

MINIMUM LETTING STANDARD EVALUATION SUMMARY

An evaluation was undertaken to determine, through the examination of available evidence, if Aberdeen City Council's Minimum Letting Standard:

- was implemented effectively and as intended
- achieved its stated outcomes
- represents value for money
- if the policy should continue and, if so, what potential improvements might be made.

CONTEXT

Changes to the Minimum Letting Standard (MLS) were introduced in January 2022 through the Housing Improvement Group. Factors driving the changes made included:

- a high number of refusals for properties and abortive offers being made
- an awareness that a number of properties were being returned to the Council in very poor condition, which may have been reflected by the condition that properties were initially let.
- a desire to improve the condition of properties particularly in 'wet' areas, kitchen and bathrooms.
- the amount of property inspectors time that was being spent dealing with newly let properties in the first month of occupation.
- improving the staff experience in letting properties, staff were often having to be apologetic over the standard that the property was let.
- high levels of refusals for capital upgrades when properties are tenanted, particularly kitchen and bathrooms.
- The need for amendments to start dates for rent (effective rent free periods for tenants because upgrade works had to be carried out to properties)

MLS established in 2015	MLS 2022
If the decorative standard within the property is reasonable, no further decoration will be carried out. Ceilings will be free of polystyrene tiles and timber linings. Walls will be free of timber linings and textured coatings.	All internal walls and woodwork will be repaired, if required, and painted in a neutral colour.
No allowance made in MLS of 2015	Vinyl floor coverings will be fitted in the kitchen and bathroom and all other floor surfaces will be prepared to allow the application of tenant's own floor coverings.
Not referenced in MLS of 2015	Gardens will be presented in a condition where the grass, bushes and hedges are cut to a maintainable height.
Not referenced in MLS of 2015	The external condition of the property will have: <ul style="list-style-type: none"> • boundary walls, fencing or gates which are in a safe condition • gates which will have working hinges and latches • paths, steps and driveways which will be in a safe condition • drying areas, clothes poles or rotary dryers which are in a good condition. For flats, these may be within a shared drying area. • Where installed, communal door entry systems will be functional.
Not referenced in MLS of 2015	The shared areas, stairwells and passageways for the property will:

	<ul style="list-style-type: none"> • have adequate lighting. • be free from graffiti.
We will complete all essential repairs before you move in, however we may have to carry out some repair work afterwards, which may include upgrades to kitchen or bathrooms. This is to make sure that you are not delayed in moving in and that your home is not left empty for longer than necessary.	Repair works undertaken during void period.
If major works are necessary your co-operation in allowing access to your new home is essential and would be greatly appreciated. We will aim to complete the work within the first 4 weeks of your tenancy and Building Services will contact you directly to arrange this	Due to access issues capital works undertaken during void period.

WHAT DID WE LEARN ABOUT THE IMPLEMENTATION?

The revised MLS was implemented as planned in January 2022. Implementation of the revised MLS coincided with the implementation of Choice Based Letting (CBL) and the need to post internal photographs to support applicant bidding. When implementing the refreshed MLS, the need to provide housing for 500 households fleeing conflict and prioritisation of those living in RAAC affected homes was not anticipated, key issues in securing qualified trades were also not fully appreciated at this time. These changes impacted on the speed at which the MLS could be applied as resource was directed to other priority areas and this contributed to elongated void times.

HAS THE SYSTEM ACHIEVED ITS STATED OUTCOMES?

Reduction in refusals for properties and abortive offers being made: There has been a decline in the number of abortive offers refused albeit with a number of other measures being undertaken in this area (such as the implementation of CBL and associated use of internal photographs). Since January 2022, the percentage of refusals based on poor condition has reduced. Over 2023/24 there were 12 offers refused based on condition (1.5% of the 1733 refusals) compared to 42 refusals based on condition (3% out of 1396 total refusals) in 2018/19. We can conclude that application of the standard, in tandem with the implementation of CBL, does help reduce the number of properties refused based on condition.

Reduction in the number of properties being returned to the Council in very poor condition: 4764 properties that have become void since January 2022 have been relet. Of those 4,764 relets, 950 were New Builds (896 properties) and 54 were homeless temporary flipped tenancies. This indicates that 372 (8.6%) properties (excluding the 54 flipped tenancies) were let then terminated and relet again between Jan 2022 and Sept 2024, some of those properties have required significant investment prior to being relet. Given the limited turnaround of properties let to the new standard, we can't yet claim to have evidence of a reduction in the number of properties being returned in a poor condition. Officers continue to receive a number of properties in very poor condition which require to be void for a significant period of time and require considerable financial investment and staff resource to be prepared for re-let.

