

REPORT TO COMMUNITIES COMMITTEE – 9 DECEMBER 2021

HOUSING FINANCE AND PERFORMANCE LINKED REPORT Q2 2021/22

1 Reason for Report/Summary

- 1.1 Aberdeenshire Council's Performance Framework requires that Services provide regular performance reports to Committee to support member scrutiny and assurance.

2 Recommendations

The Committee is recommended to:

- 2.1 Consider and discuss the new format for performance information and associated financial commentary provided in Appendices 1 to 3**
- 2.2 Compare the financial information presented in the existing HRA Financial Performance Report with the information contained here**
- 2.3 Consider any improvements or additions that could be made to the new report format as it is developed further**
- 2.4 Agree to continue reporting Housing performance and financial information in this linked format in future, subject to any improvements identified**
- 2.5 Instruct the Directors of Environment & Infrastructure Services and Business Services to continue to report Housing Performance and Financial information to Committee on a regular basis**

3 Purpose and Decision Making Route

- 3.1 This report is intended to support Communities Committee in their role of scrutinizing performance related to the Housing Service, both in terms of performance by the service related to the Council Priorities, and in terms of financial information regarding income and expenditure for the Housing Revenue Account.
- 3.2 Aberdeenshire Council approved its Council Plan 2020-22 in October 2020. The plan identifies 6 Strategic Priorities for the council, under which there are a number of Council Priorities which support delivery of these Strategic Priorities. In order to monitor delivery and support the scrutiny role of Elected Members, services are required to report on performance regularly.
- 3.3 Similarly, Communities Committee regularly monitors financial information such as expenditure against budget for services under their oversight, such as the

Housing Revenue Account for the Housing Service, to ensure that expenditure is within approved budgets.

4 Discussion

- 4.1 As noted above, the intention of this reporting format is to combine information related to financial and service performance into a single document, to provide greater clarity and demonstrate the links between financial and service performance. The Housing Service was asked to pilot development of this format for assessment by Communities Committee.
- 4.2 This represents the first draft of this new format, and while a significant amount of work has gone into its development, we acknowledge that there may be areas for improvement or expansion. Therefore, we welcome comments and suggestions from the Committee, and see this as an evolving process rather than a finished article.
- 4.3 One of the major changes in this format is the introduction of more graphical information to allow members to assess information more easily. It is hoped that this will enhance the scrutiny process by giving a clear visual representation of the information under discussion.
- 4.4 Each performance appendix will be focused on a particular area of service delivery (such as Tenancy Services or Options and Homelessness), beginning with an overview of expenditure and budget, and some contextual information and commentary to help explain the significance of this information to the performance being reported. Any exceptions/concerns regarding budget would be discussed in this section as well. Significant concerns would also be highlighted for discussion in the main report that the appendices are attached to.
- 4.5 The second part of the Appendix will focus on a principal performance indicator which will be reported consistently in each future report to show performance over time and allow for assessment of any changes in performance. Performance will be presented against target and will include benchmarking information (where available) to give a clear picture of how Aberdeenshire Council compares to other councils and/or social landlords.
- 4.6 Each main indicator will be supported by one or two contextual indicators that will provide additional information that help to explain the performance reported under the main indicator and identify key drivers of performance. These secondary indicators will generally change between reports to highlight different areas of interest or flag up changing factors over time. However, if a consistent theme or driver is identified, it will be possible to report on this regularly for as long as it is relevant.
- 4.7 The goal of these contextual indicators is to give more flexibility in the information reported to Committee, which will allow us to highlight new challenges and changes to members over time, and give members a more rounded overview of our activities.

- 4.8 These contextual indicators can also include an area-level breakdown of performance, to give members insight into the challenges being faced in different parts of Aberdeenshire and recognise that performance can vary significantly across Aberdeenshire. In particular, this will help to identify where issues in particular areas are impacting on the overall performance figure, helping to explain the drivers behind our performance.
- 4.9 One of the main strands of work involved in the development of this report is the adoption of Power BI as the reporting tool used to generate the graphs and visual information presented. One advantage of this method going forward will be the ability to produce performance dashboards for each area of service delivery, which will allow interested members to access up to date information outwith the regular performance reports, both on the main indicator and the contextual indicators.
- 4.10 Relevant staff will receive PowerBI training in December to support the development of this aspect of performance reporting. The Corporate Performance team are also currently investigating potential links between Pentana and PowerBI which may allow us to develop an integrated approach. If successful, this would allow for greater consistency in reporting information and allow us to use the strengths of both platforms
- 4.11 In terms of current performance, the Coronavirus Pandemic and associated effects are still a significant challenge to our performance. While specific issues are discussed in greater depth in the relevant appendices, a brief summary is provided below for information.
- 4.12 With regard to Current Tenant Arrears, performance remains strong compared to the rest of Scotland based on the most recent information available, with Aberdeenshire Council comfortably in the top quartile. Similarly, current rent collection rates remain strong for the year to date. However, concerns remain about the potential impact of factors such as the withdrawal of the £20 Universal Credit uplift and Furlough, which could result in financial hardship for some of our tenants. We have not seen any significant changes in our figures to date, but it is possible that these changes could take some time to feed through.
- 4.13 With regard to Homeless Journey times, the average time to resolve a homeless case remains better than target for the year to date. In general, homeless presentations remain lower than pre-Pandemic levels, which has assisted us in reducing our backlog of open cases significantly alongside the changes made as part of our Rapid Rehousing Transition Plan. However, it is possible that presentations will return to pre-Pandemic levels or even greater as we return to normality. This would place additional pressures on our Homelessness Service, which could have a negative impact on the time taken to resolve cases.
- 4.14 The Covid Pandemic has also seriously affected our Void Rent Loss, particularly with regard to Sheltered Housing. This has resulted in much higher than expected lost rent for this type of property, which has increased our rent loss figures overall. We are starting to make inroads into the backlog of these properties, which will

reduce the amount of rent lost to voids, but it is likely that the figures for the current year will remain significantly higher than expectations.

5 Council Priorities, Implications and Risk

- 5.1 This report is relevant to the Strategic Priorities “Resilient Communities” and “Health and Wellbeing”, as it provides evidence of delivery against these priorities and the principles of “responsible finances” and “tackling poverty and inequalities”.
- 5.2 The table below shows whether risks and implications apply if the recommendation(s) is (are) agreed.

Subject	Yes	No	N/A
Financial	X		
Staffing		X	
Equalities and Fairer Duty Scotland			X
Children and Young People’s Rights and Wellbeing			X
Climate Change and Sustainability			X
Health and Wellbeing			X
Town Centre First			X

- 5.3 While there are no direct financial implications of approving this report (which sets out the financial resources which have been responsibly used to deliver the priorities of Aberdeenshire Council), the new reporting format would change the information reported to Communities Committee regarding financial performance and monitoring in future.
- 5.4 The screening section as part of Stage One of the Integrated Impact Assessment process has not identified the requirement for any further detailed assessments to be undertaken. It identified that an integrated impact assessment is not required because during screening 0 of 10 questions indicated that detailed assessments were required. This led to 0 out of 5 detailed impact assessments being completed.
- 5.5 The performance portion of this report refers to routine performance monitoring and no changes to policy or procedure will result as a consequence of approving this report. Similarly, the financial monitoring portion of the report deals with the monitoring of expenditure against budgets which have been approved previously, and the re-profiling of some expenditure. Therefore, this report will not impact on any of the protected characteristics.

