



**Shetland  
Islands  
Council**

## **Housing Revenue Account (HRA)**

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**Business Plan 2026-2031**

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## 1. Development of the HRA Business Plan

### 1.1.1 Purpose

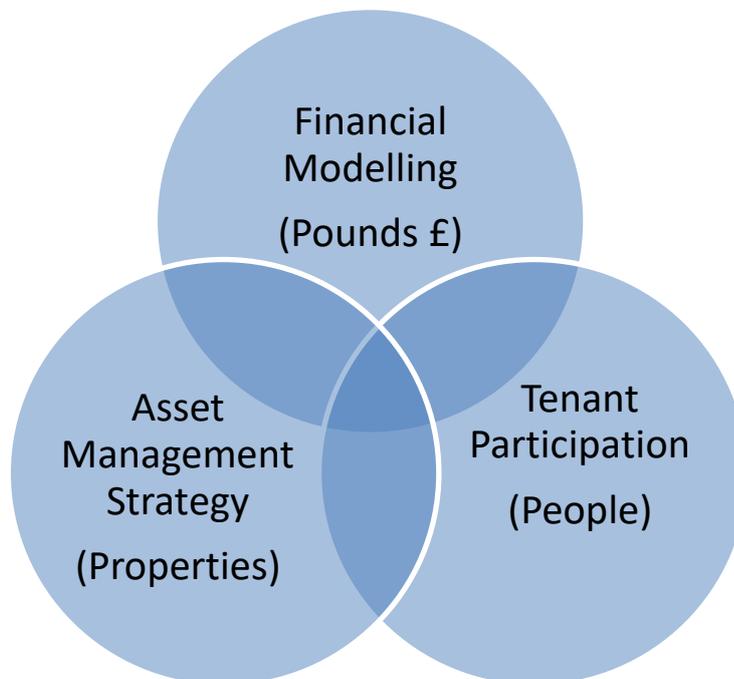
The purpose of the HRA Business Plan is to set out the vision, core objectives and key actions of the Council as a social landlord so that they are clear to our tenants and customers, our staff, the public, our colleagues and partner agencies, and to external scrutiny bodies. The Business Plan is designed to set out the strategic goals of the Council's Housing Service and identify measures to progress toward achieving these goals. The Business Plan provides a realistic appraisal of how these strategic goals will be achieved within the limitations of available funding and the likely economic climate.

The Business Plan expresses the values which influence all that we do and how we seek to improve. It also addresses how we will change and respond to the challenges ahead. This will involve a strong focus on more efficient and effective public services. At the same time, we have a duty to ensure that our customers are satisfied with the services we provide and have the opportunity influence the services they receive. We need to continue to build on the Tenant Participation structures that we have built. Tenants enjoy a significant level of statutory input into the service and to ensure that, where possible, their customer experience is enhanced, it is vital to recognise those structures and to continuously review and improve the mechanisms available to our tenants to be directly involved.

The Business Plan is intended to be easily accessible to stakeholders. It provides information to demonstrate that the Council has a clear picture of its strategic direction as a landlord and the associated financial position of the service so support delivery of this.

### 1.1.2 Process

The Business Planning process involves several work-streams coming together into the final document, illustrated in the graph below to show the inter-dependencies:



The overlapping sections of the graph represent further details of key areas for consideration in building up the HRA Business Plan to ensure that all the component parts are in balance and aligned. These also need to be projected forward into business plan assumptions to test ongoing and future sustainability:

- Rent levels and affordability
- Quality standards compliance, existing e.g. Scottish Housing Quality Standard (SHQS) and emerging e.g. Social Housing Net Zero Standard (SHNZS), Awaab's Law
- Levels of service provision
- Capacity for investment in existing stock (financial and physical)
- Capacity for investment in new build stock (financial and physical)
- Impact of changes in inflation, interest rates and borrowing limits

- Reserves – prudent and sustainable use of reserves
- Legislative changes

### 1.1.3 Financial Modelling

The starting point is the financial modelling which enables us to look at short-, medium- and long-term projections of the HRA and to test a number of scenarios and change impacts. Sensitivity analysis of the impact of changes to inflation and interest rates is also tested. While this produces a 30-year long term picture, which is essential for demonstrating long term sustainability, for planning purposes we are focussing on a five year window with ongoing annual review.

This document uses the Scottish Housing Regulator’s best practice framework for housing business planning<sup>1</sup> as well as the Scottish Government’s guidance on the operation of HRAs<sup>2</sup> published in 2014. This ensures that the Council follows the prevailing national guidelines in creating its HRA Business Plan for the next 30 years.

