency – Major Blocks					
Creation of Combined Heat & Power Plants	1,276	2,126	1,951	2,126	2,126
3.6 Energy Efficiency Sheltered					
Introduction of energy efficiency measures in extra care housing such as new or upgraded heating systems.	0	0	0	0	0

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
<u>Additional Energy Efficiency measures</u>					
3.7 SCARF	35	35	35	35	35
3.8 Solid Wall Insulation	2,750	2,500	2,000	2,500	2,000
3.9 Vestibule Doors	0	0	0	0	0
	8,733	13,245	12,666	10,717	10,001

Modern Facilities & Services

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
<u>Bathroom and Kitchen Condition</u>					
4.1 Modernisation Programme – Bathroom	605	495	500	1,034	799
Modernisation Programme – Kitchen	1,984	1,991	2,093	3,180	3,383
Replacement of bathrooms and kitchens.					
	2,589	2,486	2,593	4,214	4,182

5 Healthy, Safe & Secure

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
<u>Healthy</u>					
5.1 Condensation Measures	24	24	24	24	24
Installation of heating systems and ventilation measures to combat condensation.					
<u>Safe</u>					
5.3 Rewiring					
Replacement of cabling, fittings and distribution boards as necessary. This work is carried out in every property on a cyclical basis	1,119	591	190	355	355
5.4 Lift Replacement Multi Storey/Major Blocks	1,820	1,154	225	0	675
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	19	21	0	26	28
5.6 Services					
Cyclical maintenance/replacement of the following services	2,270	737	755	720	725
Ventilation Systems, water tanks/pipe work, refuse chutes/chamber, Dry risers systems, Standby Generators/Essential/					
5.9 Upgrading of Entrance Halls	180	240	0	0	0
<u>Secure</u>					
5.11 Door Entry Systems	632	156	134	39	39
Installation of door entry and replacement of existing doors where required					
5.12 Replace Door Entry Systems - Major Blocks	221	0	57	399	399
Installation of door entry and replacement of existing doors where required					
5.13 Other Initiatives	324	659	588	224	247
Upgrading of stairs and installation of security doors and door entry systems					
	6,609	3,582	1,973	1,787	2,492

NON SCOTTISH HOUSING QUALITY STANDARDS

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
6 Community Plan & LOIP					
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.					

HOUSING REVENUE ACCOUNT BUDGET

	2019/20	2020/21	2021/22	2022/23	2023/24
6.2 Community Initiatives	300	300	300	300	300
Refurbishment of properties or environmental improvements in designated areas.					
6.5 Regeneration/Acquisition of Land or Houses	600	0	0	0	0
Torry Hub Contribution/Middlefield Haudagain Demolitions					
6.6 CCTV – Multi Storey	300	50	50	50	50
Provision of CCTV for the Multi Storey Service/Hub					
6.7 Adaptations Disabled	1,000	1,000	1,000	1,000	1,000
6.8 Special Initiatives/Barrier Free Housing	1,600	800	150	150	150
Provision of specialist facilities or housing for tenants with particular needs i.e. extensions					
6.9 Housing For Varying Needs- Amenity/Adaptations	250	178	160	140	120
Conversion of properties to Amenity Level standard					
6.10 Housing For Varying Needs- Extra Care/Adaptations	200	125	100	90	70
Adaptations required to ensure existing sheltered housing stock meets current standards					
6.11 Roads	100	100	100	100	100
Upgrade of Roads to an adoptable standard					
6.12 Footways	200	200	200	200	200
Formation or upgrading footways					
6.14 Smithfield/Manor Walk New Build	1,150	0	0	0	0
	5,800	2,803	2,160	2,130	2,090
8 Service Expenditure					
8.1 Other Departmental Fees	4,226	4,070	3,865	3,624	3,691
	4,226	4,070	3,865	3,624	3,691
Gross Programme	39,986	35,147	33,671	32,536	31,743
Less 11% Slippage	(4,398)	(3,866)	(3,703)	(3,578)	(3,491)
Net Programme	35,587	31,281	29,967	28,957	28,251
Financed by :-					
Borrowing	9,414	4,318	3,418	2,771	1,451
Scottish Government Grant – New Build					
CFCR	26,173	26,963	26,549	26,186	26800
Total Funding	35,587	31,281	29,967	28,957	28,251

Housing Capital Plan - New Build Council housing

The Council's commitment to create 2,000 new Council houses continues to be progressed, with a range of business cases for a number of sites in development, delivery models being explored all under the delegations provided to officers.

In order to meet this requirement a number of delivery options are being taken forward with the key areas being:

1. New Build on Council owned sites;
2. Land led Developer opportunities;
3. Buy – Back Council House stock;
4. Portfolio Acquisition;
5. Targeted acquisition and development of sites.

New Build Council Houses on Council owned site

- Firstly a council owned site (**Summerhill**) has been through a procurement process and a preferred bidder has now secured with work to begin on site in the coming months. This will deliver **369 new units**. The current estimated cost of this development (including land acquisition as it currently sits on the General Fund is approximately £49 million). However discussions have taken place with suppliers to determine enhancements to the site (such as fibre broadband connection, digital innovations and an electric car club) all of which will enhance the living experience in this new community hub and provide a wider synergy with other Council initiatives.