5.6 The following Risks have been identified as relevant to the financial information contained within this report on a Corporate Level: Budget Pressures ([Corporate Risk Register](#)) and on a Strategic Level: Balancing the Books ([Directorate Risk Registers](#)). Actions being taken to mitigate these risks are set out in the report.

6 Scheme of Governance

6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the [Scheme of Governance](#) and relevant legislation.

6.2 *With regard to the financial information contained within this report, Communities Committee is able to consider this item in terms of Section D 1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to resource matters (within agreed budgets) that have been delegated to the Committee.*

With regard to the performance information contained within this report, The Committee is able to consider this item in terms of Section D 7.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to the scrutiny of performance in relation to the Council Plan 2020-22 as agreed by Aberdeenshire Council in October 2020.

Alan Wood
Director of Environment & Infrastructure Services

Report prepared by Neil Watts – Senior Information Officer
Date 8 November 2021

List of Appendices –

- Appendix 1 – Current Rent Arrears
- Appendix 2 – Homeless Journey Times
- Appendix 3 – Void Performance

Appendix 1 – Current Rent Arrears

1 Budget Monitoring

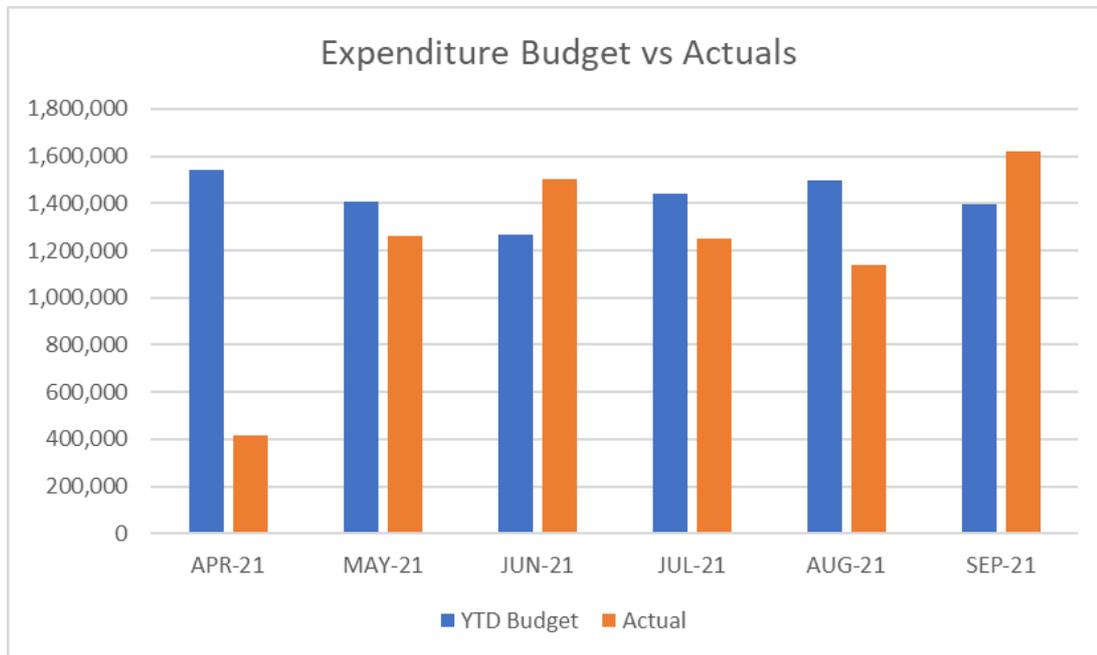


Figure 1.1 – Graph of expenditure against budget for the year to end of Quarter 2

Expenditure for the period to the end of Quarter 2 remains within budget, and the service forecasts it will remain within budget for the year. Rental income is lower than originally expected due to ongoing issues in letting Sheltered Housing properties, resulting in greater than anticipated void rent loss. However, rent collection rates for occupied properties remain strong, currently sitting at 99.9% (as at the 19th of September 2021).

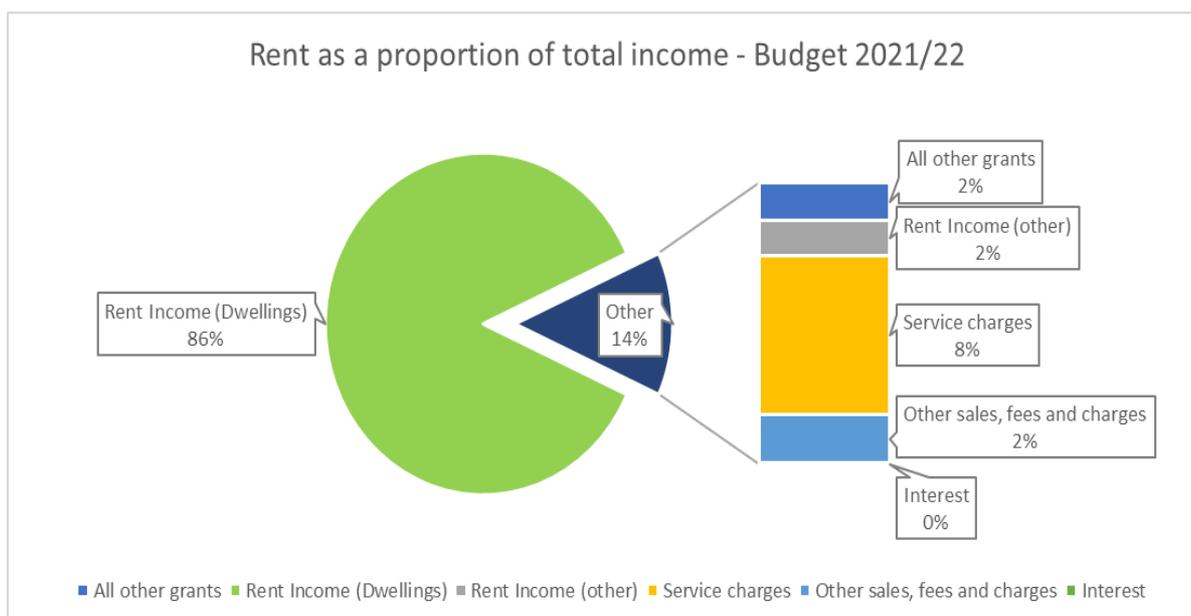


Figure 1.2 – Breakdown of HRA income sources

As can be seen from figure 1.2 above, Rent and Service charges from our tenants make up 94% of total income to the HRA, emphasising the importance of managing rent arrears and maximising rent collection to fund the services and improvements we provide. This has particular significance when considering the ongoing Housing Improvement Program and future works, as a reduction in income from rents and service charges will require increased borrowing to fund the plan.

