

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Communities Housing and Public Protection
<b>DATE</b>	27 <sup>th</sup> May 2025
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Viability Assessment of Proposals from Owners of Properties with RAAC
<b>REPORT NUMBER</b>	F&C/25/124
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<b>TERMS OF REFERENCE</b>	1

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### 1. PURPOSE OF REPORT

- 1.1 At the reconvened Council meeting of 17<sup>th</sup> February 2025 ([F&C/25/030](#)), the Council noted the alternative options proposed by the Torry RAAC Campaign Group Management Committee and instructed officers to explore the feasibility, benefits and risks associated with each option, alongside any other identified opportunities to support owners, and report the findings to a future meeting of the Communities, Housing and Public Protection Committee. This report shares the outcome of a Viability Assessment undertaken and makes recommendations for consideration by Committee.
- 1.2 The Report also takes account of the instruction to consider the landscaping options outlined in [CR&E/25/057](#) more fully when reporting back to Committee on the viability of the alternative options presented by the Torry RAAC Campaign Group Management Committee (TRCG).

### 2. RECOMMENDATION(S)

That the Committee:

- 2.1 Thank the Torry RAAC Campaign Group Management Committee (TRCG) and UK RAAC Campaign Group for their positive engagement in the process of identifying alternative options for owners and for granting permission to share the note of engagement via Appendix A with the Committee;
- 2.2 Note the contents of the Viability Assessment contained in Appendix B and that the purpose of the review was to determine if there are additional options which would meet the Council's overall objectives;

- 2.3 Note that Options 2, 3 and 4 in the Report are all identified by officers as being viable and worth investigating further with all owners;
- 2.4 Note that TRCG have expressed a view that any option which involves owners contributing to costs or sharing equity in their property will not be acceptable to them;
- 2.5 Note that if Option 3 is pursued there will require to be a commitment from all owners within any identified terraces of properties and that there will be a requirement to vacate properties timeously as part of the overall agreement in order to mitigate the health and safety risks;
- 2.6 Note the previous decisions that Voluntary Acquisition will be at Market Value (with additional supporting payments as previously agreed) and agree that all options should be equitable in so far as no single option will be more financially beneficial than any other to owners;
- 2.7 Instruct the Chief Officer - Corporate Landlord to write to all homeowners to advise them of the alternative options presented, in keeping with the officer modelling within Appendix B, and ask homeowners, having considered the information, to formally identify by the end of June 2025 which option they would be willing to consider; and:

**In relation to the roof on roof off proposal (Option 3):**

- a) Instruct the Chief Officer - Corporate Landlord, in consultation with the Chief Officers of Finance, Housing and Capital, to thereafter review terraces on the site which would best lend themselves to meeting demand for the roof on roof off option as indicated by owners;
- b) Instruct the Chief Officer – Corporate Landlord to progress negotiations with owners to deliver the option as identified in the Viability Assessment and enter into legal agreements as required if there is sufficient interest to undertake this option in relation to at least one full terrace where all owners are in agreement;
- c) Approve the necessary spend, using the funding solution identified for voluntary acquisition, to undertake works as identified in the Viability Assessment including procuring works, supplies and services as required in accordance with the Council's Procurement Regulations;
- d) Instruct the Chief Officer – Finance to explore the options in relation to loan, standard securities and shared equity mechanisms to support owners to meet a share of costs as outlined in the Viability Assessment in connection with their properties;
- e) Instruct the Chief Officer – Corporate Landlord to instruct the disposal of properties to owners as identified in the Viability Assessment, where this is considered appropriate;

**In relation to the excambion (house swap) option (Option 4):**

- f) Instruct the Chief Officer - Corporate Landlord and Chief Officer - Housing to identify Council houses that may be appropriate for excambion, prepare property information on these and circulate details to interested owners;
  - g) Instruct the Chief Officer - Corporate Landlord and Chief Officer - Governance to arrange any necessary works to properties under existing delegated powers and conclude transactions in relation to this Option in accordance with the terms contained within the Viability Assessment;
  - h) Approve the use of the existing funding solution for voluntary acquisition to fund these works, including making payment to the Housing Revenue Account (HRA) for the loss of housing stock (all at Market Value);
  - i) Instruct the Chief Officer – Housing to keep the Scottish Housing Regulator advised of progress with this work;
- 2.8 Instruct the Chief Officer - Corporate Landlord to progress negotiations with owners, in consultation with the Chief Officer – Finance, and report back on progress to the Communities, Housing and Public Protection Committee in August 2025 within the already scheduled report;
- 2.9 Note that the first proposal within the UK RAAC Campaign Group Option is assessed as unviable, but that the remaining proposals have been built into the roof off/roof on proposal from the TRCG;
- 2.10 Note that works to masterplan the site have been ‘stepped down’ until July 2025 to ensure clarity over the options being taken forward in this report, as have works to progress site landscaping and demolition to avoid abortive costs;
- 2.11 Instruct the Chief Officers of Finance, Housing and Corporate Landlord to continue to pursue all available funding options to meet the needs of the Council and owners; and
- 2.12 Instruct the Chief Officers of Finance, Housing and Corporate Landlord to discuss the content of this report formally with External Audit to confirm that they have no objections to the Value for Money of the recommendations within this report.

### **3. CURRENT SITUATION**

- 3.1 Following the decision noted in para 1.1, a period of shared planning between the TRCG and senior Council officers was undertaken, culminating in a workshop being held on the 12<sup>th</sup> March 2025 at Greyhope Community Hub. The Workshop was ably facilitated by colleagues in Community Learning and Development.
- 3.2 The workshop was co-designed with the TRCG to help owners and Council officers develop a shared understanding of the pros and cons of the two [options](#) presented by the local Group. An agreed account of the highly productive workshop is included in Appendix A and shared with the permission of the Group.

- 3.3 Council officers have since taken forward the actions agreed at the workshop and have fully considered the feasibility of the options presented by the TRCG. This has included discussing the Options with the Scottish Housing Regulator who has advised that they are content with Option 4, so long as the Council is able to demonstrate that the disposal of any properties would be in the wider interests of the Housing Revenue Account (HRA).
- 3.4 Following a period of further planning with the TRCG, officers again met the Group on 29<sup>th</sup> April 2025 to share the outcome of their on-going assessment of Viability. This second workshop gave officers a chance to feedback on the actions from the first meeting and share how officers believed that the two options could be deemed viable when all constraints had been taken into account. An account of the second workshop is available in Appendix A, with comments provided thereafter by the Group included at the end of the Note.
- 3.5 A further proposal, with subsequent clarifications through e-mail, was presented by the UK RAAC Campaign Group (included as an Appendix to the Viability Assessment). This option has also been considered (referred to as Option 5), with the additional suggestions for the options presented by the Local Group taken into account wherever possible.
- 3.6 The first submission from the UK RAAC Group was discounted as it does not take account of decisions already taken by Council with regard to Council owned properties. In addition Members will be aware that opportunities are available to home owners for environmental retrofit that are not available to the Council, leading to environmental retrofit also being considered out of scope for this Viability Assessment as it would not deliver best value for the Council. Following positive engagement with the UK RAAC Group, a slightly amended proposal was tabled and this has been used to inform the development of the Roof Replacement Option (Option 3).

