

Appendix 3 – Void Performance Report

1 Budget Monitoring

The void rent loss budget to the end of quarter 1 is £0.591 million. In the period to 30 June 2022 actual void rent loss equates to £0.531 million which is below budget by almost £60,000 and this is projected to increase further by the end of the financial year. Figure 1.1 below shows the pattern of void rent lost per month, with a split between Garages, Sheltered/Very Sheltered Housing and Mainstream properties.

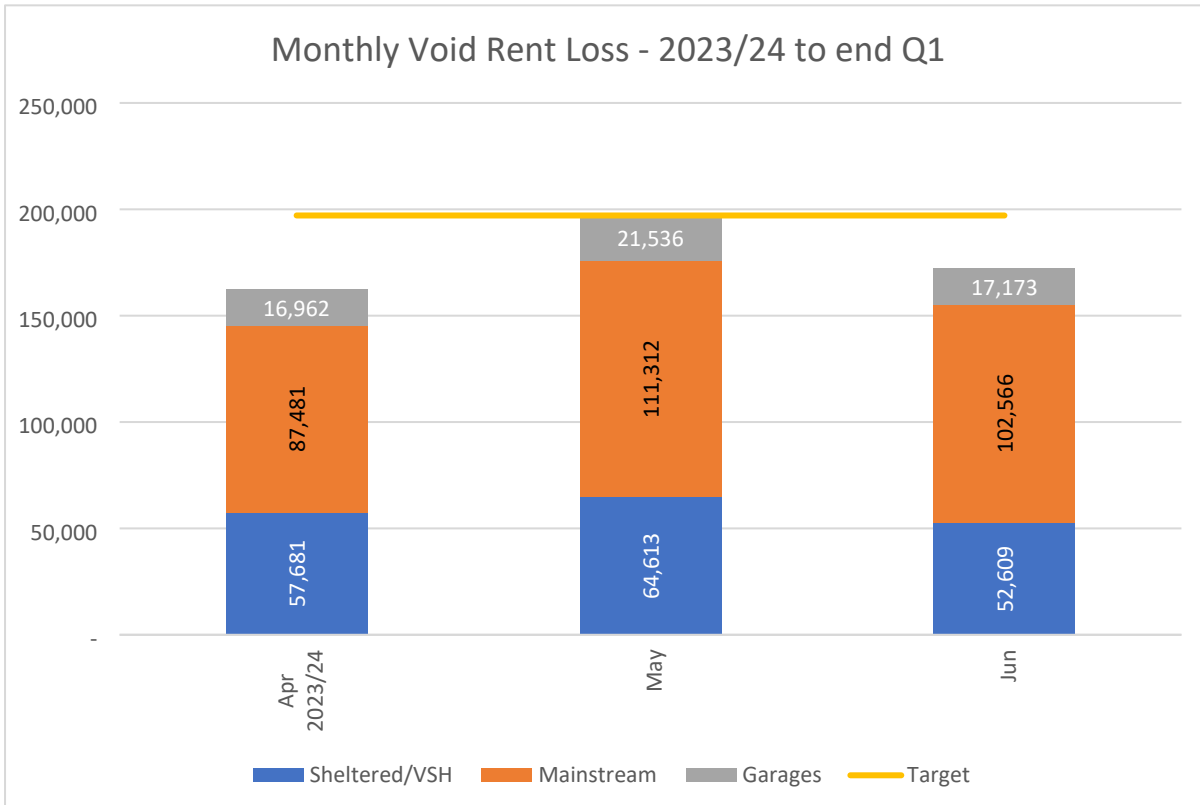


Figure 1.1 - Void Rent Loss against Target, 2023/24 YTD

This demonstrates the variation between months, with particular spikes in void rent loss in 5-week months such as May. However, even taking these months into account we can see that the average loss is lower than target for the year to date. As discussed in more detail in the performance section below, the void rent loss figure for sheltered and very sheltered housing includes service charges associated with these properties. This has a significant impact on the value of void rent loss for sheltered housing, meaning that more rent is lost per property than an equivalent mainstream property.

Figure 1.2 below shows a breakdown of void rent loss for sheltered housing between rent and service charges, demonstrating how much these charges add to the total value lost.

