

Appendix 4 – Asset Management Report

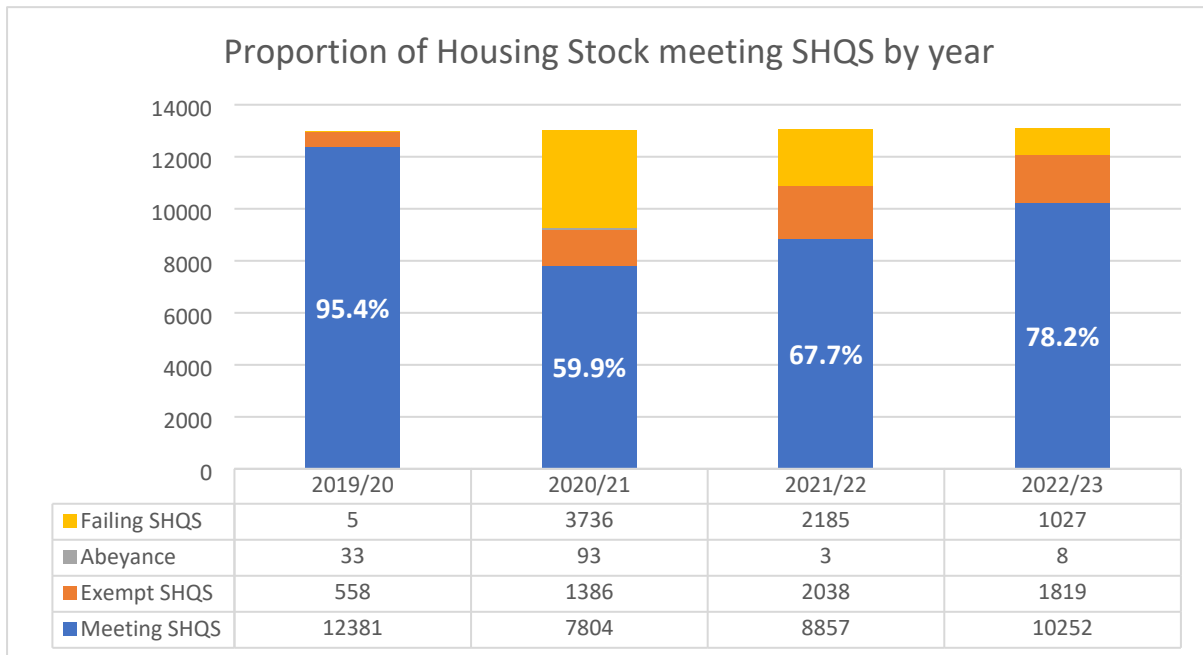


Figure 1.1 Proportion of Housing Stock meeting the SHQS, 2019/20 to 2022/23

As can be seen from figure 2.1 above, 78.2% of our council homes now meet the Scottish Housing Quality Standard (SHQS). The main driver of properties not meeting this standard is properties not meeting the Energy Efficiency Standard for Social Housing (ESSH), with only 18 properties (0.1%) not meeting the standard for other reasons (of which 8 are in abeyance due to tenant refusals). In the 2021/22 Charter return, we estimated that 74.1% of council homes would meet the standard by the end of 2022/23, meaning that the number brought up to the standard exceeded expectations in 2022/23.

It is important to note that both the SHQS and ESSH allow for properties to be exempt from the standards for various reasons, and specify that these properties should be treated as neither passing nor failing the standards. In Aberdeenshire, around 1800 properties are considered to be exempt from the standards because they cannot currently meet them, meaning that 90.9% of our eligible stock meets the standard.

Overall, this means that only 85% of our homes can currently be brought up to the standard, which is our long-term target for this indicator. In Aberdeenshire, the majority of ESSH exemptions are due to technical issues that prevent properties meeting the standard, such as the local electricity grid not supporting photovoltaic panels. Where it is not currently possible for a property to meet the standard, we still make it as energy efficient as possible. We will continue to review properties that are currently exempt, and will reconsider this exemption where improved technology or other changes allow them to be brought up to the standard.

