

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 2021/22

Page 5	.	.	.	.	.	HRA Draft 2021/22 Budget
Page 7	.	.	.	.	.	HRA Variance Notes
Page 12	.	.	.	.	.	Miscellaneous Rents
Page 14	.	.	.	.	.	Inflation

### Section 2 – HRA Budget 2021/22 – 2024/25

Page 15	.	.	.	.	.	5 Year HRA Budget
Page 17	.	.	.	.	.	5 Year HRA Assumptions
Page 18	.	.	.	.	.	5 Year Capital Budget
Page 21	.	.	.	.	.	Housing Capital Plan – New Build Council Housing

## **Revenue Assumptions**

In preparing the information for the draft Housing Revenue Account budget for the financial year 2021/22, 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 2021/22, (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 1.2% (RPI at December 2020). (Source: Office of National Statistics)

### **Housing Stock**

The number of Council houses owned by the Council, as at 31 March 2020, is 22,404.

### **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 2021/22.

### **Rental Income**

The income available in 2021/22 to fund the proposed budgeted level of expenditure has been calculated by taking the current out turn uplifting by 4% as per the fixed rental policy agreed at the Council Budget meeting of 3 March 2020.

### **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 2021/22. 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 Craighill, Kincorth, Tillydrone, Kaimhill, Auchmill, Cloverhill, Wellheads & Summerhill and the council house buy backs. Further sites will be added into the programme as sites are developed.

## Housing Revenue Account

	Budget 2020/21 £000's	Out-turn 2020/21 £000's	Budget 2021/22 £000's	Notes
<b>Premises Costs</b>				
1 Rates	82	82	84	
2 Rent	52	52	54	1
3 Repairs and Maintenance	29,377	34,627	29,964	2
4 Maintenance of Grounds	3,407	3,407	3,509	3
5 Gas	700	700	700	4
6 Electricity	3,132	3,132	3,310	4
7 Cleaning Service	433	433	442	5
8 Security Service	206	206	210	6
9 Window Cleaning	27	18	27	
10 Refuse Collection	337	337	373	7
11 Cleaning – Sheltered Housing	613	613	625	8
12 Other Property Costs - Council Tax	308	202	308	9
	<b>38,672</b>	<b>43,808</b>	<b>39,604</b>	
<b>Administration Costs</b>				
Down sizing Grants/Direct Debit				
13 Incentives	102	102	102	10
14 Legal Expenses	193	75	193	
15 Office Tel / Rent	10	10	10	
16 Former Tenants Arrears	3,000	4,910	4,500	11
Charges - Services Admin &				
17 Management	11,093	11,764	12,070	12
18 General Consultancy	60	60	60	13
19 Training for Front Line Staff	202	202	306	13
20 Benefits Staff	65	47	66	13
21 Charges - Tenants Participation	153	153	156	14
22 Charges for Environmental Health	233	233	238	
	<b>15,111</b>	<b>17,557</b>	<b>17,701</b>	
<b>Supplies &amp; Services</b>				
23 Provision of Meals	189	228	192	15
24 Television Licence	5	6	5	
25 IT Provision	287	287	292	16
	<b>480</b>	<b>521</b>	<b>490</b>	
<b>Agencies</b>				
26 Mediation Service	51	51	52	17
27 Energy Advice	82	82	83	18
28 Citizens Advice Bureau	0	0	0	
29 Disabled Persons Housing Service	40	40	41	13
	<b>172</b>	<b>172</b>	<b>176</b>	
<b>Transfer Payments</b>				
30 Priority Families Service/Housing First	521	521	732	19
31 Loss of Rent - Council Houses	1,681	2,246	2,336	20
32 Loss of Rent - Garages, Parking etc	623	724	753	
33 Loss of Rent - Modernisation Works	335	335	345	
34 CFCR	25,132	20,085	25,840	
	<b>28,292</b>	<b>23,911</b>	<b>30,005</b>	
<b>Capital Financing Costs</b>				
35 Loans Fund Instalment	2,202	2,202	2,765	
36 Loans Fund Interest	8,975	6,504	7,530	
	<b>11,177</b>	<b>8,706</b>	<b>10,295</b>	21
<b>Expense Total</b>	<b>93,905</b>	<b>94,675</b>	<b>98,272</b>	