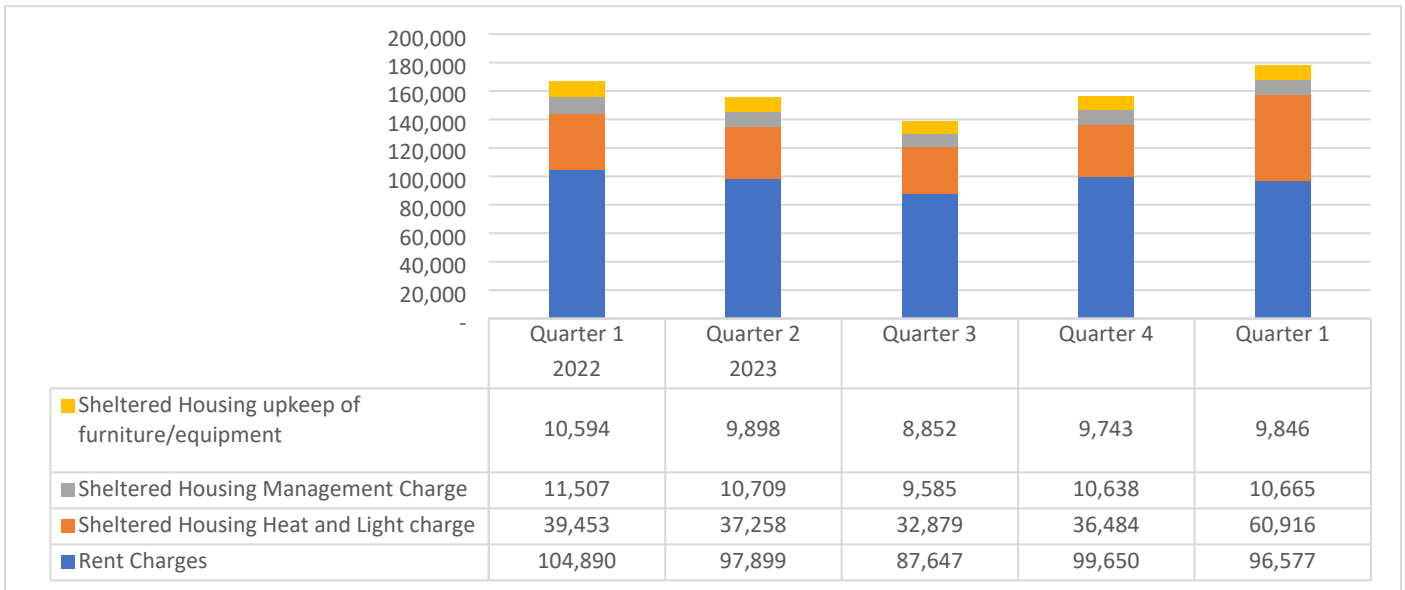


Figure 1.2 - Sheltered Housing void rent loss, split between charge types

Figure 1.2 also demonstrates how void rent loss has varied for sheltered housing in 2022/23 and quarter 1 of 2023/24. As can be seen, void loss for rent charges were lower in quarter 1 of 2022/23 compared to the end of 2022/23, and were on a par with void loss in quarter 2 of 2022/23. However, quarterly void loss against heat and light charges has increased significantly when compared to 2022/23, reflecting the substantial increase in these charges brought about by energy price inflation.