### **The additional options explored**

- 3.7 **Roof Replacement Option** (shown in the Viability Assessment as Option 3)  
In its simplest form, owners would like the Council to consider ringfencing part of the site (approx. 50 of the 372 buildings) and removing the RAAC roofs from these properties and replacing them with a new timber cassette roof. Those residents interested could then be allocated one of these properties and be able to remain in the community.
- 3.8 **House excambion (swap) Option** (Option 4 in the Viability Assessment)  
Owners have asked the Council to consider whether they would be prepared to offer owners the opportunity to swap their property with an existing Council property (which they would then be the owners of) with a like for like value (or with a balancing payment). The current Market Value of each property would be used.
- 3.9 **Owners be given low cost (or no cost) loans/grants to remove RAAC and linked Council properties are not demolished** (shown as Option 5)  
Owners be given low cost (or no cost) loans/grants to remove RAAC, and that the Council commission and coordinate roof replacements, including to Council

properties linked to privately owned homes. Work to include improved energy efficiency and external rendering at the expense of owners would be included as part of these works. An alternative proposal akin to the Roof Replacement Option was also presented. These proposals were merged to form the Roof Replacement Option (Option 3).

- 3.10 For completeness a review of the current option of voluntary acquisition is included in the Viability Assessment as is the impact of 'do-nothing' to allow members of the Committee the opportunity to consider the options on a wider basis.
- 3.11 The proposals have been reviewed and analysed, taking into account factors such as the impact on owners, community, buildability, commercial, legal and financial impact. Other considerations around the practicability of delivery and future property allocations were also considered.

### **Approach to undertaking the Viability Assessment**

- 3.12 The health and safety of those living in RAAC affected properties remains a primary concern for both the Council and owners and as a result must be a key consideration. For an option to be viable, it also needs to enable the delivery of decisions already taken by Council. It is also important to recognise that the Council's role in relation to privately owned property is limited by law.
- 3.13 The Council has sought to engage positively with affected owners to explore the options presented. Officers note that owners believe that all costs should be met by the Council. The Council cannot accept open-ended financial liability for circumstances arising from private ownership. Any support that is proposed to be offered to private owners requires to be funded, and as such the provision of support to owners will directly impact on the population of Aberdeen through a reduction in the provision of services or planned capital works, and/or costs passed to Council Tax payers for example. This does not mean that the Council cannot provide support, but does mean that the Council has a duty to act equitably, responsibly, and in line with its statutory powers. As a result, officers have considered how any proposals to support homeowners could impact on the wider population and attempted to strike an appropriate balance.
- 3.14 Having considered the objectives for the Council and also for owners, criteria were agreed with the TRCG. Officers and the Group have separately assessed each option against the following 5 criteria to help determine the strength and therefore the viability of options.
- quickly negate the health and safety risk to owners
  - mitigate financial loss to owners
  - enable masterplanning and demolition of redundant stock
  - mitigate the financial costs to Aberdeen City Council, domestic rate payers and the Housing Revenue Account
  - be deliverable (to include practicalities and availability of suitably qualified personnel to oversee works etc.

- 3.15 Appendix B sets out the full findings of our Viability Assessment on the proposals presented by the TRCG and the UK RAAC Campaign Group. Risks particular to each of the Options are articulated in the Appendix. Officers have concluded that Option 1 (do nothing) remains unviable at this time.
- 3.16 Officers conclude that Option 2 (Voluntary Acquisition) remains viable at this time.
- 3.17 In order to make Option 3 equitable, comply with best value principles and therefore be viable, it is proposed that each owner is asked to make a contribution to the costs of this Option by funding the costs of the actual roof replacement. It is proposed that this would be capped at the 'discount' made to arrive at the Market Value of the property as determined by the Valuation Office Agency. It should be noted that this is less than the cost estimates prepared by the Council's professional team but is being used for transparency and consistency with other options.

Type of Property	Number	RAAC Deduction	Total Deduction
1 bed ground	18	*20k	£360k
1 bed first floor	19	*20k	£380k
3 bed	86	37k	£3,182k
4 bed	15	44k	£660k
	138		£4,582k

\*1 bed properties have a larger roof area/ costs split between parties.

- 3.18 Through the viability assessment process, and particularly through engagement with the TRCG, many owners have highlighted the considerable financial challenges presented by the identification of RAAC in their properties. It has become clear that very few owners will be willing (or able) to pay upfront costs for roof replacement. Recognising the difficulty of some owners in meeting costs for the replacement roof on an upfront basis, it is proposed that the following mechanism be considered for owners to meet their share of costs:
- Owners meet costs on completion of works
  - Owners are offered a loan by the council to pay for their contribution towards the works (loan would be secured against the property – 2nd ranking).
  - Owners who are unable to meet the cost will instead be asked to contribute through shared equity in the property.
- 3.19 In return for the owners covering the costs associated with the actual roof replacement, it is proposed that the Council meet all other reasonable and demonstrable costs to include the following with exceptions subject to consideration on a case by case basis:
- Project management costs
  - Legal costs (insofar as properly and reasonably incurred)
  - Removal and storage costs
  - Property re-instatement costs
  - Statutory consents
  - Schedule of works/ condition
  - Deep clean
  - Safety checks (and works that may come from checks)
  - Cost to take vacant properties to the Council's minimum letting standard

- Mortgage/ security costs (process costs for variations etc.)
- Managing allocations process
- A discretionary payment of £5,000 to those who could not be re-homed in their current property but chose to participate in this option.

- 3.20 It is very hard to provide finalised costs without a clear understanding of the level of interest from individual owners (and therefore any economies of scale that could be realised) and of any damage which may result from removing the roof of the home. Members are asked to note the risk to the Council this introduces. Initial estimates suggest the Council should consider a value of between £30k and £40k per home, in addition to the roof costs for which the recovery from owners will be capped, and there may be a need to consider additional contingency beyond this due to the uncertainty.
- 3.21 It is important to note that all of the privately owned properties affected by RAAC in Balnagask were originally acquired by private individuals under the Right to Buy scheme (formerly under the Housing (Scotland) Act 1987) and were purchased on a full repairing and insuring basis. The ongoing responsibility for maintenance and structural integrity rests with the private owner. There is no statutory obligation on the Council to undertake or fund repairs to these privately owned properties and owners could choose to work with other owners within a terrace to put in place and independently fund their own solution, and indeed request costs from the Council where they are the minority owner within a terrace. As at time of writing, no such requests have been made of the Council.
- 3.22 Any voluntary assistance provided by the Council must be strictly within the scope of discretionary powers and supported by a lawful funding mechanism. Having considered all of the constraints in place (as outlined in the Viability Assessment) officers have concluded that Option 3 is only viable if home owners make a contribution to the costs as this would help the Council ensure compliance with best value principles and with our public sector equality duty by partially mitigating the impact on the wider population of Aberdeen.
- 3.23 Option 3 scored lower under the health and safety criterion. Members will be aware that independent structural surveys to date have indicated that properties present a high risk. Recently acquired properties have now been surveyed for the first time, and these properties have also been assessed as high risk. Officers are however aware that an assessment of critical risk could trigger enforcement action. This does present a risk of owners being required to vacate properties at pace. Officers propose to secure and share comprehensive advice on enforcement action with owners. If Option 3 is taken forward there will be a need to agree collectively with owners how this risk will be mitigated through the owners agreeing to vacate their current homes timeously.
- 3.24 Owners are really concerned about covering the costs of any decant required due to the need to continue to make mortgage payments and make provision for rent. As a result, it is proposed that if this option is taken forward in sufficient volume, a terrace could be identified for the first phase of works and be used as a decant home for those who require this arrangement. Again, detailed proposals, including the identification of the most appropriate terraces, cannot be developed until officers have a clearer understanding of the number of owners who might be

interested in this option. **It should be noted that within this option an owner unable to meet the costs could have their property re-roofed or moved in a property that has been re-roofed with no up-front outlay (as outlined in 3.18) to them,** subject to the wider delivery issues.

