

ABERDEEN CITY COUNCIL

HOUSING REVENUE ACCOUNT

## DRAFT HOUSING REVENUE ACCOUNT

### Index

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

### Section 1 – HRA Budget 2020/21

Page 5	.	.	.	.	.	HRA Draft 2020/21 Budget
Page 7	.	.	.	.	.	HRA Variance Notes
Page 12	.	.	.	.	.	Miscellaneous Rents
Page 14	.	.	.	.	.	Tenants Consultation
Page 15	.	.	.	.	.	Rent Increases from consultation
Page 18	.	.	.	.	.	Inflation

### Section 2 – HRA Budget 2020/21 – 2023/24

Page 19	.	.	.	.	.	5 Year HRA Budget
Page 21	.	.	.	.	.	5 Year HRA Assumptions
Page 22	.	.	.	.	.	5 Year Capital Budget
Page 25	.	.	.	.	.	Housing Capital Plan – New Build Council Housing

## **Revenue Assumptions**

In preparing the information for the draft Housing Revenue Account budget for the financial year 2020/21, 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](mailto: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 2020/21, (there are some exceptions to this rule such as contractual uplifts etc. and these are stated in the variance notes). Inflation is currently running at approximately 2.2% (RPI at December 2019). (Source: Office of National Statistics)

### **Housing Stock**

The number of Council houses owned by the Council, as at 31 March 2019, is 21,974.

### **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 2020/21.

### **Rental Income**

The income available in 2020/21 to fund the proposed budgeted level of expenditure has been calculated by taking the current out turn uplifting by 3% (current uplift assumed in the HRA Business Plan).

### **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 2020/21. 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**

The Capital Programme includes the programmed replacement element which includes replacement windows, heating, kitchen and bathrooms and the new build sites of Wellheads & Summerhill and the council house buy backs. Further sites will be added into the programme as sites are developed.

<b>Housing Revenue Account</b>					
<b>Draft 2020/21 Budget</b>					
		<b>Budget</b>	<b>Out-turn</b>	<b>Budget</b>	<b>Notes</b>
		<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>	
		<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	
<b>Premises Costs</b>					
1	Rates	80	81	82	
2	Rent – Other	62	50	52	1
3	Repairs and Maintenance	28,516	28,521	29,377	2
4	Maintenance of Grounds	3,163	3,180	3,407	3
5	Gas	604	660	700	4
6	Electricity	2,974	2,900	3,132	4
7	Cleaning Service	500	420	433	5
8	Security Service	351	200	206	6
9	Window Cleaning	26	28	27	
10	Refuse Collection	309	240	337	7
11	Cleaning – Sheltered Housing	595	595	613	8
12	Other Property Costs - Council Tax	299	260	308	9
		<b>37,480</b>	<b>37,135</b>	<b>38,672</b>	
<b>Administration Costs</b>					
14	Downsizing Grants/Direct Debit Incentives	102	75	102	10
15	Legal Expenses	250	193	193	
16	Office Tel / Rent	10	10	10	
17	Bad Debt – Dwelling & Non Dwelling	2,500	3,000	3,000	11
18	Charges - Services Admin & Management.	10,037	10,464	11,093	12
19	General Consultancy	60	4	60	13
20	Training for Front Line Staff	100	57	202	13
21	Benefits Staff	63	63	65	13
22	Charges - Tenants Participation	150	150	153	14
23	Charges for Environmental Health	226	201	233	
		<b>13,498</b>	<b>14,217</b>	<b>15,111</b>	
<b>Supplies &amp; Services</b>					
24	Provision of Meals	158	185	189	15
25	Television Licence	5	5	5	
26	IT Provision	200	281	287	16
		<b>363</b>	<b>471</b>	<b>480</b>	
<b>Agencies</b>					
27	Mediation Service	50	50	51	17
28	Energy Advice	83	80	82	18
29	Benefits Advice	0	10	0	
30	Disabled Persons Housing Service	39	39	40	13
		<b>172</b>	<b>179</b>	<b>172</b>	