2 Performance Monitoring

Aberdeenshire - % Void Rent Loss by Quarters

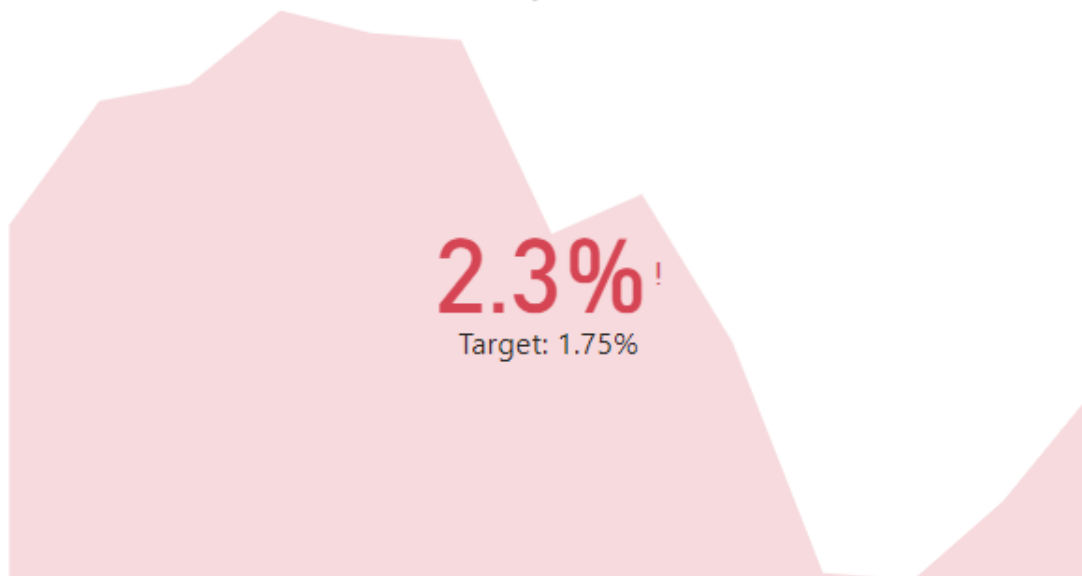


Figure 2.1 – Void Rent Lost as a Percentage of Rent Due Quarter 1 2023/24

% Void Rent Loss against Target

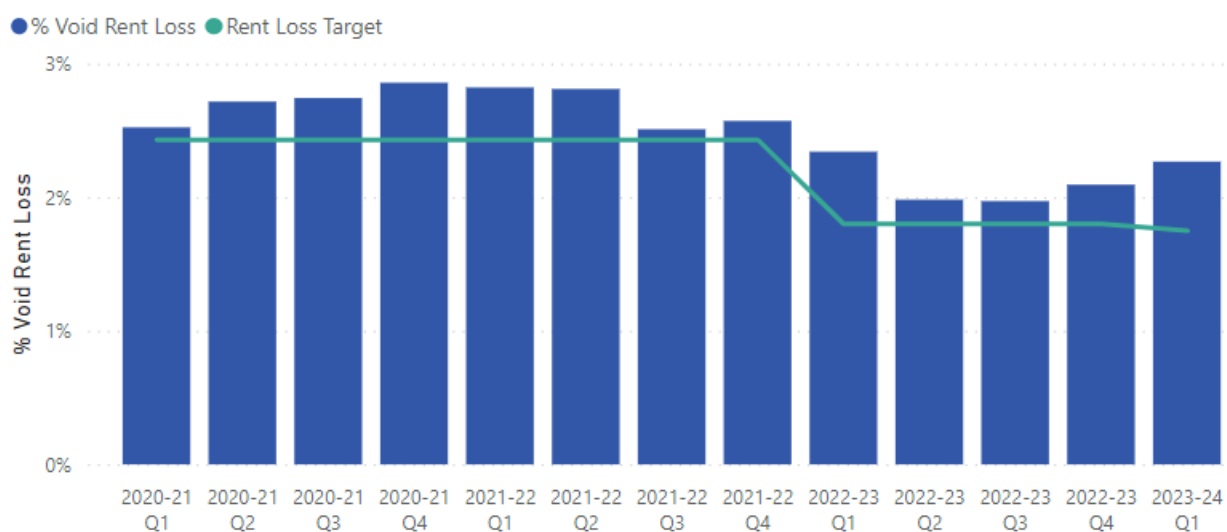


Figure 2.2 - Rent Loss over time against target

Discussion

As can be seen from figure 2.2 above, void rent loss has increased as a percentage of our total debit in the first quarter of 2023/24, and figure 2.1 demonstrates that it remains significantly above the target for the year. The main factor behind this increase in void rent loss as a proportion of rent due is Sheltered Housing properties.