	<b>Budget 2020/21 £000's</b>	<b>Out-turn 2020/21 £000's</b>	<b>Budget 2021/22 £000's</b>	<b>Notes</b>
<b>Income</b>				
37	(7)	(7)	(7)	
38	(89,926)	(90,557)	(94,153)	<b>22</b>
39	(2,127)	(2,215)	(2,215)	<b>23</b>
40	(1,352)	(1,403)	(1,403)	<b>24</b>
41	(197)	(197)	(197)	<b>24</b>
42	(13)	(13)	(13)	<b>25</b>
43	(540)	(540)	(540)	<b>24</b>
44	(68)	(68)	(68)	
45	(175)	(175)	(175)	<b>26</b>
Income Total	<b>(94,405)</b>	<b>(95,175)</b>	<b>(98,771)</b>	
Net Expenditure	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	

## HOUSING REVENUE ACCOUNT 2021/22 BUDGET

### Variance Notes Comparing Draft Budget 2021/22 to Estimated Out-turn 2020/21

#### Expenditure Movements

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

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

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

The 2020/21 budget has been uplifted by 2%. Out-turn in 2020/21 is higher than the budget for 2021/22 due to the continued charging for works (both capital and revenue) by Building Services despite a full works not being carried out during COVID-19 restrictions, following advice from Audit Scotland. During 2021/22 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 2021/22 has been calculated by using the anticipated out-turn for 2020/21 uplifted by 2% plus an increase of £33k for the Granite City Growing Strategy Post approved in the 2020/21 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 0% and Electricity 5.68%.

##### **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 2021/22 has been calculated as £442,000 (£433k uplifted by 2%).

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

The cost of the security included in the budget for 2021/22 is £210,000 and includes the control room team.

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

The budget for 2021/22 has been calculated by using the budget for 2020/21 uplifted by £36k 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 2% 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 2021/22 has been based on the actuals for 2019/20.

## **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. Can we remove this as this does not happen!

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 £1.5M to reflect the increased non collection of rent and the higher level of arrears experienced from universal credit claimants. As at the end of December 2020 rent arrears are £8.1m (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 2% has been allowed for which is in line with the assumptions contained within the Council's General Fund.

The General Fund budget in 2021/22 include the continuation of the options agreed at UBC on 30<sup>th</sup> June – Recharge of Housing Access & Support provision, 50% of the Turning Point Scotland contract, 60% of Financial Inclusion team and 40% of RRTP team.

## **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 2021/22 to reflect the accumulated 2% 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. Due to Covid restrictions it was not possible to fully undertake the customer satisfaction survey therefore a budget of £20k is carried forward into 2021/22.

#### **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 43 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 2021/22 which includes all the support, maintenance including continued set up costs of Choice Based Letting.

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

The budget for 2021/22 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 2021/22 a budget of £200k is included in the budget for Housing First this budget was not required in 2021/22 as this project was funded previously by the Housing First Scotland Fund. Details of the project are contained in the Update on Housing First Position to Operational Delivery Committee on 13 January 2021. Housing First provides ordinary, settled housing as the first response for people with multiple and complex needs who are homeless, the housing in approximately 50% of the time is Council Housing.

## **20. Void rent loss of Council Houses**

The budget has been calculated based on 2020/21 forecast outturns uplifted by 4% the business plan assumption for 2021/22.

## **21. Capital Financing Costs**

The budget for Capital Financing Costs is based on the likely level of capital spend in 2020/21 as at the end of November 2019 and a possible future programme for 2021/22 of £150 million (Including Craighill, Tillydrone, Kaimhill, Auchmill, Cloverhill, Granhome, Wellheads & Summerhill) 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 4% which is in line with current HRA Business Plan. The budget for 2021/22 has been calculated based on the 2020/21 outturn less April 20 as the 28 days notice must be given to the tenants.