		Budget	Out-turn	Budget	
	Housing Revenue Account	2019/20	2019/20	2020/21	
	Draft 2020/21 Budget	£'000	£000's	£000's	
	<b>Transfer Payments</b>				
31	Priority Families Service/Housing First	658	357	521	19
32	Loss of Rent - Council Houses	1,192	1,616	1,664	20
33	Loss of Rent - Garages, Parking etc	525	605	623	
34	Loss of Rent - Modernisation Works	109	325	335	
35	CFCR	25,928	26,525	24,353	
		<b>28,412</b>	<b>29,428</b>	<b>27,497</b>	
	<b>Capital Financing Costs</b>				
36	Loans Fund Instalment	2,058	1,626	2,202	
37	Loans Fund Interest	8,281	7,684	8,975	
		<b>10,339</b>	<b>9,310</b>	<b>11,177</b>	21
	<b>Expense Total</b>	<b>90,197</b>	<b>90,740</b>	<b>93,110</b>	
	<b>Income</b>				
38	Ground Rentals	(11)	(7)	(7)	
39	Dwelling Houses Rent Income	(86,198)	(86,745)	(89,130)	22
40	Housing - Heat with Rent Income	(2,127)	(2,127)	(2,127)	23
41	Housing - Garages Rent Income	(1,350)	(1,352)	(1,352)	24
42	Housing - Parking Spaces Rent	(207)	(197)	(197)	24
43	Housing - Insurance Income	(2)	(13)	(13)	25
44	Housing - Other Service Charge	(540)	(556)	(540)	24
45	Legal Expenses	(250)	(68)	(68)	
46	Revenue Balance Interest	(79)	(175)	(175)	26
	<b>Income Total</b>	<b>(90,764)</b>	<b>(91,240)</b>	<b>(93,609)</b>	
	<b>Net Expenditure</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	
	<b>Projected Working Balance at 1 April 2020</b>			10,287	
	<b>20/21 Contribution</b>			<b>500</b>	
	<b>Projected Working Balance at 31 March 2021</b>			<b>10,787</b>	

## HOUSING REVENUE ACCOUNT 2020/21 BUDGET

### Variance Notes

#### Comparing Draft Budget 2020/21 to Estimated Out-turn 2019/20

#### Expenditure Movements

##### **1. Rent**

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

##### **2. Repairs and Maintenance**

The 2019/20 outturn has been uplifted by 3%. During 2020/21 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 2020/21 has been calculated by using the anticipated out-turn for 2019/20 uplifted by 3% plus an increase of £52k for play park safety review and fees and £80k for work identified as an option in the General Fund Budget.

##### **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 cleaning contract is now carried out by an in house team and is expected to run for 3 years. The contractual value for 2020/21 has been calculated as £433,000 (£420k uplifted by 3%).

##### **6. Security Service**

The cost of the security included in the budget for 2020/21 is £206,000 and includes the control room team.

##### **7. Refuse Collection**

The budget for 2020/21 has been calculated by using the budget for 2019/20 uplifted by 9% the uplift proposed within the General Fund budget.

##### **8. Cleaning – Sheltered Housing**

This is the budget for the cleaning of Sheltered Housing, this has now carried out by an inhouse team therefore this has been calculated by using the existing staff structure 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 2020/21 has been based on the actuals for 2018/19 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 £3M to reflect the roll out of Universal Credit and non dwelling house debt such as invoices to former and current tenants for repairs. As at the end of November 2019 rent arrears are £7.428m (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, budget options put forward as the General Fund process and 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.

The General Fund options propose the transfer of the existing Housing Support services to the HRA from the General Fund (Cost £755k), to create a new role that combines Housing Support and Housing Management functions. The relevance to the HRA is that this role will be responsible for all housing management functions and is in line with the expectations of the Scottish Government regarding Rapid Rehousing, Housing 1<sup>st</sup> and legislative changes limiting stays in temporary accommodation. In effect, this means that we will be offering less temporary accommodation, and therefore leases offered will be more likely to Short Secure Tenancies, and therefore within the HRA

## **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 2020/21 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 has enabled 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 Aberdeen City 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 2020/21 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 44 of the budget statement above which is shown as "Housing Other Service Charge" contained in miscellaneous rents page 12.

#### **16. IT Provision**

This budget is based on the IT requirements for 2020/21 which includes all the support, maintenance including set up costs of Choice Based Letting.

#### **17. Mediation Service**

The budget for 2020/21 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 17<sup>th</sup> 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.

In 2019/20 £150k was included in the budget for Housing First this budget is not required in 2020/21 as this project will be funded by Social Bite however there will be a requirement in 2021/22.