Specifically, the main driver of increased rent loss is the increase in sheltered housing energy charges (Heat and Light charge) brought about by the cost of living crisis. This is because this indicator is based on the Scottish Housing Regulator definition, which includes service charges within void rent loss figures (as does our own void rent loss accounting). Since these charges were raised substantially for 2023/24 (by 75%) to account for the rising cost of energy, significantly more income is lost per void property than in previous years. In fact, void rent loss for other rental charges reduced by over £8000 for sheltered housing in Quarter 1 of 2023/24 when compared to

the same period last year, while heat and light loss has increased by over £21,000 for the same period.

Projections based on current void levels suggest that the total rent lost on sheltered housing properties this year will be around £80,000 higher than in 2022/23. While this is still lower than the peak in 2021/22, sheltered housing void rent loss on this measure is currently moving in the wrong direction. The only way to address this issue is to reduce the number of long-term void properties within our sheltered housing portfolio, either by letting properties or through the ongoing review of our sheltered housing stock.

Figure 2.3 below shows the number of void sheltered housing and very sheltered housing properties at the end of Q1, with their current status. As can be seen, 26 of these properties have subsequently been let (as at 07/08/2023), which is around 22% of the total. 52 of these voids are considered low demand (i.e. a small or non-existent waiting list, with no active interest in the properties), which is around 44% of the total. Low demand properties tend to be concentrated in the same schemes, with 7 at Renouard Court, 6 at Malcolm Forbes Court, and 5 at Invercairn and Cantlay Courts. There are also 5 very sheltered properties that are currently unlettable due to a lack of available care staff.

Number of SH/VSH voids at 30/06/2023, by status as at 07/08/2023

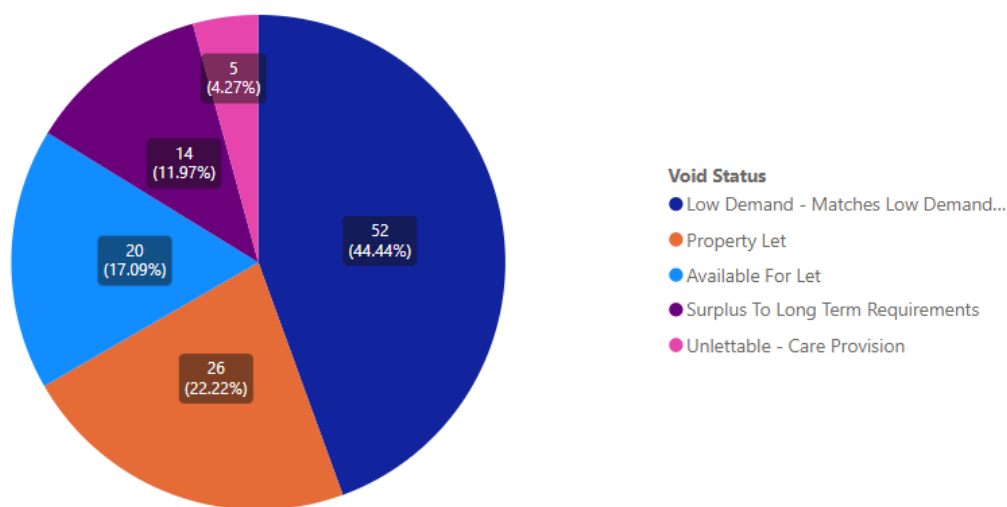


Figure 2.3 - Sheltered and very sheltered voids by status

In contrast, void rent loss for mainstream properties was lower in Q1 of 2023/24 than the same period of 2022/23, at 1.41% compared to 1.56%, and remains on par with the remainder of 2022/23. Void rent loss for mainstream properties will show a short-term increase in July and August, as the result of a large number of new build properties becoming available at the same time. While the turnover time for these properties will be short, the large number means they will have a noticeable effect on total rent loss.

While void rent loss has increased in Q1, the average time taken to relet properties continues to improve, with an average of 59.8 days in the first three months of 2023/24. This is slightly better than our target of 60 days overall, and compares very favourably with both the same period of 2022/23 (where the average was 90 days) and the average for 2022/23 as a whole, where the average was 76.24 days.