AL(0)200F Site
Layout.pdf

- Planning discussions are well advanced for the redevelopment of the former **Craighill** Primary School site with **79 new units** and it is intended that these units will go to tender in Q1 2019/20. This site will be formally transferred to the Housing Revenue Account (HRA).



161532_DPP-Site_Layout_Plan-1486933.r

- Initial Site layout, scoping and background Reports are being progressed at the former **Kincorth** Academy Site. Current layout plans suggest that **230 units** can be accommodated on the site. Detailed development plans are being progressed in tandem with the demolition of the existing

buildings. This site will be formally transferred to the HRA and tendered in Q1 2019/20..



Kinkorth Academy
10755 SK-003 A.pdf

- **Tillydrone/ St Machar** sites are also being progressed with works delayed to ensure full account is taken of the requirements for the new primary school. These sites are capable of accommodating around **80 units** and a procurement exercise for these units will be undertaken during 2019. These sites will also require to be transferred to the HRA.
- **Greenferns / Greenferns landward**. These two sites are identified for significant new developments in the Local Development Plan. A development framework for the development of units on Greenferns was approved in Autumn 2018. Within the Greenferns site alone 350 new Council House units are planned and the delivery mechanism/ options appraisal for this site is currently being advanced with tendering in late 2019.

Land Led Development opportunities

In order to meet the challenges of the project and to look for opportunities to benefit from the access to land and skills of the private sector officers undertook a `Developers Day` which was held in the Beach Ballroom to “warm” the market place for the potential for the council to partner with the market for private land led development. This was very well attended and offered the opportunity for a series of follow up meetings to identify and explore the options around this approach. This has led to a formal procurement exercise having been undertaken which started in Late 2018.

Following the publishing of an ESPD 4 parties have been selected to move to the Invitation to Tender stage (ITT). 4 parties have been selected at this time. Whilst this remains a confidential tender process at this stage and there remains a deliverability risk around the financial model (depending on final tender prices), along with any planning consent that may be required, the 4 sites would deliver the following units if selected at the next stage:

- Private site 1 – circa 280 units;
- Private site 2 – initial up to 200 units with potential for more;
- Private site 3 – circa 150 units;
- Private site 4 – initial 50 units with potential for more.

Private Site 1 – c.280 Units

This site has now obtained planning permission and draft legal contractual agreement reached. The site is located within the Dyce area of the City and the initial contract price, less grant funding, shows the site to fall within the affordability model of being self sustaining within the Housing Revenue Account. Subject to First Endeavour LLP concluding missives with the Council construction

on the site will begin in the next couple of months with a roughly 2 year build period.



10611 -
P(00)002H.pdf

Informal approaches have been received from other developers who have opportunities which they have been unable to submit at this stage but would wish to do so in the future. It is the intention of officers to run a second procurement/tender exercise during the summer.

Buy Back Council House Stock

Opportunities exist for the Council to buy back former council house stock. This has many advantages in both the speed of delivery but also in stock management and future maintenance terms. A revised pro-active buy-back policy was approved by the City Growth and Resources Committee in February 2019 and an initial target of **200 units** has been identified through this. A number of approaches have been received from homeowners wishing to participate in the new scheme to date and officers are currently looking at these (which total approximately 150 units).

Portfolio Acquisition

Small portfolios of private rented stock are also being considered for purchase. A small number of projects have been put to the council and consideration is being given to affordability along with any investment required to bring these up to Scottish Housing Quality Standards. Options around these opportunities will be progressed during the 2019/20 financial year and it is envisaged that **50 units** could be made available in this way (indeed the Council has been approached with the offer of approximately 40 units).

Targeted acquisition and development of sites

The Council has taken a pro-active approach with private development opportunities through the Developers Day held last year and through discussions with the various land owners within the city. However, there are a number of sites within Aberdeen that given recent developments would warrant “targeted” discussions to seek how the Council can either acquire or indeed jointly develop sites for council housing that would offer significant opportunities to deliver substantial numbers of units.

For example, the old AECC site is currently seeking re-development through the Council’s development partner for the overall AECC project. Again, this would seem like an ideal opportunity for the Council to seek discussions with its development partner to determine the possibility of developing the site for council housing, potentially with a mixed tenure. These discussions would be without prejudice and the Director of Resources be instructed to report back on these discussions to the next relevant City Growth and Resources Committee.

Finally, given the limited amount of availability within the City at present for these types of developments it is important that a “watching brief” be kept on any other opportunities that may present itself. Where such opportunities exist in the future they will be reported to the relevant committee to determine on whether they may be suitable for development by the Council going forward.

Other Considerations

In developing the vision for new developments, a range of other considerations are being tested and researched at this time and officers will continue to consider other projects to meet the council’s key ambitions. Ultimately the new development will have to be consistent with the Council’s wider aspiration in relation to the development of the Local Development Plan and it’s emerging Housing Strategy. The new developments will require to consider their impact on the rest of the Council’s estate but also the opportunities for integration with community led initiatives and scheme’s such as Early Learning Provision.