## 20. Loss of Rent Council Houses

The budget has been calculated based on 2019/20 forecast outturns uplifted by 3% the business plan assumption for 2020/21.

## 21. Capital Financing Costs

The budget for Capital Financing Costs is based on the likely level of capital spend in 2019/20 as at the end of November 2019 and a possible future programme for 2020/21 of £62.150 million (Including Summerhill, Wellheads and Council House buy backs) 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 3% which is in line with current HRA Business Plan. The budget for 2020/21 has been calculated based on the 2019/20 outturn less April 20 as the 28 days notice must be given to the tenants.

Below is an analysis of the current rents in 2019/20 & the impact of the 3% rent increase included in the budget for 2020/21 -

<b>Rental 2019/20</b>					
<b>Property Group Property (Bedrooms)</b>					
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Multi/flat/maisonette	62.68	74.73	80.76	86.80	92.81
Four in a block	68.71	80.76	86.79	92.83	98.84
Cottage/House	74.75	86.80	92.83	98.87	104.88
<b>Proposed 3% Rental increase 2020/21</b>					
<b>Property Group Property (Bedrooms)</b>					
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Multi/flat/maisonette	64.56	76.97	83.18	89.40	95.59
Four in a block	70.77	83.18	89.39	95.61	101.81
Cottage/House	76.99	89.40	95.61	101.84	108.03

**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 13.

**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 12. The current budget therefore assumes that there will be no increase at present.

**25. Housing Insurance Income**

It is anticipated this will break even, expenditure contained with repairs and maintenance budget.

**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 2018/19 and current economic conditions.

## Miscellaneous Rents

ABERDEEN CITY COUNCIL HOUSING REVENUE ACCOUNT					
Proposed Increase to be included in the HRA budget – Miscellaneous Rents					
		2020/21			
		Current	Proposed	Increase	Percentage
		Rental	Rental	Per Week	Increase
Note	Miscellaneous Increases	£	£	£	%
	Garages	11.80	12.15	0.35	3.00
	Denburn and West North Street Spaces	5.40	5.56	0.16	3.00
1	Denburn and West North Street Spaces – Non Resident	20.00	20.00	0	0
	Garages Sites	4.60	4.75	0.15	3.26
	Car Ports	5.05	5.20	0.15	3.00
	Car Parking Spaces – Local Residents	4.20	4.35	0.15	3.57
1	Parking Spaces Non Local Residents	20.00	20.00	0	0
	Meals at Denmore & Kingswood	40.00	41.20	1.20	3.00
2	Guest Rooms	10 & 15	10 & 15	0	0
3	House Garden Scheme (annual)	77.50	77.50	0	0

The above proposed prices for 2020/21 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 2020/21.

Note 2 - No increase is being recommended in 2020/21.

Note 3 – 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 2020/21

It was agreed in the 2019/20 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 increase by £2.60 in 2020/21 based on current forecasts for consumption and cost, this should be considered in the context that this will be the first increase in 2 years.

<b>Heat with Rent – 48 week basis</b>		
	<b>Previous</b>	<b>Proposed</b>
	<b>£</b>	<b>£</b>
<b>Gas Heated Properties</b>		
Bedsits	8.55	11.15
1 bed roomed flats	9.85	12.45
2 bed roomed flats	11.15	13.75
3 bed roomed flats	12.45	15.05
<b>Electrically Heated Properties</b>		
Bedsits	9.55	12.15
1 bed roomed flats	10.85	13.45
2 bed roomed flats	12.15	14.75
3 bed roomed flats	13.45	16.05
<b>CHP Properties</b>		
All 1 Bed roomed Properties	9.60	12.20
All 2 Bed roomed Properties	10.90	13.50

**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 previously had a rent uplift policy of the Retail Price Index (RPI)+1% with RPI taken from the July figure of the preceding year.

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 return via the post or go on-line to register their views. In addition we did a video of a tenant to encourage tenants to participate in the consultation.

Below are the questions asked –

**Q1 Do you agree with a fixed term rent policy:**

Yes or No

If you said **yes** please answer the questions below.