It is also important to be aware that the drop in compliance between 2019/20 and 2020/21 is the result of the Scottish Government changing the rules on SHQS to incorporate ESSH – there was no actual change in the quality of our existing

housing. The Scottish Government introduced further changes to the SHQS in 2021/22 and 2022/23 to include inter-linked fire detection and electrical safety (EICR) respectively. Due to these changes, many landlords have experienced a reduction in properties meeting the SHQS. In contrast, Aberdeenshire Council has managed to meet these challenges, and has demonstrated a steady increase in properties meeting the standard.

Figure 2.2 below demonstrates Aberdeenshire Council's performance against other landlords in 2022/23, based on first-look Charter data collected by Scotland's Housing Network (SHN). This data may be subject to change until August 2023, but should be an accurate reflection of the national picture. Aberdeenshire Council's performance is highlighted in red, with the national average in yellow.

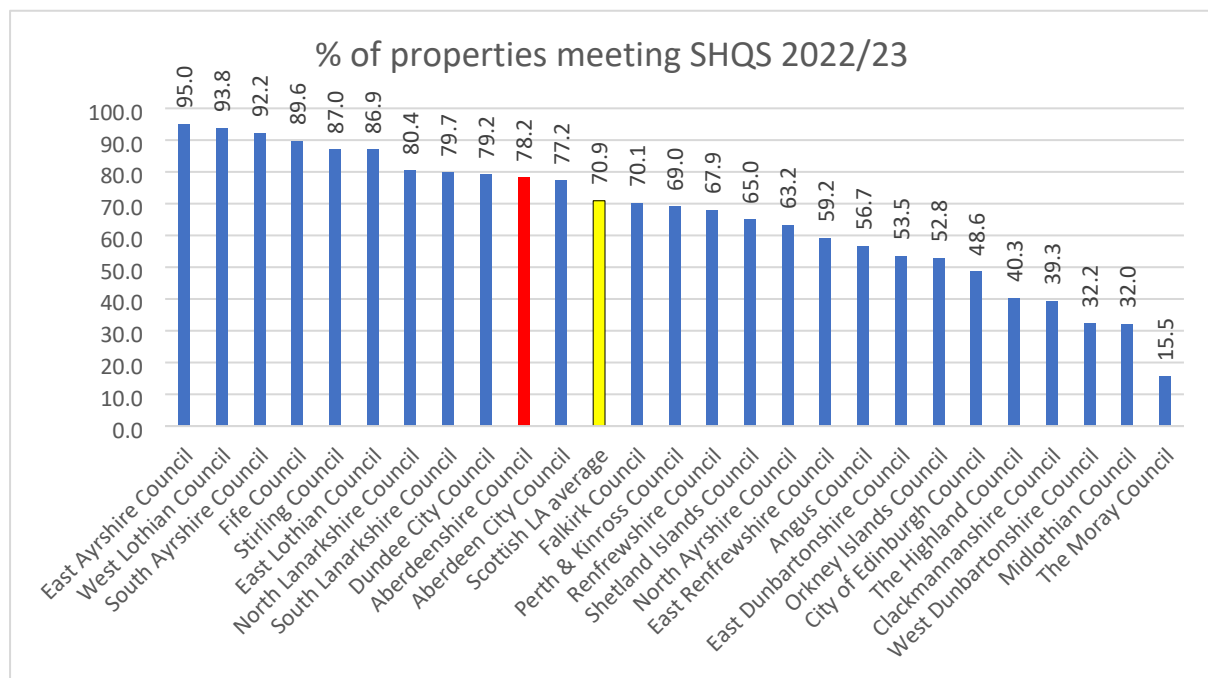


Figure 1.2 - Proportion of properties meeting SHQS by Landlord 2022-23

If we consider performance in the way described by the Scottish Government by excluding properties that are considered exempt from the standard from the calculation, Aberdeenshire Council's position nationally changes substantially, as demonstrated by figure 1.3 below. Although our position does move slightly higher in the table, the main change is how our figure compares to the national average.