- 3.25 It is the opinion of Officers that Option 3, although complex and with risk, is a viable Option subject to the allocation of costs as outlined above. Committee are asked to note however that the TRCG have advised that they would not support Option 3 if any costs are expected to be met by owners. For this reason, **this option should only be considered viable if there is sufficient interest from owners to undertake Option 3 on one full terrace.** With Committee approval, officers will write to owners in order to determine levels of interest.
- 3.26 Option 4 (excambion) as outlined in the Viability Assessment scored higher than the other options and could present a helpful alternative for some owners. There are limitations however in the size of the properties that could be made available to owners. The current Market Value of both properties would be used.
- 3.27 Any difference in value will be met by either party, for example if the new home identified has a greater value than the current home, the owner will be asked to fund the difference in value or vice versa. Owners who require support to meet such costs, could make payment through a missing share mechanism or loan agreement.
- 3.28 In relation to costs incurred by the Council it is proposed that the Council meet all other reasonable and demonstrable costs to include the following with exceptions subject to consideration on a case by case basis:
- Project management costs
  - Legal costs (insofar as properly and reasonably incurred)
  - Removal costs
  - Disturbance and home loss as per Voluntary process
  - Deep clean
  - Safety checks
  - Mortgage/ security costs (process/ variation costs etc.)
  - Managing process
- 3.29 Undertaking this Viability Assessment has guided officers to recognise that no one solution will fully meet the needs of each individual, and acknowledges the very different circumstances of individual owners. Officers conclude that a mixed solution may be required to meet the shared objectives.
- 3.30 As a result, it is proposed that the options made available to owners be extended and include:
- Making their own homes safe by working with other owners within a terrace to identify a solution, and asking the Council to contribute to meeting the costs associated with any Council homes within the terrace (already available).
  - Voluntary acquisition at Market Value (already in place).
  - A Roof off/roof on Option, with the owner meeting the capped cost of the roof replacement and Council meeting all other reasonable costs.
  - A house swap option.



- 3.31 With Committee approval, officers will engage with owners to share the outcome of the Viability Assessment, and progress both options with owners on the terms outlined in the Viability Assessment. Work will also be undertaken to engage with owners/private landlords who are currently choosing not to engage, with a view to having a clear indication of demand for each option by the end of June to support proactive planning. This will also allow masterplanning and demolition planning and engagement works to be progressed from July 2025.

### **TCRG proposed delivery mechanism**

- 3.32 As can be seen in Appendix A, the Torry RAAC Campaign Group Management Committee propose that an independent body be established to oversee the works for Option 3. They propose that the Council would fund the body and allow the body to take decisions around the works, funding, specification and procurement routes.
- 3.33 The Group suggests that some form of block grant to the body, which is set up to oversee the project, would enable the works to be carried out in a cost-effective and timeous manner providing proper governance, value for money and saving the Council around £2-3m from the costs that it would incur if all owners were to agree to the Voluntary Acquisition scheme. The Group believe that a saving of £2-3m to the Council would clearly constitute 'Best Value'. Block grants are awarded by Council to other external bodies to assist with their functioning so the group feels that such an arrangement could also apply in respect of this proposal.
- 3.34 Delegating control of public funds for capital works to an unregulated external body without procurement and governance safeguards would contravene the Council's duties under the Public Finance and Accountability (Scotland) Act 2000 and procurement legislation. Accordingly, this option is not deemed viable.

### **Landscaping Proposals and Masterplanning**

- 3.35 Report [CR&E/25/057](#) on demolition and landscaping options, presented to the Communities, Housing and Public Protection Committee in March 2025, identified that work to explore alternative options presented by owners could heavily influence both the demolition phasing and landscaping options. As such no further work on masterplanning the site or consulting on demolition processes has been taken forward whilst these options are being considered.

## **4. FINANCIAL IMPLICATIONS**

- 4.1 On 5 March 2025, Council agreed a funding solution using the capital fund to enable the Voluntary Acquisition of properties impacted by RAAC. It is proposed that this funding solution be used to support delivery of the options detailed within this report. This funding mechanism (designed to release up to £12.75m) was to help realise a cleared site for Masterplanning.

- 4.2 Neither Option 3 or Option 4, as outlined in the Viability Assessment, would realise a fully cleared site. The Council cannot accept open-ended financial liability for circumstances arising from private ownership and is required to consider any impacts associated with offering financial assistance to owners, particularly where no legal duty exists. This does not mean that the Council cannot support, but does mean that the Council has a duty to act equitably, responsibly, and in line with its statutory powers. Given that the need to secure best value remains paramount, it is proposed that the Chief Officers for Finance, Housing and Corporate Landlord discuss the content of this report formally with External Audit and ask them to confirm that they have no objections to the Value For Money aspects of the recommendations within this report.
- 4.3 The Aberdeen City Region Deal contains a £20 million Housing Infrastructure Fund (HIF) to '*unlock housing sites that are of strategic importance to the local authorities for the delivery of affordable homes.*' To date no projects put forward by both Local Authorities have been successful for HIF. The Finance and Resources Committee on 7 May 2025 instructed the Chief Officer – Corporate Landlord to consider the options and possibilities that may be available through the Housing Infrastructure Fund as part of the Balnagask Masterplanning exercise. A link to the guidance is noted below.
- <https://www.gov.scot/publications/housing-infrastructure-fund-guidance-for-applications/>
- 4.4 Having reviewed the guidance and associated criteria, officers remain of the view that the work being undertaken to address RAAC in Balnagask does not meet the qualifying conditions. At the time of this report being written however, officers are in on-going conversation with Scottish Government officials.

## **5. LEGAL IMPLICATIONS**

- 5.1 There is no statutory duty on the Council to undertake or fund remedial works to privately owned properties affected by RAAC. These properties were acquired under the Housing (Scotland) Act 1987 through the Right to Buy scheme on a full repairing and insuring basis. Ongoing maintenance responsibilities, including structural integrity, remain with the individual private owners.
- 5.2 Where appropriate, support may be provided using discretionary powers under section 20 of the Local Government in Scotland Act 2003 to advance wellbeing. However, such support must operate proportionately within the limits of statutory competence, be financially sustainable, and be consistent with the Council's obligations to achieve Best Value (section 1, 2003 Act). Any financial assistance must not displace the primary responsibility of owners and must be underpinned by enforceable legal agreements.
- 5.3 Options 3 and 4 (roof replacement/and excambion) are considered legally viable where sufficient owner participation is secured and formalised through appropriate legal agreements. Where owner contributions are proposed, including loans or equity arrangements, these must be clearly documented and secured (e.g. by standard security). However, care must be taken where limited property value or title conditions may restrict enforceability or long-term recovery.