If you said **no** please provide an alternative option:

**Q2 How long should the fixed term rent policy last:**

3 years      4 years      5 years

**Q3. What do you think the annual increase should be from April 2020:**

**Option 1 4% Option 2 5% & Option 3 RPI+1% (In July this would have been 3.8%)**

Responses -

	Tenants Consulted	Responded	In favour of a fixed term	Not in favour
On line	9,516	868	763	105
Post	11,274	945	821	119
Total	20,790	1,813	1,584	224

	Fixed for 3 Years	Fixed for 4 Years	Fixed for 5 Years	Option 1 4%	Option 2 5%	Option 3 RPI+1%
On line	355	92	387	392	214	262
Post	328	148	344	330	214	279
Total	683	240	731	722	428	541

## Potential Rental rises from consultation

### For up to 5 years at 4%

<b>Rental 2019/20</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	62.68	74.73	80.76	86.80	92.81
Four in a block	68.71	80.76	86.79	92.83	98.84
Cottage/House	74.75	86.80	92.83	98.87	104.88
<b>Proposed 4% Rental increase 2020/21</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	65.19	77.72	83.99	90.27	96.52
Four in a block	71.46	83.99	90.26	96.54	102.79
Cottage/House	77.74	90.27	96.54	102.82	109.08
<b>Proposed 4% Rental increase 2021/22</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	67.79	80.83	87.35	93.88	100.38
Four in a block	74.32	87.35	93.87	100.40	106.91
Cottage/House	80.85	93.88	100.40	106.94	113.44
<b>Proposed 4% Rental increase 2022/23</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	70.51	84.06	90.84	97.64	104.39
Four in a block	77.29	90.84	97.63	104.42	111.18
Cottage/House	84.08	97.64	104.42	111.22	117.98
<b>Proposed 4% Rental increase 2023/24</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	73.33	87.42	94.48	101.54	108.57
Four in a block	80.38	94.48	101.53	108.59	115.63
Cottage/House	87.45	101.54	108.59	115.66	122.70
<b>Proposed 4% Rental increase 2024/25</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	76.26	90.92	98.26	105.60	112.91
Four in a block	83.60	98.26	105.59	112.94	120.25
Cottage/House	90.94	105.60	112.94	120.29	127.61

## For up to 5 years at 5%

<b>Rental 2019/20</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	62.68	74.73	80.76	86.80	92.81
Four in a block	68.71	80.76	86.79	92.83	98.84
Cottage/House	74.75	86.80	92.83	98.87	104.88
<b>Proposed 5% Rental increase 2020/21</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	65.81	78.47	84.80	91.14	97.45
Four in a block	72.15	84.80	91.13	97.47	103.78
Cottage/House	78.49	91.14	97.47	103.81	110.13
<b>Proposed 5% Rental increase 2021/22</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	69.10	82.39	89.04	95.70	102.32
Four in a block	75.75	89.04	95.69	102.34	108.97
Cottage/House	82.41	95.70	102.34	109.00	115.63
<b>Proposed 5% Rental increase 2022/23</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	72.56	86.51	93.49	100.48	107.43
Four in a block	79.54	93.49	100.47	107.46	114.42
Cottage/House	86.53	100.48	107.46	114.45	121.42
<b>Proposed 5% Rental increase 2023/24</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	76.19	90.83	98.16	105.50	112.81
Four in a block	83.52	98.16	105.49	112.83	120.14
Cottage/House	90.86	105.50	112.83	120.18	127.49
<b>Proposed 5% Rental increase 2024/25</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	80.00	95.38	103.07	110.78	118.45
Four in a block	87.69	103.07	110.77	118.47	126.15
Cottage/House	95.40	110.78	118.47	126.19	133.86



## For up to 5 years at 3.8%

<b>Rental 2019/20</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	62.68	74.73	80.76	86.80	92.81
Four in a block	68.71	80.76	86.79	92.83	98.84
Cottage/House	74.75	86.80	92.83	98.87	104.88
<b>Proposed 3.8% Rental increase 2020/21</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	65.06	77.57	83.83	90.10	96.33
Four in a block	71.32	83.83	90.09	96.35	102.60
Cottage/House	77.59	90.10	96.35	102.63	108.87
<b>Proposed 3.8% Rental increase 2021/22</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	67.53	80.52	87.01	93.52	99.99
Four in a block	74.03	87.01	93.51	100.02	106.49
Cottage/House	80.54	93.52	100.02	106.53	113.01
<b>Proposed 3.8% Rental increase 2022/23</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	70.10	83.58	90.32	97.07	103.79
Four in a block	76.84	90.32	97.06	103.82	110.54
Cottage/House	83.60	97.07	103.82	110.57	117.30
<b>Proposed 3.8% Rental increase 2023/24</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	72.76	86.75	93.75	100.76	107.74
Four in a block	79.76	93.75	100.75	107.76	114.74
Cottage/House	86.78	100.76	107.76	114.78	121.76
<b>Proposed 3.8% Rental increase 2024/25</b>					
<b>Property Group Property (Bedrooms)</b>					
	0	1	2	3	4
Multi/flat/maisonette	75.53	90.05	97.32	104.59	111.83
Four in a block	82.80	97.32	104.58	111.86	119.10
Cottage/House	90.07	104.59	111.86	119.14	126.39