Below is an analysis of the current rents in 2020/21 & the impact of the 4% rent increase included in the budget for 2021/22 -

<b>Rental 2020/21</b>					
<b>Property Group</b>	<b>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
<b>Proposed 4% Rental increase 2021/22</b>					
<b>Property Group</b>	<b>Property (Bedrooms)</b>				
	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Multi/flat/maisonette	67.14	80.05	86.51	92.98	99.41
Four in a block	73.60	86.51	92.97	99.44	105.88
Cottage/House	80.07	92.98	99.44	105.91	112.35

### **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 2019/20 and current economic conditions.

## Miscellaneous Rents

ABERDEEN CITY COUNCIL HOUSING REVENUE ACCOUNT					
Proposed Increase to be included in the HRA budget – Miscellaneous Rents					
		2021/22			
		Current	Proposed	Increase	Percentage
		Rental	Rental	Per Week	Increase
Note	Miscellaneous Increases	£	£	£	%
	Garages	12.15	12.60	0.45	3.70
	Denburn and West North Street Spaces	5.56	5.75	0.19	3.42
1	Denburn and West North Street Spaces – Non Resident	20.00	20.00	0.00	0.00
	Garages Sites	4.75	4.90	0.15	3.16
	Car Ports	5.20	5.40	0.20	3.85
	Car Parking Spaces – Local Residents	4.35	4.50	0.15	3.45
1	Parking Spaces Non Local Residents	20.00	20.00	0.00	0.00
	Meals at Denmore & Kingswood	41.20	42.85	1.65	4.00
2	Guest Rooms	10 & 15	10 & 15	0.00	0.00
3	House Garden Scheme (annual)	79.80	79.80	0.00	0.00

The above proposed prices for 2021/22 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 2021/22.

Note 2 - No increase is being recommended in 2021/22.

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 2021/22

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 2021/22 based on current forecasts for consumption and cost. Cost recovery at the current rates is possible for two main reasons, the reduction in gas prices and Aberdeen Heat & Power not increasing the charge to Aberdeen City Council.

<b>Heat with Rent – 48 week basis</b>		
	<b>Previous</b>	<b>Proposed</b>
<b>Gas Heated Properties</b>	<b>£</b>	<b>£</b>
Bedsits	8.85	8.85
1 bed roomed flats	10.20	10.20
2 bed roomed flats	11.60	11.60
3 bed roomed flats	12.95	12.95
<b>Electrically Heated Properties</b>		
Bedsits	9.90	9.90
1 bed roomed flats	11.20	11.20
2 bed roomed flats	12.60	12.60
3 bed roomed flats	13.90	13.90
<b>CHP Properties</b>		
All 1 Bed roomed Properties	10.00	10.00
All 2 Bed roomed Properties	11.30	11.30

## Inflation

Based on Housing Revenue Business Plan the budgeted figures have assumed a Council house rent increase of 4% for 21/22, 22/23 & 23/24 with future years at 3% increase.

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 following the impact of COVID-19. 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 2021/22:

End period %	Nov 20	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
RPI inflation	0.9	1.4	1.6	2.6	2.5	2.8
RPIX inflation	1.1	1.6	1.8	2.5	2.5	2.7
CPI inflation	0.3	0.6	0.6	1.6	1.7	2.2

Source – Capital Economics – Forecasts (Jan 21)

The above table indicates that inflation is expected to increase to 2.8% in Q4 2021 anticipated from the impact of BREXIT, therefore higher than the Bank of England's target of 2%.