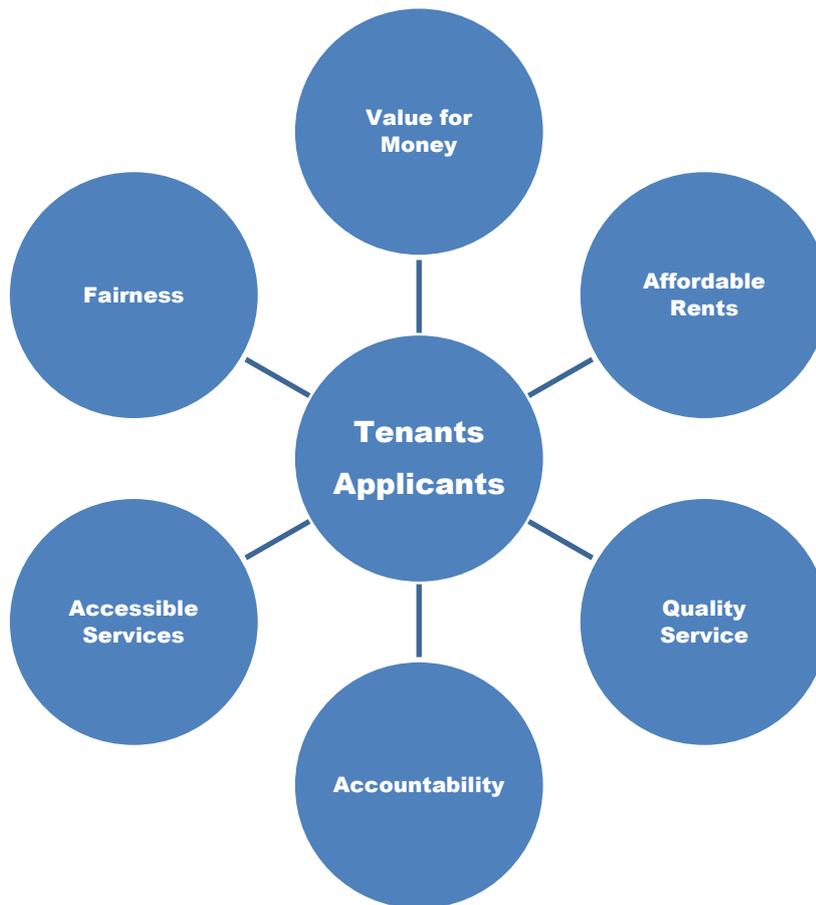
It is also important to look back at the last version of the Business Plan and compare the original plan to the actual delivery, and to understand the context around any variations.

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<sup>1</sup> [Business Planning - Advisory Guidance | Scottish Housing Regulator](#)

<sup>2</sup> <http://www.gov.scot/Resource/0044/00445684.pdf>

## 2. Business Plan Objectives



The objectives of the HRA Business Plan are to demonstrate that we can operate a sustainable HRA into the future that allows for fair, accessible and good quality services to be delivered to our tenants and applicants at an affordable cost, demonstrating good value for money. The Housing Service must be accountable primarily to its tenants and to elected members, the Scottish Government, the Scottish Housing Regulator and service delivery partners.

The Business Plan aims to align corporate and service strategic documents to demonstrate how the service will operate into the future and to continue to provide services that meet the core objectives set out in above.

## 3. Strategic Links

### 3.1.1 Links to other Strategies

The Housing Service fits into the Council's strategic and performance management framework as detailed below.

### 3.1.2 Shetland Partnership Plan

The Shetland Partnership involves key public sector agencies working together with communities to develop a Local Outcomes Improvement Plan (LOIP) that sets out Local Outcomes to prioritise for improvement. The partnership has a shared vision that:

‘Shetland is a place where everyone is able to thrive, living well in strong, resilient communities and where people and communities are able to help plan and deliver solutions to future challenges’.

A key focus of the current plan is to address inequalities across Shetland.

### 3.1.3 Council Corporate Plan

The Council sets out its corporate vision in its Corporate Plan – Our Ambition 2021-2026:

**Working together to create a positive, confident and sustainable future for Shetland. A Shetland where the communities’ opportunities attract people of all ages to live, work, study and invest in our islands**

Under the ‘achieving population balance’ section of the plan there is a commitment to continue to deliver on the key themes of the Local Housing Strategy (LHS) aiming to increase future housing supply across all tenures, making maximum use of funding streams and working with partner agencies to deliver modern, energy-efficient homes. We will also commit to meeting the needs of those who are facing homelessness and those who need support to maintain tenancies.

### 3.1.4 Local Housing Strategy

The Housing Service operates within a strategic framework which links to local and national policies. These are contained in the Local Housing Strategy. and underpinned by the evidence base presented in the Housing Need and Demand Assessment (HNDA) which identifies housing supply and demand, trends, affordability levels and imbalances in housing stock and tenures based on a range of robust and credible datasets and information. The four key themes of the Local Housing Strategy are:

- Increasing housing supply and promoting place-making
- Preventing and alleviating homelessness through housing options, information and support
- Improving house condition, energy efficiency and tackling poverty
- Improving access to specialist housing provision and enabling independent living

### 3.1.5 Directorate Plan

The Housing Service is part of the Development Directorate. The Development Directorate encompasses Housing, Planning, Economic Development, Transport Planning and Community Planning and Development.

