

REPORT TO COMMUNITIES COMMITTEE – 07 SEPTEMBER 2023

HOUSING FINANCE AND PERFORMANCE LINKED REPORT Q1 2023-24

1 Executive Summary/Recommendations

1.1 This report provides Communities Committee with information on the Housing Service's performance in terms of finance and key performance indicators of service delivery.

1.2 The Committee is recommended to:

1.2.1 Consider the performance and financial information provided.

1.2.2 Advise of any improvements or changes that are required to the reporting format.

1.2.3 Instruct the Directors of Environment and Infrastructure Services and Business Services to continue to report Housing Performance and Financial information to Committee on a regular basis.

2 Decision Making Route

2.1 This report is presented to support Communities Committee in their role of scrutinising 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.

2.2 This reporting format combining information related to financial and service performance into a single document, to provide greater clarity and demonstrate the links between financial and service performance, was first presented to Communities Committee on the 9 December 2021. At the meeting on 16 June 2022, it was agreed that this format would be used for all future Housing performance reporting.

3 Discussion

3.1 Appendices 1-3 each focus on a particular area of Housing service delivery (such as Tenancy Services or Options and Homelessness), beginning with an overview of expenditure and budget, and any relevant contextual information and commentary to help explain the significance of this information to the performance being reported.

3.2 The second part of each appendix focuses on a principal performance indicator which is reported consistently in each Housing Finance and Performance linked

report to allow for monitoring and comparison of performance over time. Performance is presented against target and includes reference to national benchmarking information where available and relevant, to give a picture of how Aberdeenshire Council compares to other councils and/or social landlords.

- 3.3 In addition to the main performance indicator each appendix also contains additional contextual information to provide further explanation of the performance reported under the main indicator and identify key drivers of performance. These secondary indicators 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 as being useful to scrutiny of service delivery this can be included regularly in future reports for as long as it is relevant.
- 3.4 The report for Quarter 1 of 2023/24 also includes an appendix 4, focused on progress towards our housing stock meeting the Scottish Housing Quality Standard (SHQS), as at the end of 2022/23. This indicator is reported later as there is a time-lag in gathering the required data and is reported less frequently for the same reason. The appendix does not contain the same variety of information as the others as yet, but we will expand upon this in future.
- 3.5 Appendix 1 relates to Tenancy Services and the key performance indicator reported for this is current tenant arrears as a percentage of total rent due. Current tenant arrears remained stable at the end of Quarter 1 and is consistent with the year-end position for 2022/23. It is however higher than comparative figures for the same period in 2022/23 continuing the trend of increased arrears highlighted in previous reports.
- 3.6 Appendix 2 relates to Options and Homelessness and the key performance indicator reported for this is the average time to resolve homelessness from date of initial presentation to the date the homelessness case is closed, also referred to as the average 'homeless journey time'. Average time to resolve homelessness remained within target for Quarter 1. After significant improvements over recent years and greater quarterly variation in 2022/23 performance in quarter 1 was stable and consistent with that in quarter 4 of 2022/23.
- 3.7 Appendix 3 relates to performance in relation to void properties and the key performance indicator reported for this is the percentage of rent lost due to void properties. The proportion of rent lost to voids has increased in Quarter 1 and is higher than our target. The main driver of this change is an increase in sheltered housing charges. In contrast, relet times have continued to improve, particularly for mainstream properties.
- 3.8 Appendix 4 relates to performance in relation to Asset Management and the key performance indicator reported for this is the percentage of Aberdeenshire Council housing stock which meets the Scottish Housing Quality Standard (SHQS). 78.2% of our stock now meets the standard out of a current maximum possible of 85%. The main driver for Aberdeenshire properties not meeting the

SHQS is the Energy Efficiency Standard for Social Housing (EESSH), and work is ongoing to bring as many properties as possible up to this standard.