## Housing Revenue Account

	Budget 2021/22 £000's	Budget 2022/23 £000's	Budget 2023/24 £000's	Budget 2024/25 £000's	Budget 2025/26 £000's	Notes
<b>Premises Costs</b>						
1 Rates	84	85	87	89	90	
2 Rent	54	56	58	60	61	
3 Repairs and Maintenance	29,964	30,563	31,175	31,954	32,753	1
4 Maintenance of Grounds	3,509	3,579	3,650	3,742	3,835	2
5 Gas	700	700	700	700	700	5
6 Electricity	3,310	3,498	3,697	3,907	4,128	5
7 Cleaning Service	442	450	460	471	483	2
8 Security Service	210	214	219	224	230	2
9 Window Cleaning	27	28	28	29	29	3
10 Refuse Collection	373	380	388	398	408	2
11 Cleaning – Sheltered Housing	625	638	651	667	684	2
12 Other Property Costs - Council Tax	308	320	333	346	360	
	<b>39,604</b>	<b>40,511</b>	<b>41,444</b>	<b>42,585</b>	<b>43,761</b>	
<b>Administration Costs</b>						
Down sizing Grants/Direct Debit						
13 Incentives	102	102	102	102	102	
14 Legal Expenses	193	193	193	193	193	
15 Office Tel / Rent	10	11	11	11	11	
16 Former Tenants Arrears Charges - Services Admin & Management	4,500	4,500	4,500	4,500	4,500	
17 General Consultancy	12,070	12,312	12,558	12,872	13,194	2
18 Training for Front Line Staff	60	60	60	60	60	
19 Benefits Staff	306	212	216	221	225	3
20 Charges - Tenants Participation	66	67	69	70	72	2
21 Charges for Environmental Health	156	159	162	166	169	2
22	238	242	247	253	260	2
	<b>17,701</b>	<b>17,858</b>	<b>18,118</b>	<b>18,448</b>	<b>18,786</b>	
<b>Supplies &amp; Services</b>						
23 Provision of Meals	192	196	200	204	208	
24 Television Licence	5	5	5	6	6	
25 Integrated Housing System	292	298	304	310	316	3
	<b>490</b>	<b>500</b>	<b>510</b>	<b>520</b>	<b>530</b>	
<b>Agencies</b>						
26 Mediation Service	52	53	54	55	56	3
27 Energy Advice	83	85	87	88	90	3
28 Citizens Advice Bureau	0	0	0	0	0	
29 Disabled Persons Housing Service	41	41	42	43	44	3
	<b>176</b>	<b>179</b>	<b>183</b>	<b>187</b>	<b>190</b>	
<b>Transfer Payments</b>						
30 Aberdeen Families Project	732	746	761	776	792	3
31 Loss of Rent - Council Houses	2,336	2,429	2,526	2,602	2,680	4
32 Loss of Rent - Garages, Parking etc	753	783	814	847	881	
33 Loss of Rent - Modernisation Works	345	355	366	377	388	3
34 CFCR	25,840	24,573	25,012	28,205	33,318	
	<b>30,005</b>	<b>28,887</b>	<b>29,480</b>	<b>32,807</b>	<b>38,059</b>	
<b>Capital Financing Costs</b>						
35 Loans Fund Instalment	2,765	3,250	3,766	4,435	5,106	
36 Loans Fund Interest	7,530	12,521	17,011	18,925	19,661	
	<b>10,295</b>	<b>15,771</b>	<b>20,777</b>	<b>23,360</b>	<b>24,767</b>	

<b>Expense Total</b>		<u>98,272</u>	<u>103,707</u>	<u>110,512</u>	<u>117,907</u>	<u>126,094</u>	
		<b>Budget 2021/22 £000's</b>	<b>Budget 2022/23 £000's</b>	<b>Budget 2023/24 £000's</b>	<b>Budget 2024/25 £000's</b>	<b>Budget 2025/26 £000's</b>	<b>Notes</b>
<b>Income</b>							
37	Ground Rentals	(7)	(7)	(7)	(7)	(7)	
38	Dwelling Houses Rent Income	(94,153)	(99,588)	(106,394)	(113,789)	(121,975)	4
39	Housing - Heat with Rent Income	(2,215)	(2,215)	(2,215)	(2,215)	(2,215)	
40	Housing - Garages Rent Income	(1,403)	(1,403)	(1,403)	(1,403)	(1,403)	
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>	<u>(98,771)</u>	<u>(104,206)</u>	<u>(111,012)</u>	<u>(118,407)</u>	<u>(126,593)</u>	
	<b>Net Expenditure</b>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	

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

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

The budget has been uplifted by 2% in 2021/22 to 2024/25.