- 5.4 Disposal of any Council-owned property in connection with these options must comply with section 12 of the Housing (Scotland) Act 1987, including demonstrating that any disposal is for market value or otherwise delivers benefit to the Housing Revenue Account. This applies equally to any proposed excambion arrangement.
- 5.5 The Disposal of Land by Local Authorities (Scotland) Regulations 2010 permit below market value disposals only where the authority is satisfied that the disposal will promote or improve economic, social, or environmental wellbeing. Any such disposal must be supported by an independent valuation and subject to appropriate governance oversight.
- 5.6 Proposals that rely solely on Council funding to remediate privately owned homes, without reciprocal title transfer or contribution, are not considered legally viable and may conflict with Best Value obligations. Any delivery model must preserve appropriate Council control, financial accountability, and statutory compliance. The Council must ensure consistency and fairness in its approach, particularly where homeowners decline reasonable offers, delay or do not undertake works necessary to ensure properties are structurally sound, safe and habitable.
- 5.7 Where owners decline or delay engagement, or where structural conditions deteriorate and pose a continuing or advancing health and safety risk, the Council may consider enforcement action. Statutory powers under sections 28–30 of the Building (Scotland) Act 2003 allow intervention where buildings are deemed dangerous or defective. These powers include issuing notices requiring works, ordering evacuation, and undertaking emergency measures at cost to the owner. Enforcement under section 87 of the Housing (Scotland) Act 1987 may also be considered for houses determined to fall below the tolerable standard, again with cost recovery from the owner.
- 5.8 Should voluntary routes be exhausted, the Council retains the option of promoting a Compulsory Purchase Order (CPO). The justification for any CPO must be robust and demonstrate that acquisition is necessary and in the public interest. The appropriate route for any such order, including whether it proceeds under general planning powers or in connection with housing renewal, will require detailed assessment, masterplanning and would be subject to Scottish Ministers' approval.

## **6. ENVIRONMENTAL IMPLICATIONS**

- 6.1 There are differing environmental implications with each option, with any environmental retrofit of properties being outwith the scope of this assessment. In general terms options that retain properties and avoid demolition costs will have some environmental benefit in terms of the impact on use of resources and embedded carbon. This should be weighed against houses continuing in use which are powered by fossil fuels and not to current environmental standards. The house swap option will be positive in environmental terms in so far as it will bring properties into economic use quicker with associated environmental benefit.

## 7. RISK

- 7.1 Previous committee reports have addressed the wider risks around RAAC in residential properties including the risk of panel failure within individual properties. Programmes of monitoring and inspection continue within occupied Council-owned properties. As the Council move towards having all Council tenants rehomed, the risk changes from the risks of being a landlord to those of being a regulatory authority.
- 7.2 The risks considered within this report focus around the options considered within this report as opposed to the ongoing concern with RAAC panels in private property.
- 7.3 Taking account of the above, the assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk	*Does Target Risk v Appetite
<b>Strategic Risk</b>	<p>Ability to manage Health and Safety Risk in private Homes</p> <p>Ability to redevelop wider site</p> <p>Failure of a RAAC panel.</p>	<p>Continue to share information on the health and safety risk presented by the RAAC panels. Clarify what enforcement action will entail should Building Standards determine that they require to take action.</p> <p>Try, as far as possible, to ensure that any terraces identified for the roof off roof on option enable future masterplanning.</p> <p>Continue to carry out further surveys to manage risk. Current findings have found that the Council-owned void and Council-owned occupied properties surveyed will require remedial action. To mitigate the risk of failure in occupied properties, affected tenants are being rehomed.</p> <p>Communication with all stakeholders and sharing of relevant reports.</p> <p>Updating of the FAQ.</p>	<i>M</i>	Yes

<b>Compliance</b>	Council risk as regulatory authority	<p>ACC has powers under the Building (Scotland) Act 2003 where there is the potential enforcement in regard to a dangerous and defective building - ACC are acting responsibly following independent structural engineering advice and are rehoming tenants.</p> <p>ACC have written to private owners reminding them of their responsibility and shared structural reports.</p> <p>ACC have published FAQs on website.</p>	<i>M</i>	Yes
	Legal process and housing regulator	<p>Legal advice is being taken at all parts of the process. Officers are in contact with the Scottish Housing Regulator on all options available.</p> <p>The Legal Implications section of the report identifies the implications associated with the report and the various powers open to the Council.</p>	<i>L</i>	Yes
<b>Operational</b>	Ongoing management of RAAC in private homes and potential deterioration of panels.	RAAC remains a health and safety issue in private homes. If conditions were to deteriorate there may be a requirement to respond to this urgently at an operational level.	<i>M</i>	Yes
	Delivery of Options – internal capacity / skills and knowledge	Review of capacity required following Council decisions/initial engagement with owners to ensure that an appropriately skilled team are in place to help manage the delivery of new options presented to owners some of which add a significant degree of complexity.	<i>M</i>	Yes
	Maintaining business as usual.	Managing the RAAC process has and will continue to take significant resource within the Council teams, particularly at	<i>M</i>	Yes

		senior levels. This is likely to have an impact on wider business priorities and objectives.		
<b>Financial</b>	The current financial burden to mitigate the RAAC impact is still developing and will continue to be quantified.	Work with housing, legal, finance and external advisor teams to understand and address the RAAC impacts and inform the Options.  Continue to seek external funding opportunities	<i>M</i>	<i>No</i>
	Opportunity cost of spend elsewhere (other savings will require to be made to meet costs)	As new information comes forward Members will be advised for any decision-making if required.	<i>H</i>	<i>No</i>
	Risk around non payment of loan repayments / shared equity and future recovery.	Further detail requires to be developed around protecting the Council's interests, albeit it is envisaged that security would be required against properties in most circumstances.	<i>M</i>	<i>Yes</i>
<b>Reputational</b>	Communication on responsibilities of owners/ market value and requirement to address issue	Develop clear and concise information for owners on the options available to support them and on their responsibilities as home owners.	<i>M</i>	<i>Yes</i>
	Clear communication on what is being offered	Continue to balance the needs and wants of those living in Balnagask with the wider population needs to ensure that the risk to the wider population is mitigated as far as possible.	<i>L</i>	<i>Yes</i>
	Criticism around cutting Council services and supporting private homeowners	Implement clear communication and engagement plan and address impact within all reports.	<i>M</i>	<i>Yes</i>
<b>Environment / Climate</b>	Inefficient use of resources with subsequent	All options will have a differing environmental impact which will require		

	environmental impact.	to be considered in delivery options.	L	Yes
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## 8. OUTCOMES

- 8.1 The Option Appraisal considers how each option relates to social and economic outputs and this forms part of the appraisal.