There are clear strategic connections and synergies between the services that comprise the Development Directorate. These are brought together in an annual Directorate Plan which identifies the key drivers and links between the services and the delivery of the Corporate Plan priorities.

### 3.1.6 Strategic Housing Investment Plan (SHIP)

The Strategic Housing Investment Plan is the delivery plan for new build affordable housing supply. Directly linked to the LHS and specifically detailing the capital investment projects to meet the outcomes and needs identified. The SHIP covers a five year time period and is reported annually. SHIPs are submitted to the Scottish Government for approval and they form the basis of the funding allocations from the government's Affordable Housing Supply Programme.

### 3.1.7 Partnership Working

The Housing Service is committed to partnership working to deliver on its aims and objectives and to support a range of services and projects with links to Housing. There are multiple partnerships in place at both strategic and operational levels.

We also consider our tenants and applicants to be partners in our work and have taken the opportunity to review our communication methods with tenants and applicants. There is a need to keep our Tenant Participation Strategy and action plan under review and to widen the options for tenant participation. That action plan needs to take cognisance of the Scottish Regulator's guidance produced through its national frameworks.

### 3.1.8 Common Housing Register

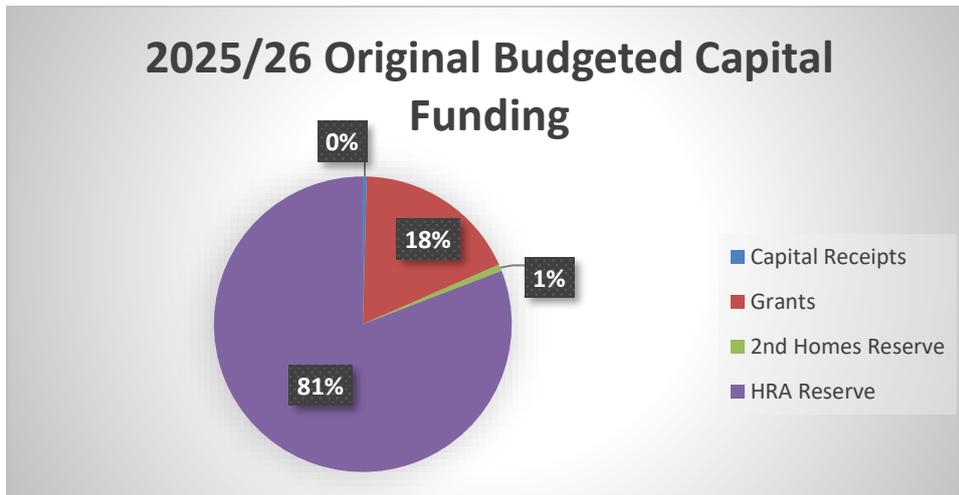
Shetland Islands Council and Hjaltland Housing Association operate a shared housing waiting list. In practice this means that applicants only need to complete one form to apply for housing by either landlord in Shetland. This provides applicants with a more efficient housing application process. Regular reviews are carried out and tenants' views are sought on the process to provide feedback and allow continuous improvement.

## 4. Financial Plan

### 4.1.1 Capital and Revenue Income and Expenditure

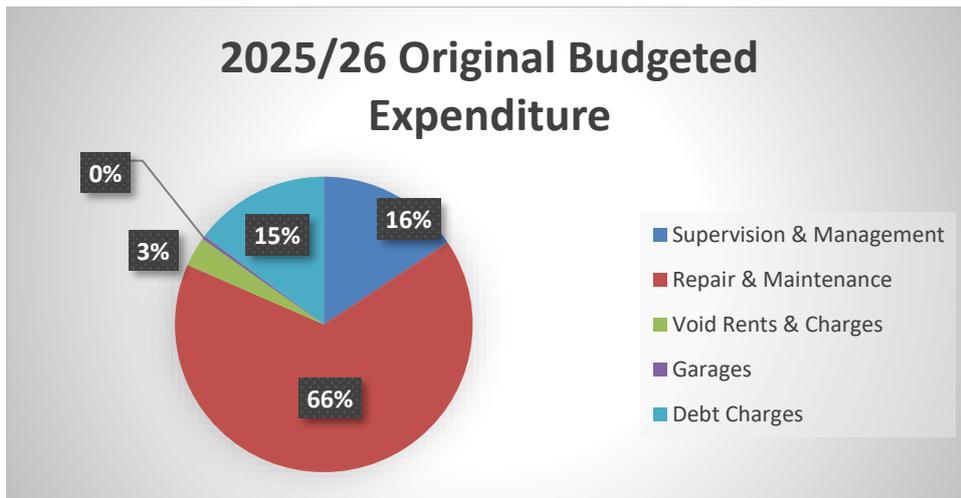
The HRA is a statutory requirement for all local authorities that provide a housing landlord service. It is a ring-fenced account with income mainly being generated from tenants' rents. Expenditure is incurred through the management and maintenance of, as well as investment in, the housing stock to ensure that tenants' homes are safe, secure, warm free from defects and meet current standards.