### **2. Maintenance of Grounds, Security Service, Refuse Collection, Cleaning – Sheltered Housing & Service, 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 2% for 2021/22 to 23/24 and then 2.5% for 2024 to 2025/26 has been applied to reflect the anticipated public sector pay awards.

### **3. Training for front line staff, Window Cleaning, Office Telephone, Energy Advice, Integrated Housing, Loss of rent modernisation works, Priority Families Service, Mediation Service, Disabled Persons Housing 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 4% for 2021/22 to 2023/24 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 0% and electricity 5.68% similar to 2021/22.

**Draft Housing Capital Budget 2021/22 to 2025/26**

PROJECT	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
<b>SCOTTISH HOUSING QUALITY STANDARDS</b>					
<b>1 Compliant with the tolerable standard</b>					
1.1 Major Repairs-					
Undertaking large scale repairs to Roofs/Gutters/RWP/Roughcast Errol Place & Errol Street, Gray Court Fabric Repairs, Fire Damage Mastrick Road	2,400	1,796	2,099	2,202	2,217
	<b>2,400</b>	<b>1,796</b>	<b>2,099</b>	<b>2,202</b>	<b>2,217</b>
<b>2 Free from Serious Disrepair</b>					
2.1 <u>Primary Building Elements</u>					
Structural Repairs Multi Storey	1,570	1,269	905	1,098	1,152
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 prolonging their life					
Multi Storey – Listing Costs	200	200	0	0	0
Structural Repairs General Housing	500	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	3,517	1,941	113	2,491	2,741
Replacement of existing roof covering and upgrading of insulation to meet current building regulations.					
2.3 Upgrade Flat Roofs Multi Storey	1,575	1,328	1,050	367	1,925
Full replacement of the flat roofs and also checking the replacement of roof ventilation as required					
2.5 Mono Pitched Types	0	400	650	650	650
Replacement of the external render of the building, replacement of gutters and downpipes, environmental works					
2.6 Window Replacement Houses	3,667	5,581	6,011	6,289	6,432
Window Replacement Flats					
Window Replacement General – Communal					
	<b>11,029</b>	<b>12,819</b>	<b>10,929</b>	<b>13,195</b>	<b>15,300</b>
<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	183	0	0	0	205
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	7,962	8,781	6,387	3,128	2,980
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	1,282	1,718	2,158	2,170	0
Creation of Combined Heat & Power Plants					
3.6 Energy Efficiency Sheltered	442	464	487	512	538
Introduction of energy efficiency measures in extra care housing such as new or upgraded heating systems.					

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
<u>Additional Energy Efficiency measures</u>					
3.7 SCARF	35	35	35	35	35
3.8 Solid Wall Insulation	650	1,155	1,220	1,280	1,340
	10,674	14,740	11,647	8,486	5,122

### Modern Facilities & Services

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
<u>Bathroom and Kitchen Condition</u>					
4.1 Modernisation Programme – Bathroom	578	510	1,105	1,159	440
Modernisation Programme – Kitchen	1,761	1,742	2,778	2,901	1,500
Replacement of bathrooms and kitchens.					
	2,339	2,252	3,883	4,060	1,940

### 5 Healthy, Safe & Secure

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
<u>Healthy</u>					
5.1 Condensation Measures	0	0	0	0	24
Installation of heating systems and ventilation measures to combat condensation.					
<u>Safe</u>					
5.3 Rewiring	2,013	1,224	1,604	2,559	730
Replacement of cabling, fittings and distribution boards as necessary. This work is carried out in every property on a cyclical basis					
5.4 Lift Replacement Multi Storey/Major Blocks	1,250	320	335	704	369
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	151	39	80	124	44
Triple head sensor programme	525	0	0	0	0
5.6 Services					
Cyclical maintenance/replacement of the following services					
Ventilation Systems, water tanks/pipe work, refuse chutes/chamber, Dry risers systems, Standby Generators/standby generators	1,643	1,490	200	500	500
<u>Secure</u>					
5.11 Door Entry Systems	72	284	101	107	288
Installation of door entry and replacement of existing doors where required					
5.12 Replace Door Entry Systems - Major Blocks	127	0	485	509	382
Installation of door entry and replacement of existing doors where required					
5.13 Other Initiatives	2,085	1,726	1,640	1,517	931
Upgrading of stairs and installation of security doors and door entry systems					
	7,866	5,083	4,445	6,020	3,268

### NON SCOTTISH HOUSING QUALITY STANDARDS

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
<b>6 Community Plan &amp; LOIP</b>					
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.					