Council Delivery Plan 2025	
	Impact of Report
<b>Aberdeen City Council Policy Statement</b>  <u><b>Working in Partnership for Aberdeen</b></u>	The issues arising with the occurrence of RAAC in our housing stock requires us to work collaboratively across clusters to ensure the housing stock is safe and meets the varying needs of our citizens. The goal is to ensure that our current housing stock is fit for the future and brought up to the highest standards where possible.
<u>Local Outcome Improvement Plan</u>	
Prosperous Economy Stretch Outcomes	The actions from this report will help mitigate the immediate impact on affected owners.
Prosperous People Stretch Outcomes	Taking early intervention action as outlined within this report will help mitigate any negative impact on people's physical and mental wellbeing.
Prosperous Place Stretch Outcomes	This report makes recommendations on the viability of the affected housing stock along with any wider implications this may have on the place.
<b>Regional and City Strategies</b>	This report has collated information from various workstreams including stakeholder engagement sessions to inform recommendations to mitigate the occurrence of RAAC in Council housing stock at Balnagask. Future reports and actions will take account of the Regional and City Strategies to formulate any further recommendations.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	Updated Integrated Impact Assessment has been completed in relation to the options considered in this report.
<b>Data Protection Impact Assessment</b>	Not Required
<b>Other</b>	

## 10. BACKGROUND PAPERS

10.1 None

## 11. APPENDICES

11.1 Appendix A - Workshop write up

11.2 Appendix B – Viability Assessment

## 12. REPORT AUTHOR CONTACT DETAILS

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## APPENDIX A

### **Workshop to explore the options presented by the Management Committee on 12<sup>th</sup> March 2025 at Greyhope Community Hub.**

**Welcome and context:** John welcomed everyone to the meeting and introductions were made.

John outlined that the workshop had been organised in the hope of turning the Management Group proposals into viable options that could be presented for consideration by Council.

John went on to explain that the workshop had been designed to help owners and Council officers develop a shared understanding of the pros and cons of the two options, recognising that a positive for an owner may actually be a challenge for the Council and vice versa. The opportunity to think together about how any risks might be mitigated and where responsibilities would sit should help us get to a point where the viability of the options could be agreed.

John shared that he expected to hear and see lots of talking and listening, with no-one doing all of the talking. He emphasised that it will be important that everyone leaves the meeting feeling that they have had their say.

John noted that compromise will be needed from both owners and Council officers.

**The options to be explored:** Raymond reminded the Group of the two options presented to Council for consideration.

**Option 1:** Exchange privately owned properties scattered throughout the site with vacant Council owned properties at the periphery of the site. The properties at the periphery of the site will have RAAC roof replaced with a suitable alternative.

**Option 2:** Swapping a property in Balnagask for a Council property of equal pre RAAC value in a minority owned block elsewhere in the city

The Management Group shared that owners had previously been asked of their interest in the two options. Whilst most owners indicated that they were keen to await an improved cash offer from the Council for their property, the first of the two options was also a popular option with around one third of the 30 respondents stating they would consider this option. A smaller number were keen to explore Option 2, but there was still interest. It was agreed that we should not restrict the number of options, but offer choice where we can.

It was agreed that it would be important to understand how many owners would likely opt for each of the two offers prior to a report being presented to Council. It was agreed that we would work to develop further clarity around the two potential options and that the Management Group would engage with owners to ensure that interest could be reported to Council. It was noted that between 30 and 40 owners are choosing not to engage with either the local Management Group or the Council and that we may need to think together about how to elicit their views.

There was discussion around what was meant by Pre-RAAC value. It was agreed that the Management Group mean the current market value as if the property was RAAC free. It was noted that the financial impact with RAAC present within properties varies from £20,000 to £45,000. The downturn in the local housing market, in particular flatted properties was noted, as was the fact that this will have impacted on property values, but there was agreement from the Group that the loss due to the decline in the general housing market was beyond the scope of this work.

**Actions:** Eleanor to shape up a paper to present potential options to owners.

**Actions:** Management Group to think about how best to engage owners, with a particular focus on those who find it harder to engage.

**Exploring Option 1:** Stephen showed a map of the area and members of the Group noted the spread of privately owned and privately tenanted properties across the site. It was agreed that areas with a higher proportion of privately owned properties might steer our thinking.

Stephen noted that a number of surveys and checks have been undertaken across the site, and that these surveys do not restrict our thinking about the terraces that could be considered under this option.

Stephen shared that the roofs are such that the full terrace would have to be replaced at the same time, there is no option to address a single roof without compromising other properties. On that basis, we agreed to look at full blocks of terraces.

The Management Group raised that they believe that some properties may be suffering from subsidence and it would be important that those buildings are not chosen. It would also be helpful to avoid any terraces with particular issues such as damp and that reviewing repairs history might be helpful.

Stephen then asked the Group to consider two potential scenarios within this option:

**1A** - An owner whose property is identified for roof replacement and would therefore move out of their own home for building works on a short term basis and then return to their own home: and

**1B** - An owner who is asked to move away from their own family home and into a similar sized home on the periphery of the site.

The Management Group feel that there should be no financial loss (or gain) for owners in the 1A and 1B Group, but accepted that the level of compensation for those in 1B should be greater.

It was agreed that discussions would be required with mortgage lenders to check that they would be comfortable with proposals.

In the case of those in the 1A Group, the Management Group feel that a disturbance payment should be made to cover the cost of redecoration or addressing any damaged resulting from removing the roof etc. following the building works. Those in this group would also expect support to decant temporarily during the building works given that there would be real

challenges in covering mortgage and rental payments. The Group are keen to explore the option of temporary housing pods on site that could be utilised by groups as the work is completed on their own home. The Management Group proposed that anyone who wasn't keen to use the temporary housing pods should be expected to make their own arrangements at their own cost for the period of building works. It was agreed that this would help mitigate the current health and safety risk.

The Management Group shared that the concerns most frequently aired by owners were about the condition of boilers, kitchens and bathrooms in Council owned properties.

In the case of the 1B Group, it was felt that a disturbance and home loss payment should apply. It would be important that homes were habitable and safe. It was agreed that owners should be able to take any kitchens/bathrooms with them if feasible to do so.

In the case of 1A and 1B, The Management Group would be open to the Council meeting all costs of the roof directly or offering a fully funded Grant. The Management Group believe that the options presented would be more cost effective for the Council. It was noted that there would be economies of scale by coordinating the works.

Officers noted that they have duties around the use of public money and that we would need to present a 'best value' option and follow all financial and procurement regulations. It is important that the Management Group don't think about having a hypothetical budget of £12.7m, there is a need for us to work to evidence that the 2 options are significantly more cost effective and better for owners whilst ensuring that we can comply with earlier Council decisions to demolish the Council housing stock and all financial and procurement regulations. It is important to remember that Council tax payers will be funding any decisions taken for years to come.

It was noted that some properties have cavity wall insulation and others do not. The benefits of exploring other grants for energy efficiency home improvements were noted. It was accepted that if owners accepted a grant for works they may be more able to leverage additional funding to support them making home improvements. These options are not available to the Council and this may be a factor in determining when deeds are exchanged so that those in the 1B category can benefit.

The project management of the works was discussed. Further consideration and exploration of how Option 1 would be managed is required before determining if the Council would act as Agent and subcontract the work or if the Grant would be offered to home owners. A non-profit organisation in Bristol was referenced as an option and this will be explored further by Matthew and Stephen.

Warranties for the works were noted as being important for owners. This would have to be considered and factored into any procurement.

Officers flagged their concerns around allocating properties (1B option.) The Management Group feel that a blind ballot approach should be taken. It was acknowledged that medical needs may have to be considered, as well as consideration of where family homes are located given the indicative demolition phases.