2 Performance monitoring

Benchmarking - Current Tenant Arrears



Figure 2.1 – Current Tenant Arrears Aberdeenshire

Discussion

Aberdeenshire Council's performance on current tenant arrears remains strong, with arrears levels remaining significantly below top quartile performance amongst Scottish Local Authorities, which is our current target. Current tenant arrears at the end of Quarter 2 amounted to 3.03% of the gross rent debit due, compared to the top quartile value of 4.55% and the average for all Scottish Local Authorities of 5.37%.

Aberdeenshire Council's arrears levels have so far bucked the trend of other Scottish Local Authorities, with the majority of local authorities experiencing both a significant increase in arrears and a fall in the proportion of rent collected in 2020-21. This pattern had continued in 2021/22 to date, although it is likely that the withdrawal of the £20 Universal Credit supplement and other Pandemic support measures will result in financial challenges for some of our tenants. When coupled with the projected cost of living increases this year, particularly in terms of energy costs, we consider it likely that arrears levels will rise in quarters 3 and 4 this year.

Tenancy Services teams have worked hard to maintain contact with tenants in arrears throughout the Pandemic, with a focus on signposting and supporting struggling tenants. This work has been supplemented by the introduction of embedded Welfare Rights Officers within the Housing Team, who will support tenants to maximise their income and assist them to claim any benefits they are entitled to. It is hoped that this combination of communication and support will help our tenants to maintain their tenancies and minimise their debts in the coming year.

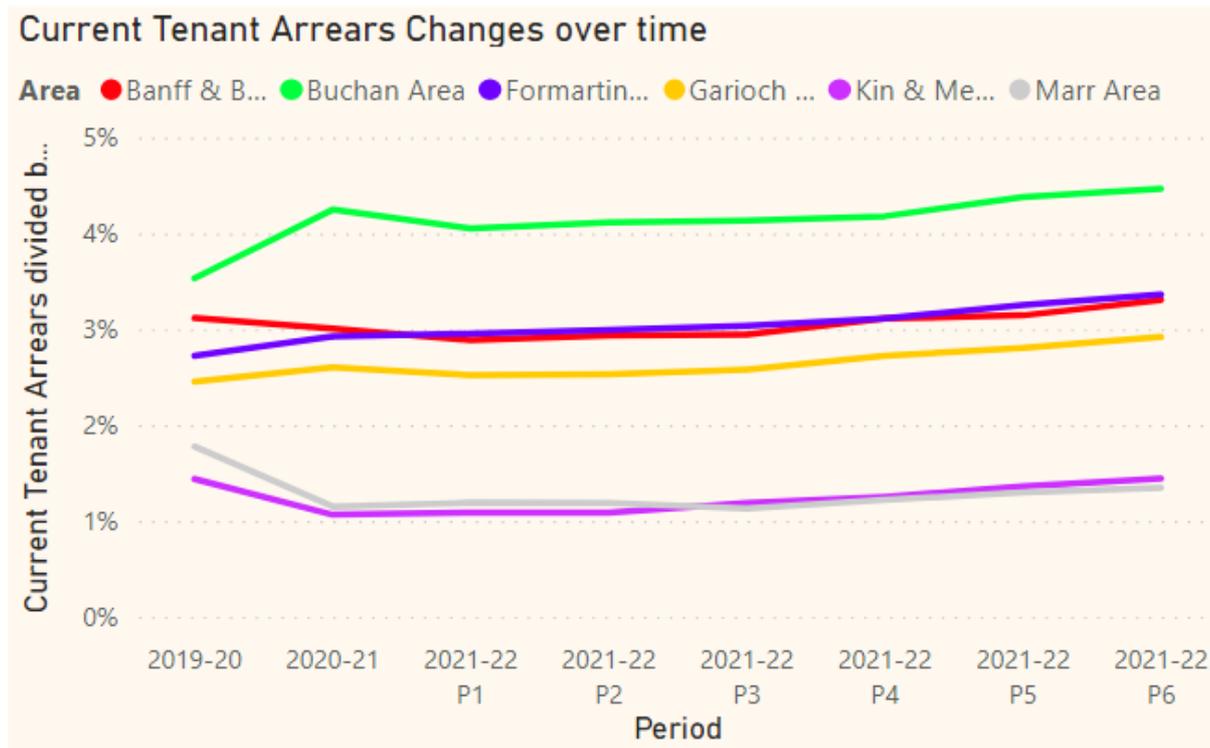


Figure 2.2 - Breakdown by Area over time

Performance at an Area level varies, ranging from Buchan at 4.48% to Marr at 1.38%, as demonstrated in figure 2.2 above. While Banff and Buchan and Buchan areas both show relatively high levels of rent arrears compared to other parts of Aberdeenshire, in the context of National performance both are still performing relatively well, and would still fall within the top quartile. Despite this, it is important to address the imbalances between different parts of Aberdeenshire. The Housing Service is currently re-aligning services along a functional basis, which will ensure that a consistent approach is taken across the council, and that resources are aligned more closely with demand. Similarly, the Welfare Rights Officers mentioned above are weighted towards the North of Aberdeenshire to ensure that tenants in these communities have support available to them.

Percentage Of Rent Collected

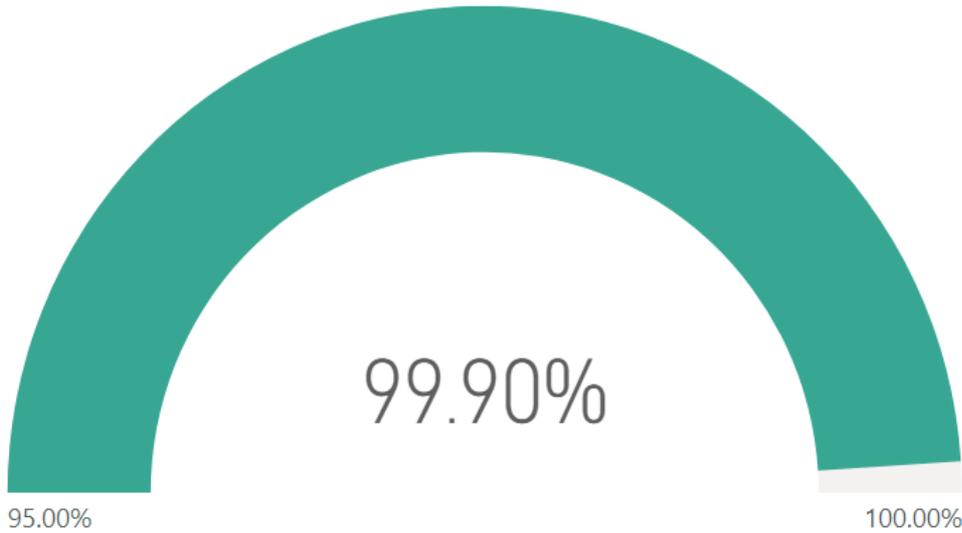


Figure 2.3 – Proportion of Rent Collected to 19th Sept 2021

As can be seen in figure 2.3 above, rent collection rates across Aberdeenshire are also strong for the year to date, with an average of 99.9% of rent due being collected in the year so far. This indicator provides important contextual information about our arrears, and a fall in rent collected can act as an early warning of potential rent arrears building up. However, it is important to bear in mind that rent collection rates will naturally fluctuate throughout the year as a result of factors such as the timing of payments – therefore we cannot assume that a fall in rent collection for a single period is a cause for concern.