The HRA is divided into Capital and Revenue items. Expenditure on Capital items is where money is invested in major works (such as external refurbishment, replacement roofs, full house heating and insulation upgrades) to improve the physical quality of the houses. These costs can be funded from rents, sale of assets, grant income, borrowing or from HRA reserves or a combination of these. The table below shows how original capital expenditure was to be funded.

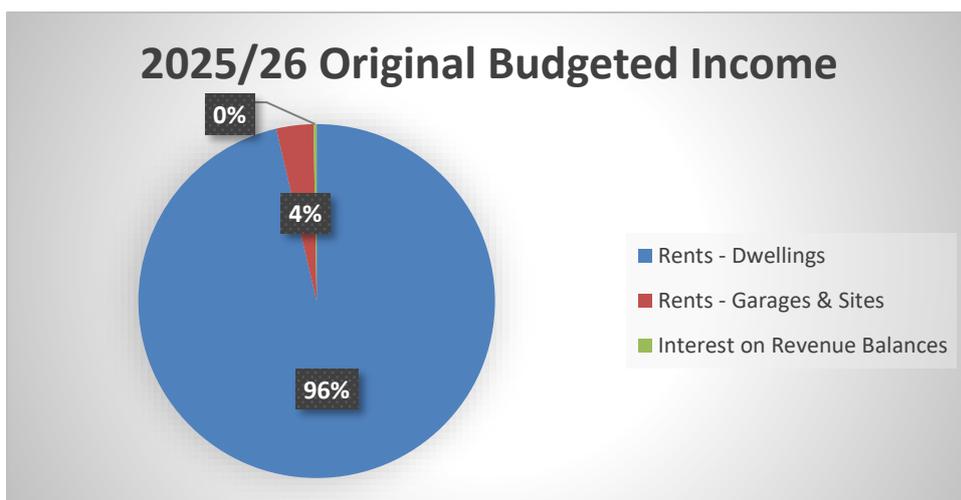


Revenue income is predominantly the rent that tenants pay to the Council and Revenue expenditure is associated with the day-to-day management and maintenance of the houses.

Further detail on the revenue income and expenditure is provided within Charts A and B below.



The greatest proportion (66%) of revenue spend is on repair and maintenance, with funding for management and supervision and debt charges the next highest. Below you can see that the majority of income comes from dwelling rents.



It should be noted that homelessness services and housing support services are funded from the Council’s General Fund and do not form part of the Housing Revenue Account.

#### 4.1.2 Overview

The primary focus of the financial modelling which underpins the Business Plan was to ensure that the HRA can be sustained over the 30-year period, with more detailed focus on the medium term (2-5 years). The model has allowed the review and assessment of the required level of funding over the medium to long term.

### 4.1.3 History of the HRA

The HRA has historically been constrained by a very high level of housing debt, which peaked at around £59m in the late 1980's. The debt was incurred when the oil industry arrived in Shetland in the 1970s and money was borrowed to build houses and to maintain and refurbish the original housing stock over a period of years.

A debt resolution was sought from the Scottish Government and agreed in 2013, which brought borrowing levels down to £15m. This meant that the debt was reduced to a manageable level in line with the Scottish average at that time.

### 4.1.4 Stock Valuation

The 2024/25 Annual Accounts of Shetland Islands Council states the valuation of Council Dwellings on the HRA at £74.3m. Other land, buildings and vehicles held on the HRA have a stated value of £2.3m.

### 4.1.5 Financial Modelling

Financial modelling has been done, taking the 2025/26 agreed HRA budgets as the base year. The actual housing stock numbers as at 31 March 2025 have been used to model opening stock.

### 4.1.6 Key Financial Assumptions

#### Inflation

The model has used the current rate of CPI of 3.8% reducing over the 30-year period in line with the Government's long-term rate of 2%. Inflation over the last few years has been high following the covid outbreak, it is reducing but it is unlikely to return to pre-covid rate over the life of this HRA business plan.

#### Real Growth Above Inflation

The model has assumed growth of 3.7% for the next two years reducing to 0.5% per annum thereafter above underlying inflation. This reflects the current increased costs associated with managing and maintaining housing services within a remote community.

### 4.1.7 HRA Costs

The main expenditure items on the HRA are repairs and maintenance, supervision and management, capital expenditure (including exceptional works) and borrowing costs.