## Inflation

Based on Housing Revenue Business Plan the budgeted figures have assumed a Council house rent increase of 3%.

The 30 year Housing Revenue Account Business Plan assumes RPI of 2% plus 1%.

In the UK, inflation remains above the 2% target. However, the Bank of England has set indicators for a target inflation rate and this is currently still set at 2%, this assumes a smooth Brexit and some recovery in global growth. Hence, this rate has been assumed going forward but is clearly out with the Council's control.

It is worth looking at the future projections for inflation in setting the rent increase for 2020/21:

End period %	Dec 19	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
RPI inflation	2.2	2.3	2.5	2.0	2.0	2.1
RPIX inflation	2.3	2.4	2.6	2.1	2.1	2.2
CPI inflation	1.5	1.6	1.9	1.4	1.5	1.6

Source – Capital Economics – Forecasts (Dec 19)

The above table indicates that inflation is expected to increase to 2.5% in Q1 2020 and further reduce in Q4 2020 to 2.1%, therefore higher than the Bank of England's target of 2%.

<b>Housing Revenue Account</b>		Budget	Budget	Budget	Budget	Budget	Notes
		2020/21	2021/22	2022/23	2023/24	2024/25	
		£000's	£000's	£000's	£000's	£000's	
<b>Premises Costs</b>							
1	Rates	82	84	84 85	85 87	879	89
2	Rent	52	53	55	56	58	
3	Repairs and Maintenance	29,377	30,258	31,166	32,101	33,064	1
4	Maintenance of Grounds	3,407	3,510	3,615	3,723	3,835	2
5	Gas	700	742	786	833	883	5
6	Electricity	3,132	3,383	3,653	3,945	4,261	5
7	Cleaning Service	433	446	459	473	487	3
8	Security Service	206	212	219	225	232	2
9	Window Cleaning	27	27	28	28	29	3
10	Refuse Collection	337	347	357	368	379	2
11	Cleaning – Sheltered Housing	613	632	651	670	690	2
12	Other Property Costs - Council Tax	308	317	327	336	346	
		<b>38,672</b>	<b>40,009</b>	<b>41,399</b>	<b>42,846</b>	<b>44,353</b>	
<b>Administration Costs</b>							
13	Down sizing Grants/Direct Debit Incentives	102	102	102	102	102	
14	Legal Expenses	193	193	193	193	193	
15	Office Tel / Rent	10	10	11	11	11	3
16	Former Tenants Arrears	3,000	3,000	3,000	3,000	3,000	
17	Charges - Services Admin & Management	11,093	11,426	11,769	12,122	12,486	2
18	General Consultancy	60	60	60	60	60	
19	Training for Front Line Staff	202	104	106	108	110	3
20	Benefits Staff	65	67	69	71	73	2
21	Charges - Tenants Participation	153	156	159	162	166	2
22	Charges for Environmental Health	233	240	247	254	262	2
		<b>15,111</b>	<b>15,358</b>	<b>15,716</b>	<b>16,084</b>	<b>16,463</b>	
<b>Supplies &amp; Services</b>							
23	Provision of Meals	189	192	196	200	204	
24	Television Licence	5	5	5	5	6	
25	Integrated Housing System	287	292	298	304	310	3
		<b>480</b>	<b>490</b>	<b>500</b>	<b>510</b>	<b>520</b>	