Percentage Of Rent Collected

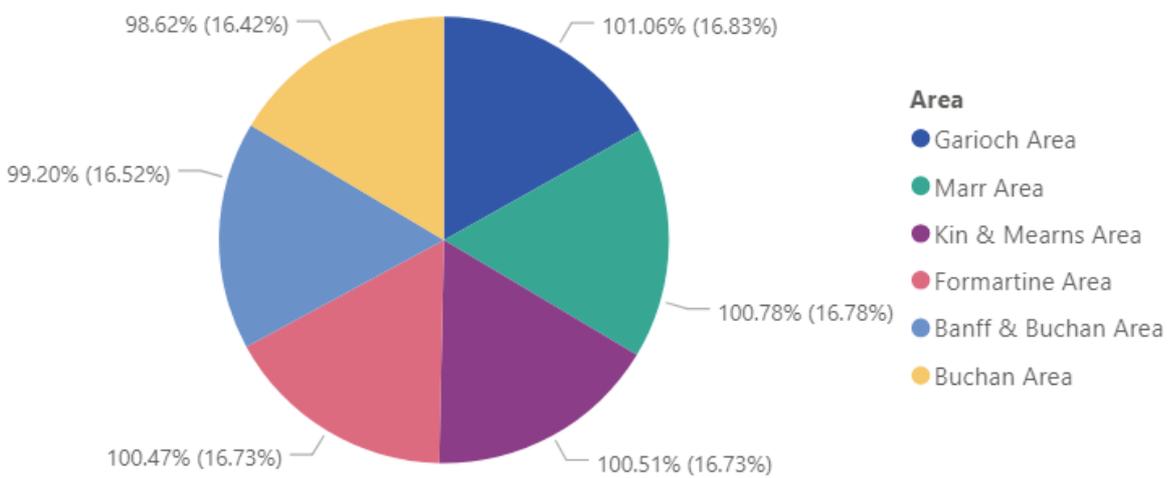


Figure 2.4 – Breakdown of Rent Collection by Area

Figure 2.4 above shows a breakdown of rent collection by area, ranging from 98.6% in Buchan to 101.1% in Garioch. It is possible to achieve a figure over 100% due to factors such as tenants making pre-payments, the timing of direct debits and standing orders, and the collection of payments to bring down arrears.

Appendix 2 – Homeless Journey times

1 Budget Monitoring

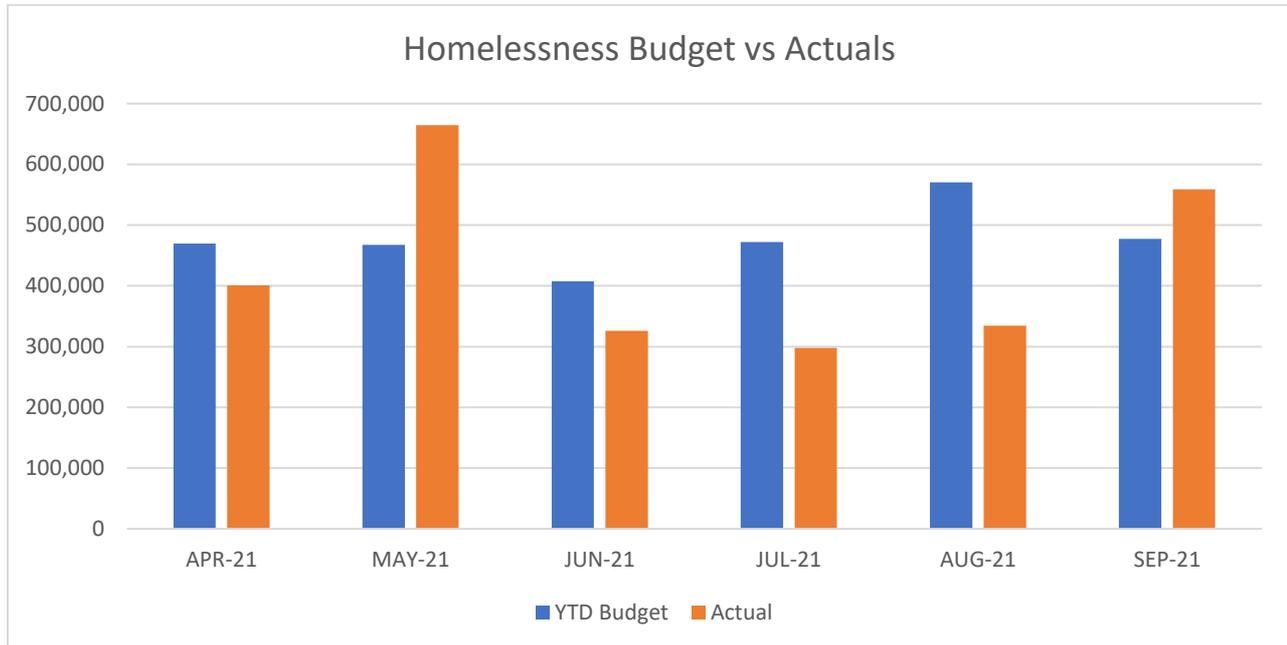


Figure 1.1 – Graph of Homeless expenditure against budget for the year to end of Quarter 2

Expenditure for the period to the end of Quarter 2 remains within budget. Expenditure for the year to date is lower than for the previous year, with a reduction in costs of around £600,000 compared to the same period in 2020/21. This can be attributed to lower expenditure on Temporary Accommodation during the current year, and reflects the ongoing reduction in the number of open homeless cases and the related reduction in the number of households in temporary accommodation. However, as Homelessness is a legal duty and a key council priority, costs could rise if homeless cases return to pre-Pandemic levels. Figure 1.2 below shows the reduction in charges raised for our own stock used as Temporary Accommodation since the start of 2020/21 to illustrate these changes.