Specifically, our compliance rate by this measure is 15.2 percentage points better than the average for Scottish local authorities, compared to 7.3 percentage points when looking at the Regulator's interpretation, demonstrating how significantly we are impacted by technical issues.

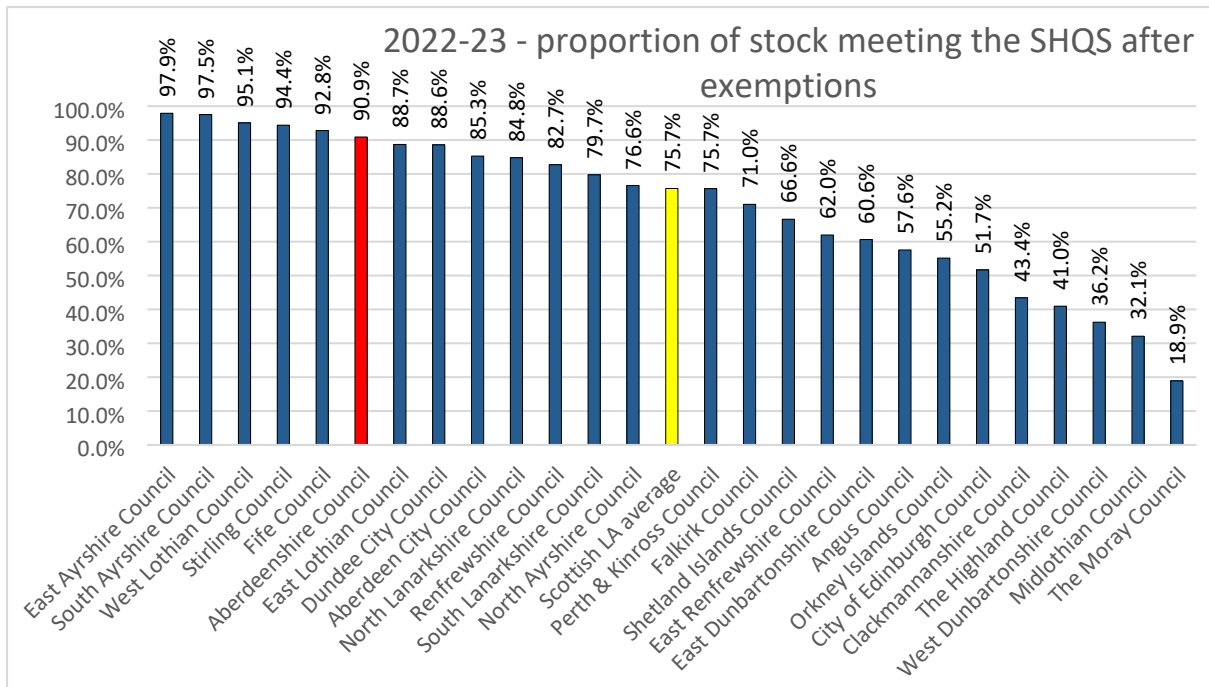


Figure 1.3 - proportion of properties meeting SHQS by landlord, excluding exemptions

The Scottish Government is currently reviewing the next stage of energy efficiency targets (ESSH2) and intend to announce an updated definition and targets later this year. Once this information is available, Aberdeenshire Council will review our housing stock to evaluate how we can ensure maximum compliance with the updated standard.

A study conducted in 2022 concluded that 26% of our housing stock would meet the ESSH2 standards based on the guidance at that time, compared to a national average of 7%. This demonstrates the benefits of the approach we have taken to ESSH so far. However, it is likely that we will not be able to bring all of our stock up to the desired standard and will maintain exemptions for stock where it is not possible.

Furthermore, the Scottish Government currently has a Net Zero target for housing by 2045. Again, information is not yet available on the specifics of what this will look like, but the Housing and Building Standards service will be assessing our stock over the next 2 years to identify the work required to meet this standard and the likely costs involved.