	2021/22	2022/23	2023/24	2024/25	2025/26
6.2 Community Initiatives	200	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	0
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
6.15 Clinterty	1,500	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	750	500	0	0
Properties were purchased in 19/20, require refurbishment, this was reflected in the price					
6.18 New Build/Former Council House Buy Back	109,215	112,476	61,507	38,790	16,541
	<u>113,264</u>	<u>124,210</u>	<u>61,137</u>	<u>39,013</u>	<u>19,806</u>
<b>8 Service Expenditure</b>					
8.1 Other Departmental Fees	4,011	3,476	2,955	2,955	2,683
	<u>4,011</u>	<u>3,476</u>	<u>2,955</u>	<u>2,955</u>	<u>2,683</u>
<b>Gross Programme</b>	<b>153,529</b>	<b>156,817</b>	<b>101,065</b>	<b>78,808</b>	<b>51,621</b>
Less 11% Slippage	(5,645)	(4,878)	(4,351)	(4,402)	(3,859)
<b>Net Programme</b>	<b>147,884</b>	<b>151,939</b>	<b>96,714</b>	<b>74,406</b>	<b>47,762</b>
Financed by :-					
Borrowing	114,928	115,948	48,722	16,425	11,344
Other Income eg Grants, Affordable Homes Reserve	7,116	11,238	22,980	29,776	3,100
CFCR	25,840	24,753	25,012	28,205	33,318
Total Funding	<u>147,884</u>	<u>151,939</u>	<u>96,714</u>	<u>74,406</u>	<u>47,762</u>

## **New Housing Investment Programme**

The new build programme will cover the development of new properties on Council owned land at Summerhill, Craighill, Kincorth, Tillydrone and Kaimhill in addition to contracting on developer led schemes at Auchmill Road, Cloverhill – Bridge of Don, Grandhome and Wellheads – Dyce. Longer terms projects are also being advanced on sites at Greenferns and Greenferns Landwards (Newhills expansion). This programme is further supplemented by an ambitious council house buy-back scheme.

To date the following has been delivered as part of the programme:

- Completed the delivery of 179 units at Smithfield and Manor Walk.
- Approximately 100 units have been purchased through the buy back scheme at a cost in excess of £6 million.
- A further 62 buy-backs have been agreed but are not yet legally concluded.
- 134 applications for buy backs are pending (awaiting surveys and financial assessment).
- A construction contract for the delivery of 369 units at Summerhill is in place with works well progressed on site.
- A Development Agreement for the delivery of 283 units at Wellheads, Dyce is in place with the initial block of 67 units due for completion in Q1 2021.
- The Council has entered into a Development Agreement at Auchmill Road to deliver 92 units with works recently started on site.
- A Pre-Award Services Agreement has been agreed with a view to delivering 536 units at Cloverhill, Bridge of Don.
- Preferred bidder discussions are at an advanced stage with a developer to deliver a first phase of 95 units at Grandhome with a potential second phase of over 100 units.
- A procurement exercise for developer led schemes has been concluded and preparations for a further similar exercise are being advanced to commence during Q2 2021.
- Commenced discussions with Contractors for the delivery of a total of 414 units across Council led sites at Kincorth, Craighill, Tillydrone and Kaimhill using the Scotland Excel procurement Framework.
- Provisional Heads of Terms are at an advanced stage with an adjoining owner to combine landholdings and undertake the development of up to 300 units on a shared site at Granitehill.
- RIBA Stage 1 proposals have been completed for the Council led Direct sites at Greenferns and Greenferns Landward (Newhills expansion). The sites when added together could accommodate over 2,500 units with an initial combined development of circa 511 units proposed to open the sites up for future development.
- Significant works have been undertaken to engage with suppliers and developers during the initial years of the programme and work is ongoing 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.