<b>Housing Revenue Account</b>		<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	
		<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	
		<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£'000</b>	
	<b>Agencies</b>						
27	Mediation Service	51	52	53	54	55	2
28	Energy Advice	82	83	85	87	88	2
29	Disabled Persons Housing Service	40	41	41	42	43	2
		<b>172</b>	<b>176</b>	<b>179</b>	<b>183</b>	<b>187</b>	
	<b>Transfer Payments</b>						
30	Priority Families Service	521	682	695	709	723	2
31	Loss of Rent - Council Houses	1,664	1,714	1,766	1,819	1,873	4
32	Loss of Rent - Garages, Parking etc	623	642	661	681	701	
33	Loss of Rent - Modernisation Works	335	345	355	366	377	3
34	CFCR	24,353	22,198	19,501	17,987	16,858	
		<b>27,497</b>	<b>25,581</b>	<b>22,978</b>	<b>21,562</b>	<b>20,533</b>	
	<b>Capital Financing Costs</b>						
35	Loans Fund Instalment	2,202	2,765	3,250	3,766	4,434	
36	Loans Fund Interest	8,975	11,403	14,513	16,422	17,805	
		<b>11,177</b>	<b>14,168</b>	<b>17,763</b>	<b>20,188</b>	<b>22,239</b>	
	<b>Expense Total</b>	<b>93,110</b>	<b>95,783</b>	<b>98,537</b>	<b>101,375</b>	<b>104,296</b>	
	<b>Income</b>						
37	Ground Rentals	(7)	(7)	(7)	(7)	(7)	
38	Dwelling Houses Rent Income	(89,130)	(91,804)	(94,558)	(97,395)	(100,317)	4
39	Housing - Heat with Rent Income	(2,127)	(2,127)	(2,127)	(2,127)	(2,127)	
40	Housing - Garages Rent Income	(1,352)	(1,352)	(1,352)	(1,352)	(1,352)	
41	Housing - Parking Spaces Rent	(197)	(197)	(197)	(197)	(197)	
42	Housing - Insurance Income	(13)	(13)	(13)	(13)	(13)	
43	Housing - Other Service Charge	(540)	(540)	(540)	(540)	(540)	
44	Legal Expenses	(68)	(68)	(68)	(68)	(68)	
45	Revenue Balance Interest	(175)	(175)	(175)	(175)	(175)	
	<b>Income Total</b>	<b>(93,609)</b>	<b>(96,283)</b>	<b>(99,037)</b>	<b>(101,874)</b>	<b>(104,796)</b>	
	<b>Net Expenditure</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	

## **HOUSING REVENUE ACCOUNT FIVE YEAR BUDGET ASSUMPTIONS**

### **1. Repairs and Maintenance**

The budget has been uplifted by 3% in 2020/21 to 2024/25.

### **2. Maintenance of Grounds, Security Service, Refuse Collection, Cleaning – Sheltered Housing, Charges – Services Admin & Management, Benefits staff, Charges – Tenants participation, Charges for Environmental Health, Benefits Advice.**

As these budgets are principally for staffing within the Council an uplift of 3% for 2020/21 to 2024/25 has been applied to reflect the anticipated public sector pay awards.

### **3. Cleaning Service, Training for front line staff, Window Cleaning, Office Telephone, Energy Advice, Integrated Housing, Loss of rent modernisation works, Priority Families Service, Mediation Service.**

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

### **4. Dwelling Houses Rent Income and Loss of Rent**

The budgeted income from Dwelling House Rent is uplifted by 3% for 2020/21 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 uplifted by 6% and electricity 8% similar to 2020/21.