#### Repairs and maintenance

This covers the cost of the responsive and cyclical maintenance and the staffing costs associated with providing these services. This takes account of the cyclical

maintenance costs detailed in Asset Management Strategy, along with the cost of running the Housing Repairs Service.

#### Supervision and Management

The HRA requires proper supervision and management to ensure that its properties are effectively managed, maintained and let to tenants.

#### Capital Expenditure

Capital expenditure includes the cost of major component replacement. The Asset Management Strategy has been developed following a detailed stock survey and this information has been fed into the model. The focus in the medium term will be to ensure that energy efficiency targets and required planned maintenance of existing housing stock is achieved and maintained. It was acknowledged in the stock condition survey that there will be peaks and troughs in relation to the expenditure from year to year for major component replacements and other capital works. The modelling has smoothed out the impact of those peaks and troughs by building in an average of £5.9m per annum, adjusting for stock numbers, underlying inflation and growth.

#### Borrowing Costs

Historically, borrowing was required to fund the HRA. The model includes the costs associated with the repayment of this old debt, which will be repaid in full in year 15. There is a requirement for new borrowing to meet the cost of meeting housing standards and structural works on existing stock. There is limited scope for investing in new housing without rent increases to meet higher borrowing costs. The model has been developed to maintain the level of borrowing per house below the Scottish average of £19k.

It is expected that borrowing will be undertaken at the Council's internal pooled rate, with interest estimated at 5% for the purpose of the financial modelling.

### **4.1.8 How is the HRA Funded?**

The HRA must be self-sustaining, so the expenditure detailed above must be funded. The primary ways in which the HRA is funded is through rent income, use of reserves and borrowing.

#### Rental Income

Rent modelling has been undertaken and assumes the underlying inflation rate and real growth factor over the 30-year lifetime of the model. A key service priority for the HRA is to provide affordable rents.

In considering rental income there is a need to take account of the levels of rent arrears, bad debts and void costs and make provision for these. The bad debt provision has been estimated at 1% of total rental income as debt written off (based on the average over the last 5 years.). Void costs are calculated for general and sheltered accommodation at 2%.

To fund the forecast expenditure of the HRA over the medium to long term, solely through rental income, would require rent to rise by more than the underlying inflation and growth rates. Our modelling showed that rental income would need to increase by 35% during the 5-year HRA business plan if no borrowing was undertaken.. This would increase rents to an unaffordable level, so has been ruled out as a funding option.

In terms of future rent strategy, benchmarking shows that there is a disparity between the average rental we charge on our smaller size properties. Further work on reviewing the rental differentials will be needed over the early years of this plan to re-align a fairer distribution of rent charges.

#### 4.1.9 Use of Reserves

The Council has a specific reserve which has been built up over a number of years from contributions from the HRA. This reserve is necessary to ensure the HRA is financially sustainable and can meet any unforeseen or exceptional circumstances.

As at 31 March 2025 the Housing Repairs and Renewals Reserve balance was £11.1m. The financial modelling identified that additional funding, beyond the planned rent increase, is required to meet planned expenditure over the medium to long term.

The use of the reserve needs to be sustainable, so it is necessary to set a minimum level to which the Housing Repairs and Renewals Reserve can fall. This has been prudently set at £10m to provide sufficient reserves to generate a reasonable return of approximately £730k per annum on an ongoing basis to support expenditure and reduce the increases required to rents to meet both revenue and capital expenditure.

#### 4.1.10 Borrowing

Capital expenditure can be funded from borrowing. This means that the cost of capital in any particular year is spread over a number of years in line with the conditions of borrowing (i.e. 20 years/30 years or a combination). This results in an annual charge for borrowing which must be met from revenue. Any borrowing must be undertaken in line with the current Council's Borrowing Policy.

Borrowing will be from the Public Works Loan Board (PWLb). The economic case for borrowing externally or using the Council's own reserves to finance capital expenditure is essentially down to whether interest rates are higher or lower than the long-term average return on the Council's external investments (with fund managers).

As at 31 March 2025 the HRA borrowing was £9.9m. At this level of borrowing, the debt cost per dwelling is £5,978. This compares to Scottish average of £19,187.

Further borrowing will be required each year based on the 30-year financial modelling, to meet the remaining funding gap necessary to facilitate the proposed Asset Investment Programme. The total additional borrowing requirement has been estimated at £90m, with the debt per house borrowing peaking in year 30 at £18,966k.

#### 4.1.11 Financial Risks

There are many variables to be considered in the financial modelling. The assumptions made in the financial modelling have been tested, but financial risks remain in relation to:

- Interest rates are currently at a higher level when compared to the last 5 years but still less than investment returns. Interest rates are predicted to reduce but progress is slow with the Bank of England retaining interest rate at 4% in November 2025 and not reducing it further as some economists had forecast.
- The uncertainty over the cost of works required could have a major impact on the model. The worst-case scenario would involve further borrowing and push the model towards either higher rent increases to meet expenditure or increased borrowing per house closer to the Scottish average.