On Option 1B, it was noted that the owners of 4 bedroomed properties may be slightly disadvantaged due to the small number of 4 bedroomed properties on site. This may mean that owners of 4 bedroomed properties be asked to register an interest in any property they

feel would meet their needs and requires further consideration. The group agreed that there will be a need to take a pragmatic approach.

Officers noted that they will have to work up a range of options around funding, spanning from the Council covering all costs to the owners covering all costs for Option 1A. This will include lesser known costs such as statutory consents etc.

Matthew noted that it would be helpful to remove one roof to support planning. Eleanor noted that this would not be possible at this stage without a Council instruction.

**Action:** Scott to look into temporary housing pods

**Action:** Matthew and Stephen to follow up on the Bristol not for profit approach

**Actions:** Scott to look at repairs history to see if this rules any terraces out of consideration for Option 1.

**Actions:** Scott to explore structural issues to see if this rules any terraces out of consideration for Option 1.

**Actions:** Eleanor to work up a more detailed paper and then reconvene the Group to discuss.

**Exploring Option 2:** Stephen shared that as of today we have identified approximately 60 properties - minority owned 1 and 2 bed properties (flats, four in a block and maisonettes) across the city. Value has not as yet been assessed. As a result, this doesn't look as attractive an option for those with larger properties. Discussion around this option will be required with the Scottish Housing Regulator.

It was noted that there is a need to explore any implications of fixed term mortgage deals on this option.

On allocations, it was again suggested that this be through blind ballot. The Group noted that this option doesn't help those with larger properties, although the Management Group noted that some owners are keen to downsize.

The Management Group noted that the property being moved into would have to be safe and habitable. It was recognised that the valuation of the alternative property would take account of the current condition so this would need to be worked through. For some, particularly those with a trade, this could be a really attractive option as they might be able to increase the value of the property by undertaking works themselves.

It was agreed that any difference in value should not be seen as a reason to not see this as a viable option. It was agreed however that a mechanism would be required to enable the difference in value to be met by either the Council or the owner (money passed from one to another). Any property 'sold' by the Council would have a survey and home report.

The Management Group feel that a home loss and disturbance payment would be required and sought agreement that kitchens, bathrooms etc. could be removed from their existing property with the home loss payment potentially covering costs in the new property.

The Management Group noted that it would be helpful to have a sense of the history of repairs on the property if available.

**Action:** ACC to consider the appetite of Mortgage lenders for Option 2

**Action:** Jacqui to raise with Scottish Housing Regulator

**Next steps:** It was agreed that Eleanor will produce a note of the meeting and share it with John so that any missed information can be added. A final and agreed version will then be circulated to all parties.

The various actions will be progressed as Eleanor starts to think about how to turn our discussions into options for Council. Both options are likely to have a number of different delivery mechanisms (funding options). There will be a need to reconvene in the near future.

**Action:** Eleanor to start thinking about how to present the options to Council

**Action:** Eleanor and John to coordinate any further meetings.

# **Workshop to explore the Viability of the options presented by the Management Committee on 29<sup>th</sup> April 2025 at Greyhope Community Hub.**

## **Introduction**

Everyone was welcomed to this second workshop between officers and the Management Committee. New members of the Committee were introduced to officers.

It was agreed that the purpose of the workshop was to look at the progress made in determining the viability of options so that Elected Members can be presented with additional viable options to consider.

The Group agreed that Officers would again note the discussion at the workshop and share a draft account with the Group for comment/approval. The Group agreed that the note of both workshops could be included within the Committee report.

**Action:** Officers to include the workshop notes in the Committee report

Officers outlined that the Communities, Housing and Public Protection Committee next meet on the 27<sup>th</sup> of May 2025, and officers are trying to be able to report the viability of options then.

Officers shared that they hoped to explore some of the thinking informing the perceived viability of options tonight, and that there would be agreement on some of that thinking and disagreement on other areas. It was further noted that some of the worked proposals, particularly around how the proposals would be funded, may be more challenging to gain agreement on.

Officers proposed that the committee report should clearly articulate where there is agreement, but also detail where we have not been able to secure agreement. This was agreed.

**Action:** Officers to outline where the agreement and disagreement sits

The Group asked that officers clarify what can be shared with wider members of the Group at this meeting and any subsequent meetings. This was agreed.

**Action:** Officers to share information that can be shared with the wider Group following each engagement between officers and the Group.

## **THE WORKSHOP**

### **What do we hope to achieve?**

The group/officers reminded themselves of the shared task agreed at the last meeting. This was to:

- turn the proposals into viable options for owners.

- develop a shared understanding of the pros and cons of each option.
- identify any mitigations that might be required to help manage risks; and
- agree on the viability of options and where responsibilities would sit.

As agreed at the last meeting, it is expected that we will see and hear:

- lots of talking and listening, with no-one doing all the talking.
- everyone leaving feeling that they have had their say; and
- compromise from all.

The Group/officers reminded themselves that we will know we have been successful if we have:

- have fully explored both options; and
- have agreement on what will be presented to Council and a clear plan of how to manage the challenges ahead.

### **Follow up on the actions from the last workshop.**

A number of actions were identified at the previous workshop. Feedback on progress was given on all actions including:

- Looking into temporary housing pods
- Followed up on the Bristol not for profit approach.
- Looking at repairs history to see if this rules any terraces out of consideration.
- Exploring any structural issues to see if this rules any terraces out of consideration.
- Liaison with the Housing Regulator
- Thinking how to present the Viability Assessment.

### **The Viability Assessment**

Officers propose that five options be assessed for viability.

1. **Do Nothing**
2. **Current proposal** – Voluntary Acquisition at Market Value
3. **TCRC Group Option** - Exchange for another property in Balnagask
4. **TCRC Group Option** - Swap for another property in the city of equal value
5. **UK RAAC option** – Adopt a full roof replacement scheme where homeowners opt

for remedial works with additional optional external environmental upgrades funded through low or no interest loans/grants

These five options were agreed by the Group.

Three areas were proposed as being out of scope:

- Properties owned by ACC/ HRA being brought back into use for Council housing.
- Being able to offer market value on the special assumption that the properties do not contain RAAC
- Funding for environmental retrofit given that there may be opportunities available to homeowners for environmental retrofit that are not available to the Council.

These areas were agreed.

It was acknowledged that should external funding be identified in advance of work being undertaken to properties, it would be desirable to coordinate any environmental works with the main programme.

### **Primary objectives for Aberdeen City Council**

These were shared with the Group as being to:

- Negate the Health and Safety issues with the properties
- Provide clarity for owners on available options to assist their decision making and positive wellbeing
- Identify a solution(s) that causes the least harm to homeowners
- Ensure mechanisms are in place to ensure affordability of any further options for owners given that they advise that they do not have the resources to fund up-front costs
- Identify a solution(s) that takes account of the topography of the site and allows masterplanning and planned demolition of redundant stock to be taken forward
- Lessen the financial impact on Aberdeen City Council, domestic rate payers and the Housing Revenue Account given that no additional resources have been made available to the Council.

The ordering of these primary objectives was discussed and amended (see above).

The Group acknowledged and accepted these primary objectives for the Council.

There was significant discussion on budget and who would pay for what. Officers noted that this is an area we may not be able to secure agreement on tonight.