**Draft Housing Capital Budget 2020/21 to 2023/24**

<b>PROJECT</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>SCOTTISH HOUSING QUALITY STANDARDS</b>					
<b>1 Compliant with the tolerable standard</b>					
<b>1.1 Major Repairs-</b>					
Undertaking large scale repairs to Roofs/Gutters/RWP/Roughcast Errol Place & Errol Street, Gray Court Fabric Repairs, Fire Damage Mastrick Road	1,435	1,715	2,002	2,099	2,115
	<hr/> 1,435	<hr/> 1,715	<hr/> 2,002	<hr/> 2,099	<hr/> 2,115
<b>2 Free from Serious Disrepair</b>					
<b>2.1 Primary Building Elements</b>					
Structural Repairs Multi Storey	1,570	1,206	846	151	1,098
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.- Option Appraisal	100	0	0	0	0
Structural Repairs General Housing	2,000	2,100	2,200	2,300	2,400
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	2,735	1,848	108	2,373	2,609
Replacement of existing roof covering and upgrading of insulation to meet current building regulations.					
2.3 Upgrade Flat Roofs Multi Storey	730	1,260	996	350	1,835
Full replacement of the flat roofs and also checking the replacement of roof ventilation as required					
2.5 Mono Pitched Types	400	400	650	650	650
Replacement of the external render of the building, replacement of gutters and downpipes, environmental works					
2.6 Window Replacement Houses	967	1,514	1,258	1,255	3,341
Window Replacement Flats	1,977	3,672	4,066	4,317	2,784
Window Replacement General – Communal	0	128	402	422	0
	<hr/> 10,479	<hr/> 12,128	<hr/> 10,526	<hr/> 11,818	<hr/> 14,716
<b>3 Energy Efficient</b>					
<u>Effective insulation</u>					
3.1 Cavity Wall Insulation	20	21	22	23	24
3.2 General Houses Loft Insulation	178	224	0	0	172
Installation of loft insulation where there is none previously or the topping up of existing insulation to comply with current building regulations.					
<u>Efficient Heating</u>					
3.3 Heating Systems Replacement	7,634	8,354	6,195	2,979	2,838
Replacement of boiler/whole system as deemed necessary and CHP.					
Heating option appraisal	100	100	0	0	0
Torry Heat Network	0	2,466	1,338	1,338	0
3.5 Energy Efficiency – Major Blocks	1,276	1,710	2,148	2,158	1,736
Creation of Combined Heat & Power Plants					
3.6 Energy Efficiency Sheltered	420	442	464	487	512
Introduction of energy efficiency measures in extra care housing such as new or upgraded heating systems.					

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
<u>Additional Energy Efficiency measures</u>					
3.7 SCARF	35	35	35	35	35
3.8 Solid Wall Insulation	1,200	1,155	1,220	1,280	1,340
	10,863	14,507	11,422	8,301	6,657

### Modern Facilities & Services

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
<u>Bathroom and Kitchen Condition</u>					
4.1 Modernisation Programme – Bathroom	652	487	1,053	1,105	419
Modernisation Programme – Kitchen	1,733	1,659	2,646	2,778	1,429
Replacement of bathrooms and kitchens.					
	2,386	2,145	3,699	3,883	1,848

### 5 Healthy, Safe & Secure

#### Healthy

5.1 Condensation Measures	0	0	0	0	24
Installation of heating systems and ventilation measures to combat condensation.					

#### Safe

5.3 Rewiring	1,109	1,059	1,534	2,446	695
Replacement of cabling, fittings and distribution boards as necessary. This work is carried out in every property on a cyclical basis					
5.4 Lift Replacement Multi Storey/Major Blocks	945	305	320	670	352
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	150	38	78	121	41
Triple head sensor programme	525	0	0	0	0
5.6 Services	935	993	924	0	50
Cyclical maintenance/replacement of the following services					
Ventilation Systems, water tanks/pipe work, refuse chutes/chamber, Dry risers systems, Standby Generators/standby generators					

#### Secure

5.11 Door Entry Systems	72	237	94	101	275
Installation of door entry and replacement of existing doors where required					
5.12 Replace Door Entry Systems - Major Blocks	60	0	462	485	364
Installation of door entry and replacement of existing doors where required					
5.13 Other Initiatives	1,208	1,642	1,551	1,412	886
Upgrading of stairs and installation of security doors and door entry systems					
	5,004	4,274	4,963	5,236	2,687

### NON SCOTTISH HOUSING QUALITY STANDARDS

#### 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.					

	2020/21	2021/22	2022/23	2023/24	2024/25
6.2 Community Initiatives	500	600	600	600	600
Refurbishment of properties or environmental improvements in designated areas.					
6.5 Regeneration/Acquisition of Land or Houses	750	500	500	500	500
Torry Hub Contribution/Middlefield Haudagain Demolitions					
6.6 CCTV – Multi Storey	45	0	0	0	179
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	150	150	150	150	1,600
Provision of specialist facilities or housing for tenants with particular needs i.e. extensions					
6.9 Housing for Varying Needs- Amenity/Adaptations	250	250	250	250	250
Conversion of properties to Amenity Level standard					
6.10 Housing for Varying Needs- Extra Care/Adaptations	200	200	200	200	200
Adaptations required to ensure existing sheltered housing stock meets current standards					
6.11 Roads/Paths	300	300	300	300	300
Upgrade of roads/footways to an adoptable standard					
6.14 New Affordable Housing	0	0	0	0	150
6.15 Clinterty	1,000	325	0	0	0
Site transferred to the HRA in 19/20 at nil cost. Site is required to be refurbished in order to meet Scottish Housing Regulator standards					
6.16 206 Union Street	1,500	0	0	0	0
Properties were purchased in 19/20, require refurbishment, this was reflected in the price					
6.17 Former Council House Buy backs	7,000	7,000	0	0	0
6.18 New Build – Summerhill	13,495	13,755	13,035	6,447	286
6.19 New Build - Wellheads	9,363	9,363	9,363	0	0
	<b>35,653</b>	<b>33,543</b>	<b>25,498</b>	<b>9,547</b>	<b>5,164</b>

