

## ABERDEENSHIRE COUNCIL

### COMMUNITIES COMMITTEE

WOODHILL HOUSE, ABERDEEN, 22 FEBRUARY, 2018

**Present:** Councillors A Stirling (Chair), I Walker (Vice Chair), A Allan, D Beagrie, S Calder, E Durno, P Gibb, V Harper (as substitute for Councillor D Robertson), A Hassan, A Kille, D Mair, G Reynolds, A Ross and S Wallace.

**Apology:** Councillor D Robertson.

**Officers:** Director of Infrastructure Services, Head of Housing, Accountancy Finance Manager, Housing Manager (Asset Management and Repairs), Housing Manager (Tenancy Services), Stock Improvement and Maintenance Manager, Housing Manager (Strategy), Legal Services Manager (Governance), and Senior Committee Officer (Mr N David).

**Also in attendance:**

Ms D Milton, Managing Director and Ms G Houston, Director of Finance Consultancy, Arneil Johnston.

#### 1. SEDERUNT AND DECLARATION OF MEMBERS' INTERESTS

The Chair asked members if they had any interests to declare in terms of the Councillors' Code of Conduct. No interests were declared.

#### 2A. PUBLIC SECTOR EQUALITY DUTY

In making decisions on the following items of business, the Committee **agreed**, in terms of Section 149 of the Equality Act 2010:-

- (1) to have due regard to the need to:-
  - (a) eliminate discrimination, harassment and victimisation;
  - (b) advance equality of opportunity between those who share a protected characteristic and persons who do not share it; and
  - (c) foster good relations between those who share a protected characteristic and persons who do not share it.
- (2) Where an Equality Impact Assessment was provided, to consider its contents and take those into account when reaching their decision.

#### 2B. RESOLUTION

The Committee **agreed**, in terms of Section 50A (4) and (5) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of Item 3, so as to avoid disclosure of exempt information of the class described in paragraph 10 of Part 1 of Schedule 7A of the Act.

#### 3. REVIEW OF HOUSING REVENUE ACCOUNT BUSINESS PLAN

Ms D Milton, Managing Director and Ms G Houston, Director of Finance Consultancy, Arneil Johnston gave a detailed presentation to the Committee on the Housing Revenue Account Business Plan. The presentation provided significant detail on the inputs and assumptions

which populated the 2018 Housing Revenue Account Business Plan and information for the consideration of strategic options for future Housing Revenue Account management.

The presentation specifically covered: 2017 Housing Revenue Account position and review of activity; 2018 baseline Housing Revenue Account Business Plan assumptions; rental affordability and efficiency options; and future strategic options.

A question and answer session for members of the Committee followed the presentation.

Thereafter, the Committee concurred with the Chair, in thanking the Arneil Johnston representatives for an extremely information and helpful presentation.

There was circulated a report dated 12 January, 2018, by the Director of Infrastructure Services on the review of the Housing Revenue Account Business Plan. The report explained as background that the Housing Revenue Account budget was set annually at the February Full Council meeting of the Council. The Housing Revenue Account Business Plan was a thirty year Business Plan that modelled all spend within the Housing Revenue Account over that period. The purpose of business planning was to ensure affordability over the term and allow clear sight of income, expenditure, borrowing and affordability. On the review of the Business Plan in late 2016 it became apparent that there were a number of challenges over the next four years which would increase financial pressures and raise borrowing prior to the Housing Revenue Account returning to surplus in later years.

The report also explained that currently rents were reviewed and set on three yearly cycles. The last year of the current cycle was 2018 / 2019.

The report further detailed that when the Council's Housing Revenue Account Plan was reviewed in 2009 / 2010, a maximum affordability limit was set at 40%. This meant that over the thirty year period of the Plan borrowing would not exceed a level whereby more than 40% of the rental income was required to cover debt charges. This limit was set at a level consistent with other local authorities, with an absolute maximum of 50%. The Business Plan was subsequently reviewed every three years and reported to the Social Work and Housing Committee of Aberdeenshire Council in December 2012 and December 2015.

The report went on to outline the significant challenges and also future direction.

Following discussion, the Committee **agreed** to:-

- (1) instruct the Director of Infrastructure Services to report back to the Committee in May 2018 setting out options on a rental strategy for consultation with tenants,
- (2) instruct the Director of Infrastructure Services to report back to the Committee in December 2018 with the current financial position and any recommendations pertaining thereto,
- (3) the award of Call Off Contracts for years 2, 3 and 4 of the Housing Improvement Plan; and that rigorous monitoring be put in place, with any "exceptions" being reported back to Committee,
- (4) instruct officers to undertake a full review of the sheltered housing service and return to a future Committee meeting with options for the future use of housing currently utilised within the sheltered housing service and options for cost recovering with analysis and recommendations around the staffing model; this review to be completed in association with the Health and Social Care Partnership to include very sheltered housing, and
- (5) reaffirm the use of the 40% affordability limit in relation to borrowing.