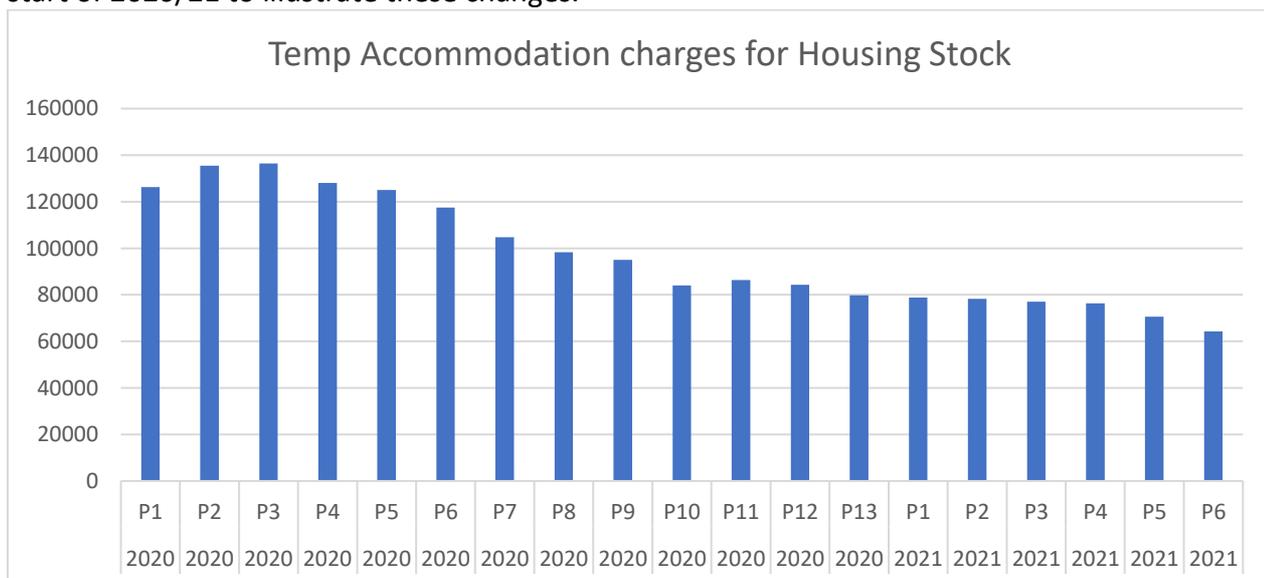


Figure 1.2 – Temporary Accommodation charges raised for Housing Stock over time

2 Performance monitoring

Average Days to resolve Homeless Cases

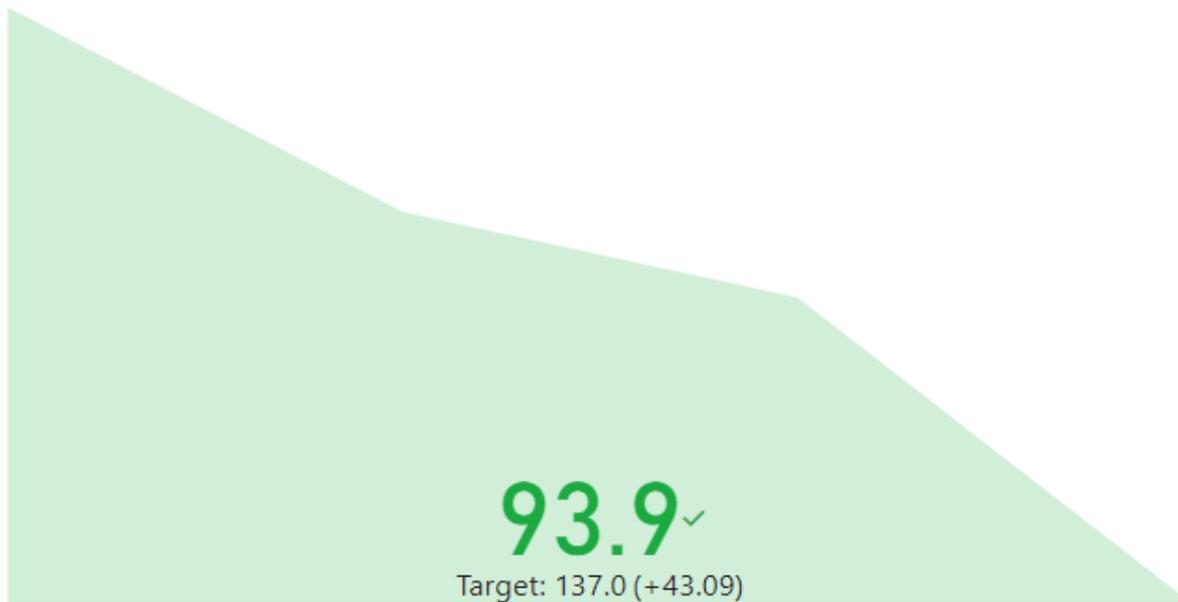


Figure 2.1 – Average Days to resolve Homeless Cases Aberdeenshire

Average days to resolve Homeless cases - changes over time

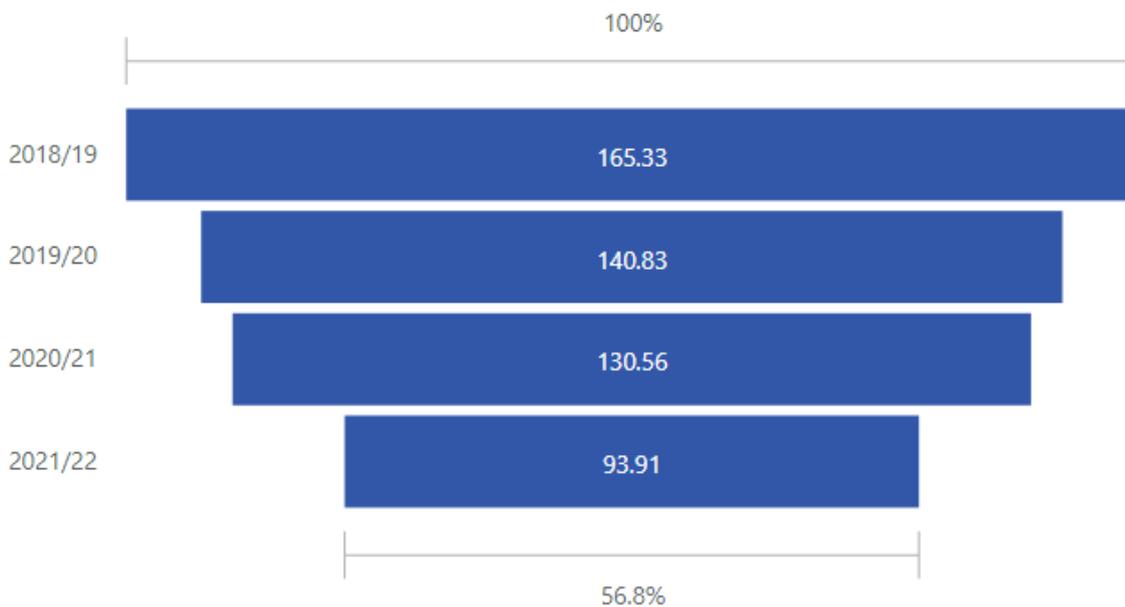


Figure 2.2 – Average Days to Resolve Homeless, trend over time

Discussion

Aberdeenshire Council has made significant progress in reducing the time taken to resolve homeless cases, taking an average of 93.9 days in the first 2 quarters of 2021/22, as demonstrated in Figure 2.1 above. This represents a significant improvement over the last few years, with performance improving consistently since 2018/19 when the average was 165.3 days. This reflects the work undertaken by our Homelessness team under the Rapid Rehousing Transition Plan, which is currently in its third year. Figure 2.2 above highlights the improvements made over time, with the average homeless journey currently 57% as long as it was in 2018/19.