## 8 Service Expenditure

8.1 Other Departmental Fees	4,011	3,476	2,955	2,955	2,684
	<b>4,011</b>	<b>3,476</b>	<b>2,955</b>	<b>2,955</b>	<b>2,684</b>

### Gross Programme

**69,831    71,789    61,067    43,842    35,872**

### Less 11% Slippage

(7,681)    (7,897)    (6,717)    (4,823)    (3,946)

### Net Programme

**62,150    63,892    54,350    39,019    31,926**

### Financed by :-

Borrowing	22,991	32,144	32,849	21,032	15,068
Scottish Government Grant – New Build/Buy Backs	5,500	2,700	0	0	0
Second homes/Council Tax funding	9,306	6,850	0	0	0
CFCR	24,353	22,198	19,501	17,987	16,858
Haudagain compensation	0	0	2,000	0	0

### Total Funding

**62,150    63,892    54,350    39,019    31,926**



## **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 within the following key areas being:

- 1. New Build on Council owned sites;**
- 2. Land led Developer opportunities;**
- 3. Buy – Back Council House stock;**

Significant works have been undertaken in engaging with supplier and developers during the years and working with a range of public sector partners to determine a more refined vision for the programme along with enhancing the specification of future developments to meet modern living, sustainability and environmental requirements. This was presented to the City Growth and Resources Committee in February 2020.

### **New Build Council Houses on Council owned site**

#### **Summerhill**

The council have contracted with CHAP construction to provide 369 new units on the former Summerhill Academy site. Construction work started during 2019 with a range of on and off-site preparation works. The original plans have been altered to connect the site to combined heat and power network.

#### **Craighill, Tillydrone and Kincorth**

The design proposals for the sites are being amended to reflect the Gold Standard being established for the programme. The site has been transferred to the HRA and site investigations and topographical surveys are complete and demolition works have been completed where required.

A tender exercise for detailed design works was issued in January 2020 with the intention that the construction will be delivered through the Scotland Excel framework with site starts later in 2020. These sites will deliver around 350 new properties.

#### **Former Kaimhill Outdoor Centre**

The former outdoor centre has been put forward as a potential new build housing site in the Aberdeen Local Development Plan. If approved in the main issues report in February 2020, a detailed feasibility study will be undertaken along with the necessary site investigations, topographical surveys and planning applications.

## **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/ potential funding still ongoing given the level of background information required to progress the sites. Consent for future transfer of land from the Common Good Fund to the HRA has been requested (subject to all the necessary consultations) as part of the budget report along with authority to undertake the next stage of site masterplanning and infrastructure design works including with the authority to go to market to identify a development partner to deliver private housing on the site.

## **Land Led Development opportunities**

An Invitation to Tender process was undertaken in 2019 to bring forward private sector led developments of council housing, whilst a number of developments opportunities were put forward none were, at the time of the closing date sufficiently developed to allow a contract for delivery to be concluded.

Conversations have continued with the bidders along with a range of other developers who had previously shown an interest in the scheme to allow schemes to be developed to the stage where a contract can be agreed. Following an approval of the 'gold standard' as the specification for future sites in Feb 2020 a revised tender will be issued to the market in late February 2020.

## **Wellheads**

Due to adjoining land holdings, the council were able to contract with Ogilvie Developments for the creation of 283 units at Wellheads in Dyce. This development started on site in Autumn 2019 and development works are progressing ahead of programme, with steelwork completed on 3 of the 4 blocks. The development will be completed in phases with a phased handover to the council from around this time next year.

## **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.

There is strong demand in this area and over 50 units are currently in the approval process or have concluded with another 100 plus units still under consideration. Efforts are still being made to recruit to the delivery team, albeit this has proven difficult to date, which has delayed progress.