#### 4.1.12 Future Aspirations

The financial modelling allows us to be clear that the financial demands on the HRA over the medium to long term are the maintenance of the existing Housing stock, leaving little scope for new build projects. The Business Plan will be reviewed annually and updated for any significant change to the investment plan.

## 5. Asset Management & Housing Stock

### 5.1.1 Asset Management

In short, the purpose of a housing stock asset management strategy is to ensure that our housing stock is maintained to current standards.

The Asset Management Strategy is an integral part of the HRA Business Plan. Ensuring that we have good quality, up to date information on our stock to enable future planning of programmes of work to maintain standards and ensure compliance.

We are committed to a rolling 20% sample stock condition survey on a 3–5-year basis to verify our information. Focusing on a ‘fabric first’ approach to our programme of improvements is central to developing our response to the forthcoming energy efficiency targets. Although, crucially, any prospect of achieving more stringent targets on energy efficiency will require significant Government funding and we cannot rely on income from rents to meet ever increasing costs to fulfil standards.

The operating environment in a post-Covid, post-Brexit world has made the delivery of the Asset Management Strategy and associated works extremely challenging. During Covid many government-enforced regulations delayed work and led to backlogs of both maintenance and planned works. Workforce issues around recruitment and retention of labour have negatively impacted our own in-house resources as well as external contractors. Supply chain issues led to delays in delivery and inflation-busting price increases for many essential materials. All of this has made the post-Covid planning for assets and stock investment much more difficult.

At the same time regulation, legislation and compliance has seen additional works having to be carried out and prioritised in a difficult market, e.g. the extension of fire and smoke detection.

The cost base for ongoing repair and maintenance has shifted dramatically since the previous HRA Business Plan, with increasing legislation and compliance continuing to add to the requirements of being a social landlord and we know there is more to come. There is a particular focus on tenant health and safety nationally following the major tragedy of Grenfell Tower in London and the discovery of unsafe structural cladding (RAAC) in many local authority properties. More recently there has been a shift in guidance and accountability for landlords’ responses to reports of damp and mould. Awaab’s Law which has been enacted in England is about to be introduced in Scotland.

Dealing with all these compliance issues is absolutely necessary but is resource intensive. Our housing stock is dispersed across a wide geography and dealing with these issues requires the service to ensure that the correct range of skills and knowledge is in place not just to address the issues but to ensure proper recording and reporting systems are in place. This cannot be just absorbed into existing, already over-stretched technical staff and existing levels of budget.

Procurement is an important component in ensuring that our asset strategy is delivered in the most cost-effective way. We make best use of procurement methods to assist in efficient delivery, gathering feedback from our contractor base to encourage more involvement. Use of frameworks should simplify procurement of cyclical maintenance and component replacement. Our investment programme will continue to be developed using our stock information, component replacement/lifecycle schedules and prioritising planned repairs to housing stock, thus seeking to reduce the expenditure on reactive repairs.

As part of the Asset Management Strategy, we will also continue to develop standardised specification documents and will ensure that replacement components are quality products which are suitable for the Shetland environment and with

consideration to the lifetime of the asset, represent good value for money. Tenants will be consulted and involved in decisions on the introduction of specification standards.

### 5.1.2 Future Supply of Affordable Housing

The demand for affordable housing continues to outstrip available supply in almost every area of Shetland.

One of the key strategic priorities identified in the LHS is future housing supply. The LHS covers all tenures, so is not confined to social rented housing or the HRA.

The Council through its statutory enabling role works very closely with Hjaltsland Housing Association to deliver on the LHS priorities. Through the production of a Strategic Housing Investment Plan (SHIP) we seek to maximise government funding for new housing supply. In a relatively small and self-contained housing market, it makes financial and economic sense to continue to jointly plan for new supply. This also provides further avenues for exploring new housing initiatives through other funding mechanisms. Effective joint working to date has produced a number of innovative solutions to new build planning and funding which have enabled additional supply to be built.

The financial capacity for the local authority to undertake new build will be reviewed regularly. Any projects will be evaluated on their merits, in the light of circumstances prevailing at the time. This is where the financial modelling carried out as part of this business plan will prove invaluable. Annual review will also allow for any material changes in government grant to be reflected in SHIP. It is also important to remember that unless there is significant external funding and investment available, that the cost of providing any new build housing through the HRA falls to be paid by the rents of our existing tenants. When we have surveyed tenants on their priorities, they are very clear that they want to prioritise affordable rents and investment in the existing stock to meet standards, provision of new build is not seen as a priority for tenants.

Alternative options through incentives and initiatives for housing supply will be assessed with a view to judicious opportunities to increase stock and meet housing need as identified in the LHS and will be reported through the appropriate processes.