The Group referred to the Council having approved a budget of circa £12.7m to cover costs of Voluntary Acquisition of all properties. The Group believe that if all owners were to accept the Voluntary Acquisition proposal the council would have to find that sum to meet the purchase price of all properties. Officers clarified that although the cost of the Voluntary Acquisitions process had been accepted, the on-going finance required (for example to



cover the cost of Voluntary Acquisition process), requires to be found on an on-going basis. This might be found by using resources available through Council Tax, by making budget savings, through borrowing etc. or other means. Officers shared that a mechanism has been found for the coming year. Officers outlined that the budget is not sitting in a separate account and able to act as a budget for the Group to work within (See Note A). Officers shared that the budget identified presumes that there will be a clear site ready for redevelopment. Officers referred to the previous workshop where this had been discussed.

The Group asked if this is why people who have sold their properties have not received their money. Officers responded that any delay was more likely due to the legal process being worked through.

The Group further noted that the fact that the money requires to be found on an on-going basis makes them feel less important.

The Group then asked if the Officers could call Council meetings to gain a decision when needed. Officers explained that there is a schedule of meetings in place, and officers would try to work within the schedule of set meetings.

### **The primary objectives for Owners**

Based on our discussion at the last workshop, officers proposed these as being:

- a) Be able to live in a safe, free from risk home
- b) Negate financial loss as far as possible
- c) Have certainty around next steps and associated timescales to enable them to move on.

The group proposed an amendment to the second proposed objective to read, 'no financial loss to homeowners'

As a result, the primary objectives for owners were agreed as:

- a) Be able to live in a safe, free from risk home
- b) **No** financial loss to homeowners
- c) Have certainty around next steps and associated timescales to enable them to move on.

**Action:** Officers will review their scorings considering this change.

### **The Viability Assessment**

#### **Option 1 – Do Nothing**

This option is not viable due to the significant health and safety risks associated with RAAC properties.

There is a high likelihood that owners will remain living in properties which are likely to have high risk in relation to IStructE guidance.

It was agreed that this is not a viable option due to the health and safety risk presented by RAAC.

### **Option 2 – Voluntary Acquisition at Market Value**

- Risk of owners not engaging with the District Valuation Agency due to compensation expectations not being met, leading to owners being served with statutory notices due to the health and safety risk.
- Risk to owner wellbeing, which is being partially mitigated by the commissioning of SAMH, however, the uncertainty around next steps is of particular concern to owners and the misinformation is impacting mental health and wellbeing.
- Risk of misinformation about the potential use of the homes impacted by RAAC
- Risk of further structural surveys identifying RAAC panels as being a critical risk, which could trigger statutory enforcement. (see Note B)

The Group noted that they felt that the risk to wellbeing should be further up the bullet pointed list and this was amended.

There was then some discussion on the scoring presented by Officers with the group not feeling that the financial risk to owners is mitigated through this option.

It was agreed that a blank grid be shared with the Group, and the Group will consider the scoring more fully. Officers agreed to include the scoring from the Group in the papers appended to the Committee report alongside the scoring from officers.

There was some discussion with the group around the council approach to Market Value not reflecting 'pre-RAAC' valuation and advise that the Valuation Office had suggested that owners would be in no worse a position following the sale of their property. Officers acknowledged that 'no worse a position' reflects owners having a house with RAAC.

Officers further advised that the Market Value approach was higher than other mechanisms which may reflect site value only. (see Note C)

**Action:** Officers will send a blank grid for the Group to populate.

**Action:** Officers to include the scoring from the Group in the Committee Report

### **Option 3 – Exchange for Another Property in Balnagask (roof off, roof on)**

- Risk that this option cannot be delivered in a terrace where an individual owner is not prepared to engage in the process.

The Group feel that this could be mitigated by carefully selecting the clusters of dwellings to be upgraded.

- Risk that owners who are offered a home in an alternative location on site, may feel aggrieved and their own home be subject to roof replacement.

The Group feels that this can be overcome through effective management of the situation at the appropriate time.

- Given that the land would not be available for future development, this would be required to be considered from a best value perspective. This is best tested with External Audit.

The Group believe that the loss of low value land will be more than offset by savings achieved by the Council not having to demolish those dwellings.

- Owners who are keen to take advantage of this option, may deem that their properties are safe to live in during the works. Risk that this could lengthen the time owners remain at risk.

The Group feel that this could be mitigated by making their vacating of properties during works part of the overall 'deal.'

- Risk that future development will be more challenging for the Council.

The Group feel that the proposed cluster(s) will render the remainder of the site easily developable.

Officers deem that this is viable, but complex and risky. The group believe the option is viable provided the costs of the works are not incurred by owners and that the risks can be mitigated through careful management.

The Group recognised the concern / complexity around allocations and said that this had been discussed (but not resolved) recently at the wider group meeting. The Group believes the allocations of dwellings can however be easily resolved and that there is always the choice for owners not wishing to participate in this scheme to choose an alternative option.

The Group also feel that selecting some clusters of properties on the edge of the site would mean that it does not necessarily become more complex for development. It was noted however, that if you were looking where there is the highest proportion of ownership, the identified clusters may not be on the very edge of the site. The Group do not feel that current ownership should be the primary consideration and noted that there is always the choice for owners not wishing to participate in this scheme to choose an alternative option.

The Group advisor suggested that the entire programme be taken away from the Council in a bid to stay away from Council procurement and financial arrangements. He would advocate establishing a separate entity with a Board structure that would be fully funded by the council but not within direct council day to day control. To clarify, the Council allocate the separate entity a budget and that the separate entity manages the budget through a Board structure that would include Council officers to ensure fiscal control and good governance, as required by law. Officers noted that it would not be possible to circumvent procurement and financial regulations in this way but will seek legal advice. (Note D)

**Action:** Officers to seek legal advice on this proposal

The Group noted that the scoring of this option is like the previous option, although the scores against the five areas are quite different.

The Group again noted an interest in considering the scores more fully.

The proposed allocation of costs was discussed. Officers proposed that a funding mechanism be put in place for owners to pay for the actual roof replacement and that the Council cover costs for:

- Project management costs
- Legal costs
- Decant removal and storage costs
- Property re-instatement costs
- Statutory consents
- Schedule of works/ condition
- Deep clean
- Safety checks
- Vacant properties to minimum letting standard
- Mortgage/ security costs

**Owners stay in own home** – Owners decant on a temporary basis to allow the roof to be replaced and then move back to their own home. Decant could be funded by ACC if required. A funding solution (low-cost loan etc) would be offered to owners to meet the cost of the roof replacement and other ancillary building works. Flatted dwelling would meet 50% of roof costs.

**Owners move into property of same size but currently owned by the Council** -Owners agree to exchange their property for another within a terrace of properties where a decision is made to commit to roof replacement. Vacant properties are brought up to the current minimum letting standard and in exchange for the title to the owner's current property, they are given title to the property. The affected owner would have to contribute to the costs of roof replacement in the same way as owners who are able to return to their existing property. Council would offer the same level of support as outlined in above, along with a one-off payment of £5,000 to meet costs to turn the property into their new home.