Improve the condition of properties particularly in ‘wet’ areas, kitchen and bathrooms: All properties made available through our CBL system have been let to a higher standard, the impact of the life of asset is difficult to assess at this point. Properties are now only advertised once they are ready to let and wet areas are in very good condition. Holding properties until they meet the new MLS has elongated the time properties are sitting as void as appropriately qualified trades are secured. As a result, the average length of time a property is with repairs has increased from around 50 days in 2021/22 to over 180 days as of 14th October 2024, the high level of stock turnaround (1260 properties between April 2024 and 14th October 2024, with 265 in September alone) presents significant challenges. The application of the standard is significantly impacting on the length and volume of housing voids.

Property inspectors time dealing with newly let properties in the first month of occupation: A review of inspectors' diaries at the time of implementation showed approx., 50% of time dealing with new tenancies. This has reduced to a very low percentage.

Improving the staff experience in letting properties: Housing and Support Officers report that the experience has improved. As is shown in the CBL evaluation, all properties advertised on the system now receive bids.

High levels of refusals for capital upgrades when properties are tenanted, particularly kitchen and bathrooms: Given the limited turnaround in properties since the new MLS was applied, and the fact that those properties had the required capital upgrades, this cannot be evidenced at this stage. Officers continue to face considerable challenges in the number of refusals for capital improvements and this impacts on the efficiency of staff/contractor deployment. Whilst it makes sense to do these works during the void period this is impacting on turnaround times. There is a need to find another solution to address the issue of refusals.

The need for amendments to start dates for rent (effective rent free periods for tenants because upgrade works had to be carried out to properties): Prior to the implementation of the new minimum letting standard, approx. 10 properties per year had delayed rent starting due to property condition. This has not been required since the new lettings standard has been applied. However, there has been a corresponding increase in void rental loss and gross rent arrears which is impacting on the health of the Housing Revenue Account.

DOES THE SYSTEM REPRESENT VALUE FOR MONEY?

The revised MLS had a significant impact in the appearance of properties, for the benefit of the CBL process, but as highlighted in the HRA 30 year Plan it has also contributed to a significant increase in spending on repairs and maintenance from circa £26.105m in 2019/20 to £43.855m in 2023/24 (figures for 2019/20 however may be artificially low due to the pandemic). Average additional costs per property to improve the standard include:-

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Cost for vinyl floorcovering to kitchen and bathroom.	£800 approx. per property
Costs to do full re-decor	£4k to £5k per property
Costs to garden areas (where applicable)	£200 approx. per property
CAPITAL UPGRADES – During void period	
Full bathroom refurbishment/ Full Bathroom Refurb – Level Access Tray	£5300/£8400 approx per property
Full kitchen refurb	Approx £6000 for Flat and £7500 for House
Complete Rewire	Approx £3800 for Flat and £4500 for House
Full LD2 SD installation	Approx £350 per property
Test SD System	Approx £125 per property

Complete Central Heating	Approx Traditional system - £5500 per property
Boiler only install	Approx £2000 per property

Given the challenges faced in securing entry to tenanted properties, capital works required (including those required on health and safety grounds) have been undertaken during the voids period where required. Carrying out these capital works (shown in blue above) has extended the time period for some void turnarounds and in addition it has incurred significant cost implications both in terms of the cost to carry out the work but also in lost rental income due to the longer void period. This is considered to be unsustainable in the short to medium term.

Due to these and other pressures around condition, officers have introduced a gateway to ensure that properties that are in demand are prioritised and properties where demand is considered low and which require significant works to be carried out, are set side.

The time and costs in bringing properties to the standard and unintended impact on void times lead us to conclude that the MLS is not sustainable at this time given the recently announced housing emergency.

SHOULD THE SCHEME CONTINUE AND ARE ANY IMPROVEMENTS REQUIRED?

Along with the introduction of CBL, the implementation of an improved MLS has made properties easier to rent, and there are now less refusals. There has been a reduction in the amount of time property inspectors spend dealing with newly let properties in the first month of occupation. There is no evidence of a significant reduction in the number of properties returned from tenants in a poor condition. There continues to be a high level of refusals for capital works from Council tenants who have not recently let properties. Officers have not had to apply rent free periods, however, there has been a corresponding increase in void rental loss in part due to the standard elongating void times, this is impacting on the health of the Housing Revenue Account. The impact of the improved MLS on the volume and length of voids and labour market challenges in securing in particular painters and decorators trigger a need to review the standard. The proposed changes are noted below.