## 6. Accountability and Performance

### 6.1.1 Scottish Housing Regulator

The Scottish Housing Regulator (SHR)<sup>3</sup> is an independent external body that assesses the effectiveness of housing landlords across Scotland, both local authority and housing association landlords. The SHR introduced a uniform set of performance indicators for all landlords to report on annually known as the Annual Return on the Charter (ARC), together with a requirement to publish performance data annually in a report card format for all tenants. The ARC focuses on enabling tenants to hold landlords accountable for performance in achieving the outcomes that matter to them. This data also provides accessible and valuable benchmarking information across all social housing landlords in Scotland.

The SHR publishes all the data and has also produced a comparison tool using the charter returns from all landlords in Scotland so that benchmarking and peer group comparisons can be done.

Annually the SHR requires all social landlords to provide an assurance statement to confirm compliance with a range of landlord duties and for governing bodies to be assured that there are appropriate systems, evidence, relationships and channels of communication are in place to ensure that if a significant problem were to arise it would be identified and addressed.

### 6.1.2 Benchmarking

Benchmarking, or comparing performance with others, can be a useful way of checking performance levels. The Scottish Housing Regulator has published all the Charter information returns in a way that allows comparisons with other landlords. This tool is available online and can be accessed by anyone. It is a useful way for tenants to do their own comparisons. As with all high-level statistical reporting, further analysis and understanding of context is needed to properly understand where there are differences.

An initial comparison carried out using the SHR reporting tool with the published 2024/25 information to compare Shetland Islands Council with our closest comparators across a snapshot of the reported indicators shows the following:

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<sup>3</sup> <https://www.scottishhousingregulator.gov.uk/>

2024/25		SIC	OIC	HC	HHA	HHP	SHR Average LA
<b>Homes &amp; Rents</b>	Stock Number	1703	1033	15250	825	2416	
	Ave rent 1 bed home	£76.09	£85.39	£82.37	£103.66	£91.99	£82.78
	Ave rent 3 bed home	£103.11	£100.52	£102.24	£118.64	£104.78	£95.98
<b>Tenant Satisfaction</b>	Overall % tenants satisfied with service	79	74	72	91	83	81
<b>Quality &amp; Maintenance</b>	Ave time taken to carry out emergency repair (hours)	2.2	9.7	3.5	2.5	2.1	3.8
	% repairs carried out 'right first time'	87	73	87	89	93	89.2
	% tenants satisfied with repair	91	86	94	97	85	85
<b>Value for Money</b>	% rent not collected through void/empty homes	2.3	1.5	1.0	0.2	0.5	1.7
	Average time taken in days to re-let homes	96	61	54	6	25	78

Key: SIC – Shetland Islands Council  
OIC – Orkney Islands Council  
HC – Highland Council  
HHA – Hjaltland Housing Association  
HHP – Hebridean Housing Partnership  
SHR Ave – Scottish Average as per SHR charter report for local authorities

### 6.1.3 Scotland's Housing Network (SHN)

An improvement action from the previous HRA Business Plan was to investigate and develop more benchmarking information. Following discussions with other local authorities and with SHN the SIC's Housing Service became a member. SHN is the largest benchmarking and data insights provider representing 100% of Scottish councils and 70% of housing associations. In addition to their data and benchmarking services they provide knowledge-exchange, self-assessment support, data validation and a range of other resources. As part of the membership, they provide an in-depth annual performance report assessment.

### 6.1.4 Performance Management

It is important to have a performance monitoring framework in place that allows us to:

- Clearly demonstrate what our customers can expect from us;
- Assess systematically whether we are meeting the standards and targets we have set;
- Ensure that performance is reviewed and actions to correct or improve performance can be identified and implemented;
- Make clear to staff what the standards of service that they need to work to are.

We measure our performance using performance indicators developed from national and local sources. This ensures consistency and allows management to focus on our key priorities. Our integrated housing management system allows managers to access user-defined monitoring reports in real time. Areas of poor performance are investigated quickly and appropriately by managers. Regular reports to Committee ensure that elected members are apprised of the service performance on a regular, quarterly basis.

Annual reporting on the Housing Charter to both the SHR and to tenants through the Report Card ensures that our tenants and external scrutiny body are fully informed of our performance. We plan to extend tenant involvement in shaping policy through a range of focus groups and tenant audit programmes.

Internally the senior managers in the service meet regularly to review all our reported data, using this to identify areas for improvement and to highlight when positive changes are noted. We make use of our website to provide accessible quarterly performance information which is accessible to tenants.

Elected members can access the website information and have regular Directorate performance reports which cover performance information across the directorate. Annual reports to committee specifically from the Housing Service include the Annual Allocation Policy Review report and the Annual Assurance Statement for the SHR.