The time taken for Aberdeenshire Council to resolve homeless cases also compares favourably when considered at a national level. Scottish Government figures for 2020/21 show that the Scottish average for resolving a case assessed as homeless was 248 days, while the average for Aberdeenshire Council was 136 days, or more than 3 months less than the average. Aberdeenshire Council also performed significantly better than the top quartile value for Scotland, and had the 3rd quickest turnaround for homeless resolution in the same period. Aberdeenshire Council has consistently resolved cases quicker than the Scottish average on this measure, and the improvements seen in 2021/22 to date suggest that this trend will continue. This improvement has also been supported by a reduction in homeless presentations experienced since the start of the Covid-19 Pandemic in 2020-21. In contrast to many other Local Authorities, Aberdeenshire Council has seen a drop in the number of homeless presentations received, with a linked drop in the number of homeless cases open at any time. This reduction in demand is primarily driven by the restrictions on evictions in the Private Sector that were in place during the Pandemic and by the changes implemented by the Service as part of our Rapid Rehousing Transition Plan. Therefore, we anticipate that there may be a significant increase in the number of presentations received as landlords and the courts return to normality.

Presentation Reasons Breakdown 2021/22

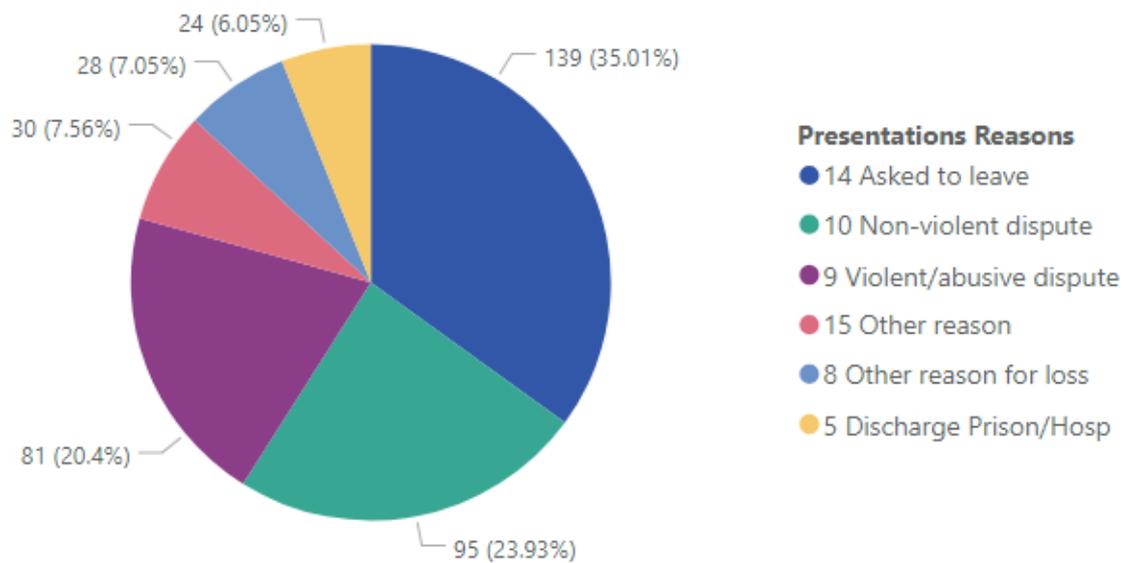


Figure 2.3 – Breakdown of most common reasons for a homeless application 20201-22

The Pandemic has also driven changes in the reasons that people make a homeless application, with an increase in the relative proportion of people presenting because they have been asked to leave their current accommodation. As demonstrated in Figure 2.3 above, these cases currently make up 35% of all homeless presentations, compared to 27% in 2019/20. This is likely driven by a combination of lockdown placing pressure on relationships within households, and the reduction in applications as a result of action in the Private Sector. However, it is important to note that the actual number of cases presenting for these reasons may have fallen or stayed the same – it is the proportions that have changed. For example, while the proportion of presentations made due to a violent/abusive dispute has increased compared to pre-Pandemic levels, the number of applications actually fell from 180 in 2019/20 to 168 in 2020/21.

Average days to close cases - Area Breakdown

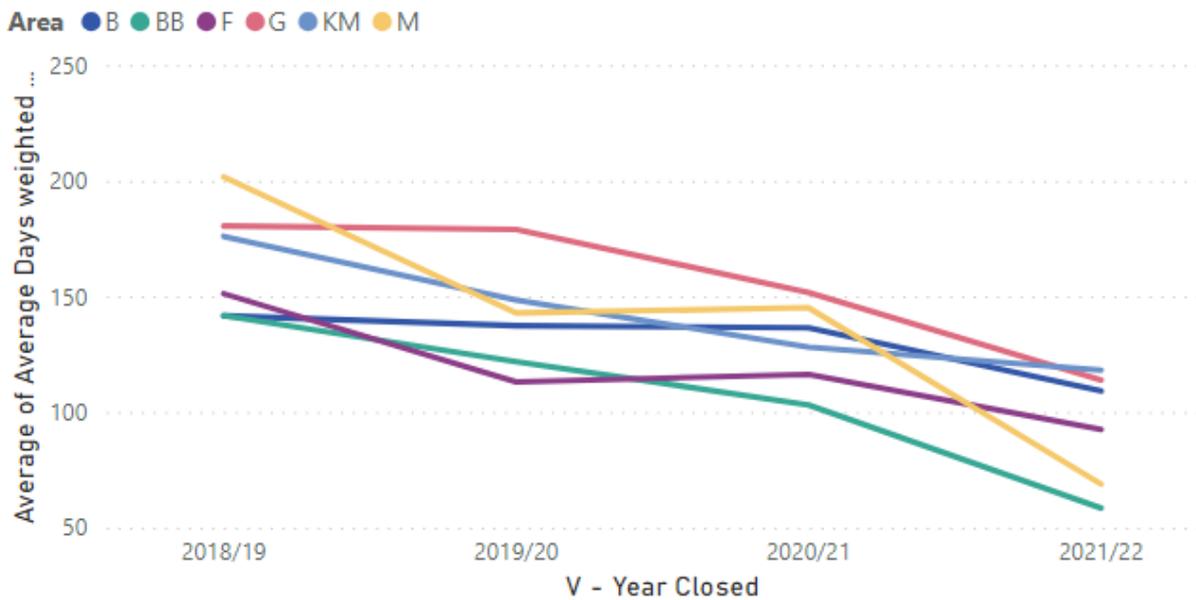


Figure 2.4 – Average days to resolve homelessness, changes over time by Area

The improvement in homeless journey times has been consistent across Aberdeenshire, as demonstrated by Figure 2.4 above. However, the average does have wide range, reflecting the individual challenges present in different areas of Aberdeenshire. For example, Garioch remains one of the areas with the longest time to resolve cases due to the relatively low turnover of stock in this area, which limits our ability to find suitable properties for applicants. This is exacerbated by a mismatch between the types of properties available and demand, which is likely to continue as a challenge in future.