3.9 Financial Performance Revenue

- 3.9.1 Council approved the 2023/24 Revenue and Capital budgets for the Housing Revenue Account and General Fund Housing Service in February and March 2023 retrospectively as part of agreeing the wider Medium Term Financial Strategy (MTFS). The report in **Appendix 5a** sets out the forecast position in relation to these budgets as at 30 June 2023.
- 3.9.2 The HRA total forecast net income for the year as at June 2023 is £15.140million creating a variance of £3.072million. The financial position is shown in detail in Appendices 5a and 5b. This means that the revenue funding available to support the HRA Capital Programme is below the budgeted amount of £18.212million.
- 3.9.3 Main variances are in Premises Costs which is forecast to be overspent by £6.960million due to increased contract costs. It is also anticipated that the housing bad debt provision on rent will be at a similar level as 2022/23 (£0.502million) due to the impact of the ongoing cost of living crisis on Households income. Forecast overspend in Premises Costs and Supplies and Services are mitigated by forecast savings in financing costs of £4.967million leading to an overall deficit of £3.072million for the HRA Capital Programme.
- 3.9.4 As at June 2023, General Fund Housing Services is forecast to achieve an outturn of £6.962million against the agreed budget of £6.070million. Homeless Persons continues to see pressures in income and lost rents due to the need to hold empty properties to meet Scottish Government legislations relating to Unsuitable Accommodation Order and Rapid Rehousing Transition Plan. As a result, the forecast overspend in Homeless Persons is £0.585million. Additionally, there are also concerns about the Private Sector Housing Grant in Improvement and Repairs where the Service anticipates a spend of £1.200million against a budget of £0.750million creating an overspend of £0.450million. The on-going review of the Registered Social Landlords (RSL) contracts in Sheltered Housing Support could lead to savings of about £0.164million leading to an overall overspend position of £0.892 for Housing General Fund.

3.10 Financial Performance Capital

- 3.10.1 The HRA Capital Budget was approved on [9th March 2023](#) at £78.320million. This budget figure alters during the year, as and when changes to the profile of capital expenditure from one year to another are agreed and adjusted for. This is because the Capital budget is set over a long term, multiple year timeframe, as the projects will often take more than one financial year to

complete or will start in one financial year and end in the next. Consequently, there is the need to re-profile the capital expenditure on a continual basis.

- 3.10.2 The forecast expenditure as detailed in Appendix 5b for the HRA Capital Programme is £76.518million, which is £1,802million below the budgeted figure of £78,320million. The underspend is primarily due to unavailability of contractors to carry out work under the Housing Improvement Plan (HIP) as well as extended lead times for materials which has impacted the delivery of the programme.
- 3.10.3 The General Fund Housing Service has £4.081million. Forecast expenditure for 2023/24 is £4.054million with an underspend of £0.27million. Variations are detailed in Appendix 5b.

3.11 Financial Performance Reserves

- 3.11.1 The HRA Working Balance Reserve is forecast to remain at £2.0million. An additional £0.300million reserves was created to offset the impact of inflation and pay award above the 3% already included in the HRA budget.
- 3.11.2 The Affordable Housing Reserve is available to support the Housing Service. This reserve is a revolving fund. It includes legally ring-fenced funds from 2nd homes council tax and long term empty properties that supports delivery of new builds. £0.820 million has been committed against three Council new build projects for 2023/24.

Council Priorities, Implications and Risk

- 4.1 This report relates to the delivery the priorities “Health & Wellbeing” and “Resilient Communities” within the pillars ‘Our People’ and ‘Our Environment’.

Pillar	Priority
Our People	Learning for Life Health & Wellbeing
Our Environment	Climate Change Resilient Communities
Our Economy	Economic Growth Infrastructure and public assets

- 4.2 This report also supports the delivery of actions set out in the [Local Housing Strategy 2018 –2023](#).
- 4.3 The table below shows whether risks and implications apply if the recommendations 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

- 4.4 This report provides information on how financial resources have been responsibly used to deliver the priorities of Aberdeenshire Council but there are no direct financial or staffing implications arising from any of the recommendations.
- 4.5 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. The paper is being provided for scrutiny and monitoring of performance, reporting on performance to date against established KPIs and providing Members with information on the year to date financial position against budget and projections. It contains no recommendations or advice on changing policies, procedures, or service delivery. No change in service delivery will result from Committee agreeing the recommendations of the paper, and therefore there will be no impact on any of the areas covered by the assessment.
- 4.6 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.

5 Scheme of Governance

- 5.1 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.
- 5.2 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.

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10th August 2023

List of Appendices –

- Appendix 1 – Tenancy Services Report
- Appendix 2 – Options and Homelessness Report
- Appendix 3 – Void Performance Report
- Appendix 4 – Asset Management Report
- Appendix 5A – HRA and GF Financial Performance June 2023
- Appendix 5B – HRA Budget Risk Register
- Appendix 5C – HRA and GF Savings update June 2023
- Appendix 5D – Capital Performance June 2023