## Fire Suppression/sprinkler systems

Elected members will be aware that impending legislation would require future new build dwellings to have a fire suppression/sprinkler system installed. As such the new build programme the Council is undertaking would not require to have such a system included within any new build that the Council will undertake at present. However, officers feel it prudent to incorporate this future requirement into the new build programme. Initial estimates show this to be approximately £6,500 per unit. This estimate is based on Technical Advisor reports that have been received and will obviously vary on the type of property. It would appear prudent at this stage to therefore, allocate a sum of £15 million including contingency.

<b>New Housing Capital Programme Budget</b>	<b>Contracted Sites</b>	<b>Market Preparation</b>	<b>Buy Backs</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
<b>Cost Category</b>			
Construction Cost (Direct Sites)	154.162	TBC	0.000
Development Costs (Developer Led)	56.002	0.000	0.000
Land Cost	29.099	0.000	0.000
Buy Back Estimate	0.000	0.000	45.000
Architect	0.464	1.886	0.000
Civil and Structural	0.139	0.630	0.000
MEP Engineer	0.112	0.590	0.000
Landscape Architect	0.000	0.122	0.000
Fire Engineer	0.000	0.422	0.000
Acoustic Engineer	0.000	0.133	0.000
Programme Management	0.284	0.170	0.000
Project Management / Project Monitor	0.950	0.982	0.000
Quantity Surveyor	0.600	0.852	0.000
Principal Designer	0.054	0.139	0.000
Quality Monitoring	2.405	0.528	0.000
Other Fees	2.000	0.000	0.000
Studies / Investigations	0.189	0.087	0.000
BIM Information Manager	0.103	0.182	0.000
Finance Charges	0.000	0.000	0.000
ACC Direct Fees (Including Contingency Allowances)	17.521	16.400	0.900
<b>Estimated Gross Expenditure</b>	<b>264.084</b>	<b>23.123</b>	<b>45.900</b>
<b>Funding</b>			
Council Tax 2nd Home	(18.000)	0.000	0.000
S75 Funding	(1.561)	0.000	0.000
Future Grant Bids (£57k/£30k per unit)	(72.960)	0.000	(9.000)
<b>Estimated Funding</b>	<b>(92.521)</b>	<b>0.000</b>	<b>(9.000)</b>
<b>Estimated Net Expenditure</b>	<b>171.563</b>	<b>23.123</b>	<b>36.900</b>
Number of Units	1,280	414	300

Summary of the table above –

- The current position in relation to sites described as “Contracted Sites”. This refers to the 4 sites (Summerhill, Wellheads, Auchmill and Cloverhill) in which the Council has entered into legal contracts with a third party (either through Development Agreements including a PASA agreement or Construction Contract). These are provided as a single total due to the commercial confidentiality of the costs per site.
- The column described as Market Preparation - effectively the 4 council owned sites that are currently being prepared for development site starts later this year. Again, these costs are aggregated to protect the commercial sensitivity of the sites and construction costs have still to be confirmed following contractors pricing.
- To ensure transparency the different categories of spend that are required such as Architectural and Design fees, Civil, Mechanical and Structural engineering costs etc. All these costs are likely to be procured externally, within the normal fee percentage, as the Council does not have either the capacity or the specialist skills required to undertake these aspects at this time. For clarity officers are therefore seeking approval for these work streams to continue or to be approved.
- Current estimated Buybacks which to date have concluded around 120 units. It is clear that the total number of Buybacks will now likely exceed the original target of 200 units and once the recruitment is complete to fill vacant posts a more pro-active purchasing system will be followed including writing to owners of certain properties to ascertain whether they would be interested in selling the property to the Council. Primarily this will be in relation to private properties where the Council is the majority owner of a block.