Appendix 3 – Void Performance

1 Budget Monitoring

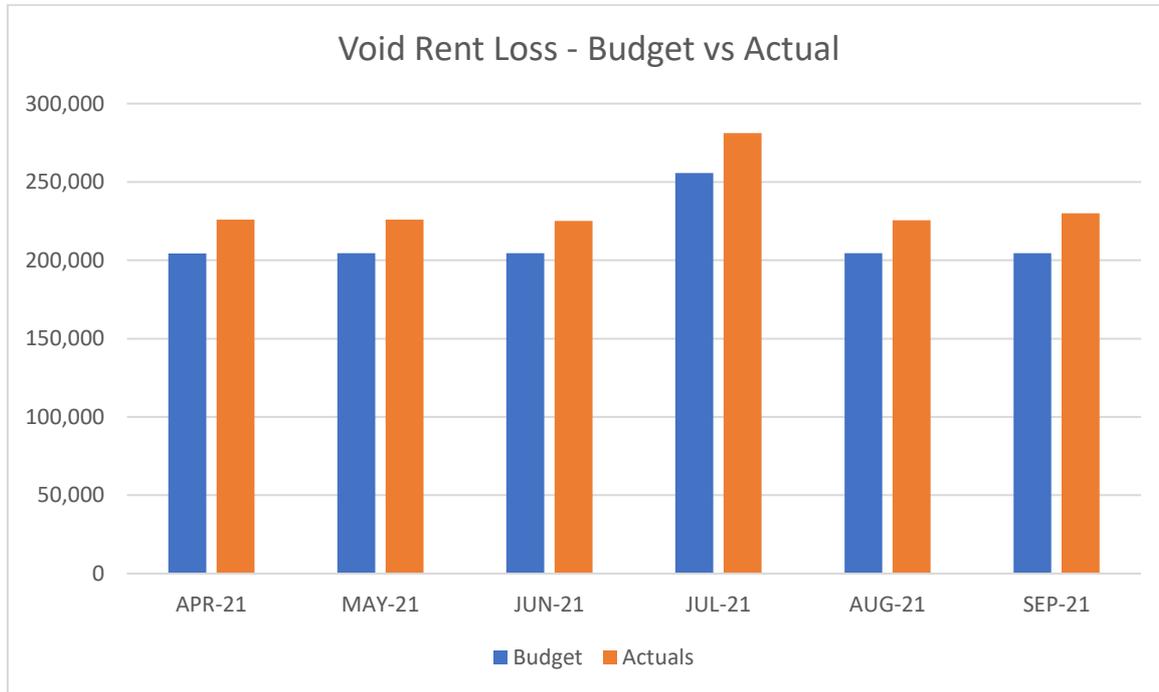


Figure 1.1 – Graph of void rent loss against budget for the year to end of Quarter 2

Void Rent Loss for the period to the end of Quarter 2 is currently over budget by around £100,000 for the year to date. This is mainly due to the ongoing challenges in letting Sheltered Housing properties, and the ongoing impacts of Covid-19. However, there has been some reduction after the period covered by this report, with rent loss falling in the second half of October and November.

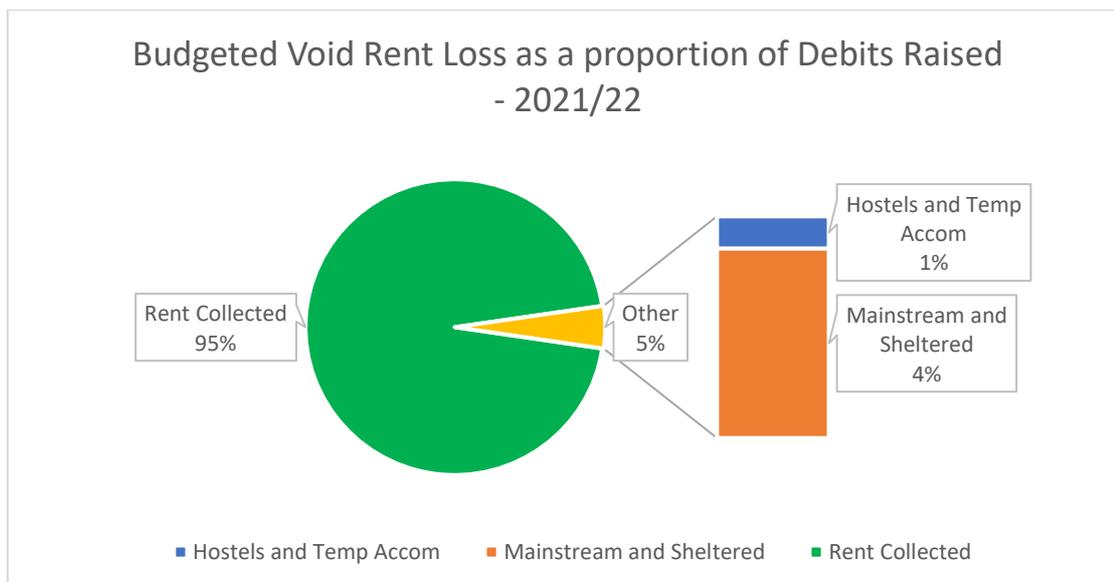


Figure 1.2 – Breakdown of Void Rent Loss budget as proportion of total rental income

As can be seen from figure 1.2 above, budgeted void rent loss for 2021/22 amounts to 5% of the total value of debits raised in the year, with 1% being allocated to Temporary

Accommodation and 4% to Mainstream and Sheltered Housing. While this is a relatively small proportion, it equated to more than £2.6 million for the year. This illustrates the importance of reducing void rent loss and the scale of the challenge presented by the Covid Pandemic.

2 Performance monitoring

Void Rent Loss as a percentage of rent due



Figure 2.1 – Void Rent Lost as a Percentage of Rent Due

Discussion

The proportion our total rent debit lost to voids in Aberdeenshire remains relatively high compared with other providers, with a total of £1.1 million of rent uncollected due to properties being vacant for the year to the end of September (excluding temporary accommodation, hostels and garages). As illustrated above in figure 2.1, this translates to almost 3% of the total rent due in the year based on the Scottish Housing Regulator’s preferred measure and remains above target. Void rent loss for Aberdeenshire is also significantly above the average for Scottish Local Authorities, which was 1.38% in 2020/21.

However, there are several mitigating factors that need to be taken into account when considering void performance in 2021/22. The main factor that has driven high rent loss figures over the last two years is the Covid Pandemic, predominantly through the impact this has had on Sheltered Housing relets. Void rent loss in 2019/20 (before the Pandemic) was just over £2 million, of which around 40% was due to major works being conducted while properties were void.

In 2020/21, rent lost while properties were undergoing major works fell by around £300,000, reflecting work to improve void processes and conduct more work while properties are occupied where possible. Unfortunately, the Pandemic resulted in stringent restrictions on the letting of Sheltered Housing, which meant that these properties could only be let where there

were significant needs. This resulted in a significant number of Sheltered properties remaining vacant for the whole year, almost doubling the rent lost by Sheltered Housing properties. This loss has negated the reduction in lost rent in Mainstream housing, as demonstrated in figure 2.2 below.