Minimum letting standard	Proposal
Install vinyl flooring (LVT) to kitchen and bathrooms	No change proposed.
Full Decoration	<p>Stop</p> <p>Provide Paint Pack (at a cost of £350 – TBC following engagement with other LA's) to allow tenants to carry out own decoration.</p> <p>Establish a process to allow Housing and Support Officers discretion for works:</p> <ul style="list-style-type: none"> - For properties with particularly poor decor condition consider full decor to allow ease of Let. - For properties where the proposed ingoing tenant may be vulnerable or in need of additional support. <p>Anticipated impact: Reduction in costs and time properties are vacant.</p>

Capital Upgrades	Proposal
Full Bathroom Refurb	<p>If in serviceable condition leave as it is and add to the Capital Programme for future upgrade whilst property is tenanted. Ensure timescales for the works are communicated clearly through Housing and Support Officers, in the immediate term, and through the newly procured NEC system when in place</p> <p>Anticipated impact: Reduction in length of time properties are void.</p>
Full Bathroom Refurb – Level Access Tray	<p>If in serviceable condition leave as is and add to Capital Programme for future upgrade whilst property is tenanted. Ensure timescales for the works are communicated clearly through the newly procured NEC system.</p> <p>Anticipated impact: Reduction in length of time properties are void.</p>
Full Kitchen Refurb	<p>If in serviceable condition leave as is and add to Capital Programme for future upgrade whilst property is tenanted. Ensure timescales for the works are communicated clearly through the newly procured NEC system.</p> <p>Anticipated impact: Reduction in length of time properties are void.</p>
Complete Rewire	<p>If the property has passed the Electrical Safety Check (EICR), any rewire is undertaken under Capital Project when property is tenanted. Ensure timescales for the works are communicated clearly through the newly procured NEC system and establish and monitor the impact of agreed protocol to address issues gaining entry.</p> <p>Those that fail the Electrical Safety Check (EICR) to be rewired during Void Period.</p> <p>Anticipated impact: Reduction in length of time properties are void.</p>
Full LD2 SD installation	No change proposed – Legislative requirement
Test SD System	No change proposed – Legislative requirement
Complete Central Heating	<p>Consider if current system requires to be completely refurbished.</p> <p>Let property out with current CH system and include CH upgrade in Capital Programme. Ensure timescales for the works are communicated clearly through the newly procured NEC system and establish and monitor the impact of agreed protocol to address issues gaining entry to install district heating and other thermal improvements.</p> <p>Anticipated impact: Reduction in length of time properties are void.</p>
Boiler only install	Consider if current system requires to be completely refurbished. Let property out with current Boiler and include Boiler upgrade in Capital Programme.

Anticipated impact: Reduction in length of time properties are void.

Officers proposed to review the revised standard on a bi-annual basis against the following criteria and baseline information to ensure on-going monitoring of impact.

Minimum Letting Standard On-going Evaluation

Context	Outputs		Outcomes - Impact			
	Activities	Outputs	Baseline Oct 24	April 2025	Oct 2025	April 2026
<p>There is a need to monitor the impact of any change in standard on our ability to let properties</p> <p>Properties are void for longer due to the level of works to be completed, this impacts on the level of void rent lost</p> <p>In the past, start dates had to be amended to reflect that work was still required</p>	<p>Amend the MLS to support an increase in voids but monitor impact on abortive offers</p> <p>Establish a means of measuring the impact of this change on tenants</p> <p>Monitor the number of jobs raised within the first month of tenancy</p>	<p>Improve no of abortive offers made</p> <p>Reduction in void time and total number of voids</p> <p>Maintain low levels of demand on property inspectors</p> <p>Effective mechanism in</p>	<p>No of properties receiving no bids on CBL - 0</p> <p>Refusal rate on all CBL offers – 28.74% (applicant bid 24.96% and auto-bid 33.38%)</p> <p>Percentage of tenants who have had repairs or maintenance carried out satisfied with the repairs and maintenance service 86.5%</p> <p>Satisfaction of new tenants with the overall service received 87.7%</p> <p>266 days average a void is with repairs as of 14th October</p> <p>1983 total voids as of 14th October (509 full set of keys voids of those 328 not under offer)</p> <p>Total number of job raised for new tenancies per month (average 5 per month as of Oct 2024)</p>			

Number of refusals for capital works during 1st 12 months of tenancy

Establish and monitor agreed protocols to address refusals for capital works.

place to address refusals

% of refused offers based on poor condition of property 1.5% 2023/24