The group shared that no homeowner would be prepared to pay for the cost of the roof replacement and asked about further compensation for mental health. The Group feel that they should be compensated for the last 18 months. (Note E)

The Group feel that consideration needs to be given to the property being left behind given that owners will have invested in that property as their home. (Note F)

The Group noted that any offer that does not include all costs (and compensation in addition) to be met by the Council would feel like a 'kick in the teeth.' The Group also shared that some people cannot work because of this crisis and would not be able to get back to work and so asking owners to contribute was unrealistic. (Note G)

Officers stated that options being considered including direct payment, 'soft' loans and where an owner could not contribute option for equity stakes in home. Members of the group stated that giving away equity in their home would not be acceptable to many. (Note H)

**Action:** Officers will reflect on the position of the group in the context of funding, loans, shared equity, and an equitable solution irrespective of preferred option.

The Group advisor noted that he felt officers and any advisors the council are using were being risk adverse and that there were additional savings to be made by not demolishing and landscaping. He maintained that the Council fully covering all owners' costs would still enable a saving of around £2m and that the implications would be the same as for voluntary acquisition.

Officers noted that without knowing the number of interested owners it was harder to determine highly accurate costs and to identify the terraces that might be in scope.

Officers shared that they are keen to say that the options are viable, irrespective of the financial deal offered. (see Note I)

The option was agreed as potentially viable, but without agreement on how the option is funded.

#### **Option 4 – Swap for Another Property of Equal Value**

The allocation of properties requires further exploration with the community.

The assessment has indicated that the viability of this option is worth pursuing further, as it may have benefits for owners and benefits for the council in terms of wider housing stock and prompt delivery. This option is highly deliverable and best negates health and safety risks, however, would not offer the property sizes some are looking to secure.

Any difference in value will be met by either party, for example if the new home identified has a greater value than the current home, the owner will be asked to fund the difference in value or vice versa. Officers proposed that a schedule would be available for each property for consideration highlighting the value, condition, and other basic details. The value of the new property could then be compared with the valuation of the owner's property prepared by the Valuation Office.

Owners who require support to meet such costs, could make payment through a funding mechanism (to be determined).

In relation to costs incurred by the Council this would include:

- Project management costs
- Legal costs
- Removal costs
- Deep clean
- Safety checks
- Mortgage/ security costs
- Managing process
- (Note J)

The Group asked clarifying questions. It was clarified that, only homes in minority ownership could be considered in keeping with the advice from the Scottish Housing Regulator. If the value of the new property were greater than the value of the owner's current property, the Council would passport money across to the owner. Similarly, if the value of the new property were higher, owners could pay the difference.

The Group asked if low-cost home ownership properties could be included. Officers confirmed that they could not as they do not belong to the Council.

The group again noted their desire for compensation above the £5000 suggested to make a house a home. Owners feel they should have the same level of payment as Council tenants. Officers agreed to look at this again.

**Action:** Officers to review compensation package on this option

### **Other considerations**

There was a further discussion around the principles of best value, lowest monetary costs to the council and owners. Council officers recognised the complexity around funding arrangement and requirements to best use public monies.

**Action:** Officers to further explore the powers available to the council to support owners and include this within the committee report.

### **In summary**

The Group and Officers agree that the two options are viable, but that we have not been able to agree the allocation of costs with the owners keen that there is no cost to them and that compensation is in place.

The advisor to the Group asked that the Council rethink the logic as he believes that Officers should be able to demonstrate that fully funding roof replacement is the best deal for the Council.

Officers thanked the group for their continued positive and respectful engagement, acknowledging that there had been some difficult discussion. Officers agreed to send a draft note of the meeting, scoring grid and slides through for the Group.

**Action:** Officers to send a draft note of the meeting, scoring grid and slides through to the Group.

**Action:** Group to send their scoring of the options through to Officers when completed.

### **Additional comments provided by the Group following the meeting.**

**Note A:** The Group fully understands that monies are not sitting in an account currently, but nevertheless, if all owners were to accept the Voluntary Acquisition offer then it would cost the council in the region of £12.7m to meet its obligations. How the Council fund this amount

is clearly a matter for it to determine, but this sum would have to be found from some source(s). In addition, additional demolition costs of circa £10k per unit would have to be accounted for.

The Group believe that there would still be a clear site ready for redevelopment, it will however be smaller as some houses would be saved from demolition and the Balnagask community cohesion will be maintained to increase wellbeing of owner-residents. Additionally, given the location of the site to be cleared, and financial constraints, the Council Officers have already noted that redevelopment of this site may take considerable time.

**Note B.** This would only be relevant to the house(s) in question as none of the current surveys across the estate have classified any properties to be in a critical risk category. The owners would resist any statutory enforcement based on surveys not associated with their properties.

**Note C.** The Group would challenge any attempts to designate owner occupied properties in a critical risk category, based purely on any survey of Council owned properties, which would be required to reflect 'site value' only. The Group continues to assert that the market value approach is unsatisfactory and will continue to be rejected by the majority of owners, regardless of any attempts to pressure them to accept this approach by making reference to the 'site value' mechanism, which is not considered to be particularly helpful.

**Note D:** The Group suggests that some form of block grant to a body, which is set up to oversee the project, would enable the works to be carried out in a cost-effective and timeous manner providing proper governance, value for money and saving the Council around £2-3m from the costs that it would incur if all owners were to agree to the Voluntary Acquisition scheme. The Group believed that a saving of £2-3m to the Council would clearly constitute 'Best Value'. Block grants are awarded by Council to other external bodies to assist with their functioning so the group feels that such an arrangement could also apply in respect of this proposal.

**Note E:** The group also highlights the fact that under the current Officers' proposal, whereby owners pay for the cost of the roof replacement, there is no incentive for them to move into another property within Balnagask since, if they have the means to pay for a roof replacement, they can simply do so in respect of their existing house and thereafter have no reason to vacate it. This will provide additional difficulties to the Council in respect of demolition and development of the remaining site as it would remain interspersed with owner occupied houses that were no longer presenting any danger whatsoever to owners.

**Note F:** Given that the council are trying to treat these proposals akin to a CPO, owners under a CPO would be entitled to a home loss payment equal to 10% of the valuation of their property as well as a disturbance allowance for reasonable costs involved in the moving between properties. These costs have been accounted for within the Group's proposal, which saves the Council circa £2-3m over Voluntary Acquisition costs.

**Note G:** The Group believes that the proposal making owners liable for the cost of replacing roofs, which was only delivered to them by officers following their consideration of how to make them viable at this meeting, would render this option unviable. The Group feels that this option is even worse financially for owners than the Voluntary Acquisition proposal which, as already mentioned, has found few owners even remotely interested in due to the severe financial impact upon them, which they simply cannot afford.

**Note H:** The Group feel that this proposal was simply the Voluntary Acquisitions proposal dressed up as something else. Until this meeting it had been assumed by the Group that the costs of replacing the roofs would be fully covered by the Council, since it provided a more cost effective solution to the Council than Voluntary Acquisition of all of the properties and therefore made sense to proceed down this route for both parties.

**Note I:** The Group are keen to say that this option is only viable if the financial deal offered allows the owners to receive a RAAC free home without incurring costs, or losing equity, that they cannot afford, especially given that the Council will benefit from this option being viable to the tune of circa £2-3m less than the cost of VA of the properties.

**Note J:** The Group believes that the following additions should be made:

- Home loss payments as per CPO provisions
- Disturbance payments as per CPO provisions