### 6.1.5 Service Strengths

Through various methods, such as inspection, benchmarking and national reporting, we have been recognised as having significant strengths in the following areas:

- Partnership working being at the core of our strategic planning and service delivery
- Focus on early intervention to prevent homelessness
- Using housing options approach
- High levels of satisfaction with repairs and maintenance service
- Dedicated and professional staff
- Delivery of social adaptations
- Use of integrated housing management system and evidence-based information
- Rent collection
- Commitment to Tenant Participation

### 6.1.6 Areas for review and improvement

We are currently reviewing and evaluating several key areas with a view to improving service planning, provision and delivery:

- Energy efficiency requirements of our housing stock
- Energy advice for tenants
- Rent levels and affordability
- Workforce requirements, with a priority on the repairs service
- Re-let times
- Refusal rates for allocation offers
- Compliance recording requirements

## 7. Tenant Participation and Consultation

### 7.1.1 Tenant Participation

Tenants are at the heart of everything the housing service does and are entitled by law to be involved in certain decisions that affect their homes. Tenant participation was given statutory status in the Housing (Scotland) Act 2001.

Traditionally tenant participation focused on formal tenant groups, however changes brought about by the Scottish Housing Regulator made it clear that wider tenant involvement is needed. Not all tenants want to be part of a formal group but do want to have a say in how their landlord provides services to them. The Council recognises that there are different ways for tenants to be involved and through ongoing review of our Tenant Participation Strategy we will continue to develop options for tenants to be involved in ways that suit them.

While there were many negative impacts caused to the service by the disruption of the Covid pandemic, there were some positive shifts in how people were enabled to communicate. As a result, we will develop a revised Tenant Participation action plan. This will build positively on our previous actions in this area and seek to strengthen the structures already in place for capturing tenant influence alongside the more operational gathering of views and feedback through more general routes.

### 7.1.2 Rent Strategy

Council rents in Shetland have traditionally been at the higher end of the scale in comparison to other local authorities. The high level of rents was due to the historic housing debt which was a main driver in rent-setting in the past. The Business Planning process has allowed us to financially model the impact of costs and investments on rents. Consultation with tenants has indicated that while most tenants feel that their rents are high, they are generally happy with the service they receive.

Since the last HRA Business Plan, during Covid there were national rent-freezes applied through temporary legislation followed by below-inflation rent increases. The cumulative impact of those decisions means that approximately £800k of investment has been lost to the HRA over the 5-year period.

Tenants have expressed concerns about affordability should rent increases be above inflationary level. For some households the current challenges of the cost of living are very concerning and difficult choices are having to be made on how to prioritise household income.

In a more stable financial environment, it would be possible and preferable to be able to provide indicative information to tenants of likely rent levels over, say, the next three years. This is something to keep under review with a view to having a medium-term rent strategy.

In looking in detail at benchmarking data, our strategy of applying a flat percentage increase across all property sizes has skewed our rent differentials as set out in the Rental Income section in section 4. In practice this means that our bedsit, one-bedroom and two-bedroom properties have rent levels well below the Scottish average. These rents are also much lower than our comparator landlords (see table at 6.1.2 Benchmarking ). Further rent modelling and consideration of a revised rent strategy with appropriate tenant consultation will be carried out during the period of this Business Plan.

### 7.1.3 Workforce

The Housing Service is organised into the following sections:

- Housing Management & Homelessness
- Asset Management (including the Repairs Service)
- Housing Support
- Business Support

With around 85 FTE staff, the Housing Service is managed by an Executive Manager and four Team Leaders (Asset Management, Housing Management, Housing Support and Business Support).

Use of career-grades has given staff opportunities to 'grow' into professional roles with formal qualification and supported work experience. The Service uses the Shelter Training package to provide recognised national standard training in Housing Advice, Information and Law for all staff at an appropriate level.

Housing Officers also complete Chartered Institute of Housing professional training as part of the career-grade. Housing Support is a registered service with the Care Inspectorate and staff must maintain training requirements with appropriate SVQ levels for Co-ordinators and community-based staff. As a registered service there is a requirement for a qualified, registered manager to be in post.

The Quantity Surveying Technician is also currently being supported through a career-grade opportunity to complete professional development to achieve the qualification to take on the Contract Manager role.

Regular one-to-one support and employee review meetings are carried out within all teams.

## 8. Conclusions

The HRA can demonstrate financial viability over the 30-year life of the Business Plan, whilst fulfilling the strategic priorities of the Local Housing Strategic. However, this is through a challenging set of assumptions to maintain the balance between:

- providing the required level of services to tenants,
- maintaining affordable rents,
- operating within prudential borrowing requirements
- retaining a sustainable long-term position on the Housing Revenue account.

Detailed decisions on the elements of the HRA budgets will be considered in the Council's budget setting exercise annually to set the rents and charges.