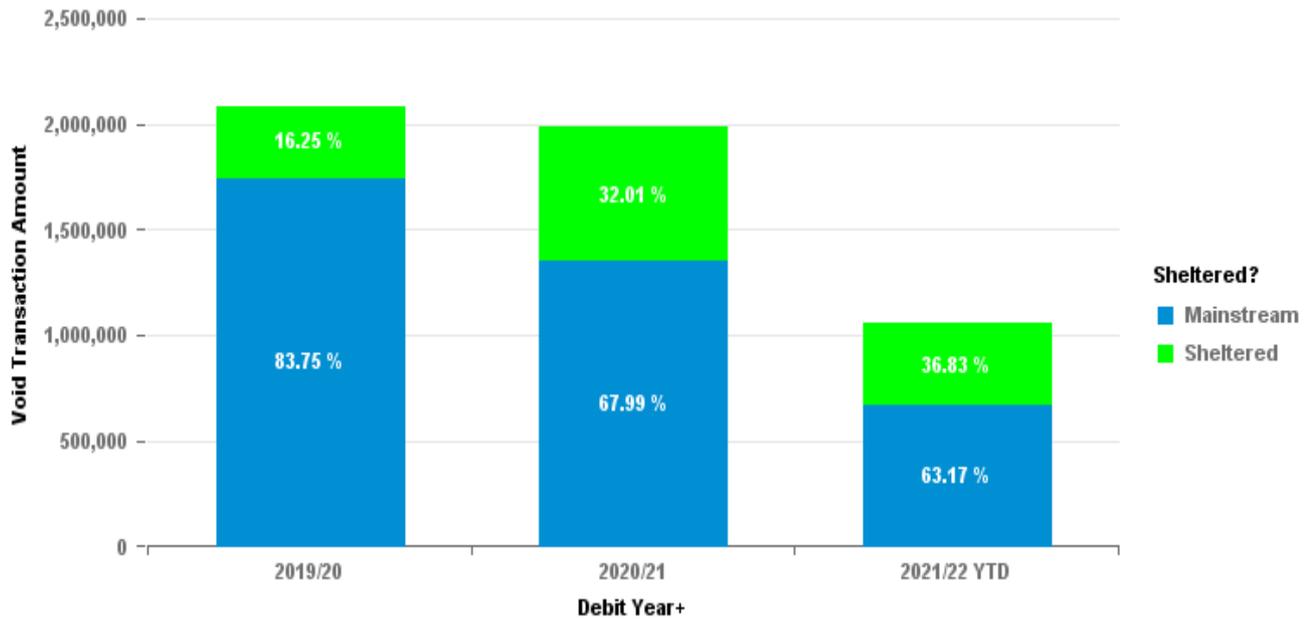


Figure 2.2 Void Rent Loss trends – Sheltered and Mainstream Voids

As can be seen, this position has continued into 2021/22, with vacant Sheltered Housing properties contributing over 35% of the total rent lost in the year to date, while making up 11% of our total stock. This issue has impacted more significantly on Aberdeenshire Council than most other Local Authority landlords due to our significantly higher proportion of Sheltered Housing properties, with Aberdeenshire having the third highest proportion in Scotland. While efforts are being made to relet these properties, the combination of relatively low demand for many Sheltered Housing vacancies and the relatively large number of Sheltered Housing voids built up during the Pandemic makes this a significant challenge.

Despite these challenges, the reduction in void rent lost on mainstream properties is a positive outcome, and it is important to highlight the progress that has been made in this regard, such as the implementation of a new voids procedure and the introduction of Choice-Based lettings through the Housing Online portal. Progress has also been made in letting some of the backlog of Sheltered Housing properties, with 26 Sheltered Housing properties let in October, compared to 15 in September.

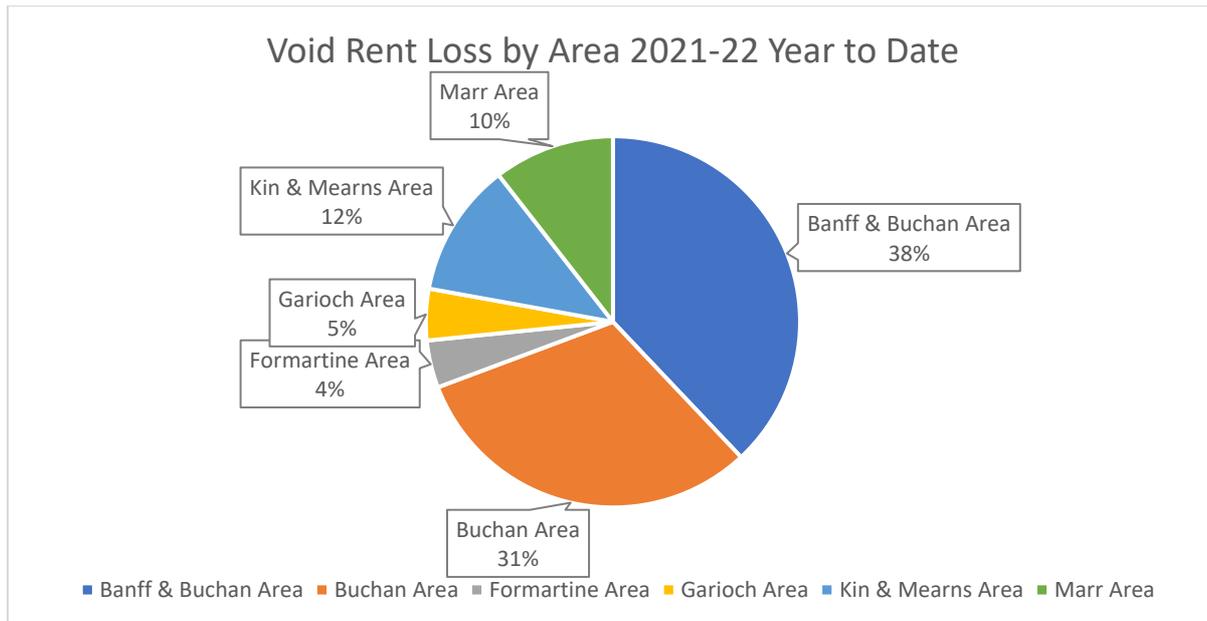


Figure 2.3 Void Rent Loss – Proportion by Area for 2021-22 to date

As demonstrated by figure 2.3 above, there is a distinct variation in the value of void rent loss in different areas across Aberdeenshire, with Banff and Buchan and Buchan areas both having much higher levels of void loss than other parts of Aberdeenshire. In part, this is to be expected, as these areas have a larger proportion of our stock (around half of our housing stock is in these areas), and this accounts for most of the variation. However, these areas also tend to have a higher turnover of stock, with values ranging from 14.4% in Banff and Buchan for 2020/21 to date to 8.5% in Garioch.

While a lower turnover of stock correlates to a reduced void rent loss, this also means that there are fewer properties available to let to people on our waiting list in these areas. This adds to the demand for housing in these areas, and results in longer waits for applicants. While we still look to reduce the amount of rent we lose to voids, we must acknowledge that some lost rent is inevitable and part of the healthy operation of a social housing landlord.