It is envisaged that sustainability will be at the forefront on new developments and consideration is currently being given to how best to digitally enable new build properties to not only benefit residents but ease long term maintenance and management, all with an ambition to manage demand for council services. Officers are working with partners to look at digital connectivity to allow the development of digital technology within the estate such as (Alexa (smart speaker technologies), fingerprint key entry, BIM systems, Digital building modelling, BEM (energy management monitoring) etc.

It should also be noted that now there is now sufficient sites developed that a funding mechanism will need to be sought. One such method is through the Public Works Loans Board (the traditional method of financing capital expenditure). However, the scale of build and costs that will potentially be incurred during the build process alternative medium to long term solutions should be sought and it is recommended that the Director of Resources be authorised to market test this over the coming months and to report back the outcome.

HOUSING REVENUE ACCOUNT BUDGET

Summerhill Business Case						
(£'000)	Pre completion	Yrs 1-10	Yrs 11-20	Yrs 21-30	Yrs 31-40	Total
Staffing Resources						
Management Allowance (£65 per unit per annum plus 2% inflation) assumed start in Year 1	0	263	320	390	476	1,449
Non Staffing Resources						
Repairs & Maintenance – Response & voids (£617 per unit per annum plus 2% inflation) assumed start in Year 1	0	2,493	3,039	3,704	4,516	13,752
Repairs & Maintenance – Cyclical (£292 per unit per annum plus 2% inflation) assumed start in Year 1	0	1,180	1,438	1,753	2,137	6,508
Voids (1.5% of total income)	36	265	357	479	644	1,782
Bad Debt (2.5% of total income)	60	442	595	799	1,074	0
Open Space Maintenance (£22k for site uplifted by 2% inflation)	44	251	306	372	454	1,427
Debt Charges (Debt charges for build)	2,907	21,366	21,366	21,366	21,366	88,370
Debt Charges (Debt charges for major works from year 10 @3.8%)	0		715	2,015	3,315	6,045
Sub total Non Staffing Resources	3,047	26,260	28,135	30,880	33,982	122,304
Revenue Receipts and Grants						
Rental Income - (rental tab & increased by 3% per annum as per the HRA Financial Plan)	(2,403)	(17,699)	(23,786)	(31,966)	(42,960)	(118,815)
Sub-Total	644	8,561	4,349	(1,087)	(8,978)	3,489

Assumptions

- 369 Properties.
- Used £13m from Council Tax second homes money in calculating the overall debt.
- Taken the rental charges for 2018/19 and uplifted by 3% each year. 173 1 Bedroom, 166 2 Bedroom & 30 3 Bedroom properties.
- All charges have been uplifted by 2% as per the business case-
Management Allowance £59 per unit
Repairs and Maintenance – Response & Voids £617 per unit
Repairs and Maintenance – Cyclical £292 per unit
- Voids 1.5% of Income
- Bad Debt 1.5% of Income
- Major works at year 10
- It assumes that grant income will be available per unit

HOUSING REVENUE ACCOUNT BUDGET

Dyce Business Case						
(£'000)	Pre completion	Years 1-10	Years 11-20	Years 21-30	Years 31-40	Total
Staffing Resources						
Management Allowance (£65 per unit per annum plus 2% inflation) assumed start in Year 1	0	215	262	319	389	1,186
Non Staffing Resources						
Repairs & Maintenance – Response & voids (£617 per unit per annum plus 2% inflation) assumed start in Year 1	0	2,040	2,487	3,032	3,696	11,255
Repairs & Maintenance – Cyclical (£292 per unit per annum plus 2% inflation) assumed start in Year 1	0	966	1,177	1,435	1,749	5,326
Voids (1.5% of total income)	32	218	293	394	530	1,467
Bad Debt (2.5% of total income)	53	364	489	657	883	2,445
Open Space Maintenance (£22k for site uplifted by 2% inflation)	44	251	306	372	454	1,427
Debt Charges (Debt charges for build)	1,102	17,097	17,097	17,097	17,097	69,489
Debt Charges (Debt charges for major works from year 10 @3.8%)	0	0	715	2,015	3,315	6,045
Sub total Non Staffing Resources	1,230	21,150	22,826	25,321	28,112	98,640
Revenue Receipts and Grants						
Rental Income - (rental tab & increased by 3% per annum as per the HRA Financial Plan)	(2,101)	(14,547)	(19,550)	(26,274)	(35,310)	(97,781)
Sub-Total	(871)	6,603	3,276	(952)	(7,197)	859

Assumptions

- 302 Properties.
- Used £8.3m from Council Tax second homes money and assumed Scottish Government grant of £2.850m (50 properties at £57k however these must be complete by 31 March 2021) in calculating the overall debt.
- Taken the rental charges for 2018/19 and uplifted by 3% each year. 202 1 Bedroom & 100 3 Bedroom properties.
- All charges have been uplifted by 2% as per the business case-
Management Allowance £59 per unit
Repairs and Maintenance – Response & Voids £617 per unit
Repairs and Maintenance – Cyclical £292 per unit
- Voids 1.5% of Income
- Bad Debt 1.5% of Income
- Major works at year 10