Similarly, turnaround times for mainstream properties continue to improve significantly, as demonstrated in Figure 2.4 below. This shows the downward trend in relet times for mainstream properties over the last year, and that this has continued into quarter 2 to date (as at 09/08/2023). In particular, performance on this measure in July was especially strong, with the average days to relet mainstream properties falling to 43 days in the month.

Average Days to Relet mainstream (SHR)

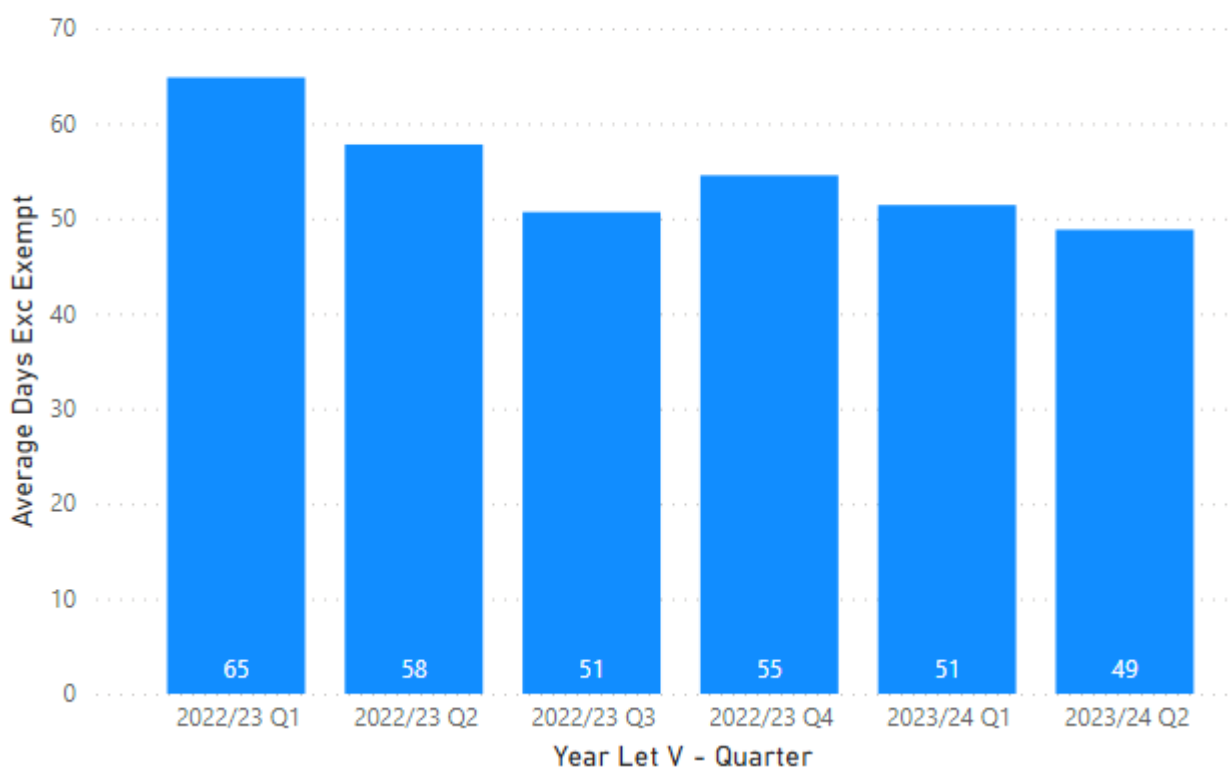


Figure 2.4 - Average days to relet mainstream properties by quarters, SHR definition

In summary, we can conclude that the increase in rent lost as a proportion of rent due in quarter 1 of 2023/24 was caused by changes in the total charges for sheltered housing, rather than a deterioration in void performance generally. Meanwhile, other aspects of void performance such as the average turnaround time have continued to improve, especially for mainstream properties. Making further improvements to our void rent loss for sheltered housing is likely to require a significant increase in applications from the public for schemes which are currently low demand, or depend upon the outcomes of the sheltered housing review. In contrast, while improvements have slowed for mainstream properties, performance continues to move in the right direction and has improved for linked measures (such as relet times). This suggests that changes to the void procedure and work by our teams will continue to drive improvement over the longer term.