

## ABERDEEN CITY COUNCIL

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COMMITTEE:	Communities, Housing and Infrastructure Committee
DATE:	18 March 2015
DIRECTOR:	Pete Leonard
TITLE OF REPORT:	Voids
REPORT NUMBER:	CHI/15/121
CHECKLIST RECEIVED:	Yes

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### 1. PURPOSE OF REPORT

This report provides members with updated information on the review of the voids process. The report details improving performance in our management of empty properties and a range of actions being implemented towards continuing the positive trend

### 2. RECOMMENDATION(S)

It is recommended that committee note the content of the report.

### 3. FINANCIAL IMPLICATIONS

There are no additional financial implications arising from the amendments to working practices detailed within the report which will continue to be funded from current budget. A reduction in costs may be achieved.

### 4. OTHER IMPLICATIONS

There are no other implications arising from this report.

### 5. BACKGROUND/MAIN ISSUES

The Council's performance in void management had shown improvement year on year since 2005. Towards the end of 2012/13 and throughout 2013/14 performance declined. Reports were brought to previous committees explaining the factors behind the downturn in performance and the actions being progressed to halt and reverse the decline.

There are a number of indicators that are used to measure void performance. In reality these can be grouped into the following 3 categories:

- Number of Void Properties
- Rent loss due to voids (VRL)
- Relet periods

#### Number of Voids:

This measures the number of voids at any given time and is measured as a % of total stock.

We are encouraged to report an improving trend in overall numbers of void properties.

At the start of this financial year, the total number of voids was 436 which represented 1.9% of stock. The target for this year was set at 1.5%.

This figure rose to 461 in the first month and remained fairly static in the first 6 months of the year. A low in July of 422 but increased over the next quarter to 468 in October.

The improvements outlined to the Housing and Environment committee in August 2014 has led to a reduction in the number of voids to 381 at the end of December, which represents 1.7% of stock. January historically sees a drop in performance. However, this year we have sustained levels.

#### Void Rent Loss:

As a consequence of improving management of voids properties void rent loss is also reducing.

Void rent loss measures the amount of rent loss due to void properties in cash terms. This is calculated from the date of termination to the date the property is relet. A target of 1.4% (£1.12M) was set for this year. Had performance continued on a downwards trend void rent loss was estimated to be in the region of £1.8M for the full year. However, stabilizing performance and indeed improvements since October has led to this estimation now being reduced to £1.55M.

#### Relet periods:

This measures the time taken from date of termination to the date the property is relet but only for those properties that have been relet. In simplistic terms a target of 50 days was set across all stock.

The current year to date position is 90.4 days.

On the face of it, performance in this area appears poor. However, this only reflects the anomaly with this particular indicator.

In terms of relet periods, May 2014 was the best performing month with a combined relet period of 77.6 days. However, the total voids in that month rose to 465 with void rent loss amounting to £142k.

In comparison, January 2015 had a combined relet period of 103.6 days, whereas total voids stood at 385 with a void rent loss of £117k.

In many aspects successfully tackling long term voids will have a detrimental impact on this indicator. Seaview House is a prime example. This was a mini high rise sheltered housing building. There are 2 other similar buildings adjacent to Seaview House and a larger sheltered high rise sheltered block in the Seaton area. The Housing for Varying Needs review recommended a transition to amenity housing for this building. Demand is still low and proving problematic. Further recommendations are contained within the Housing for Varying Needs Report.

This year the longest outstanding void to be relet was in Seaview House at 756 days. A further 4 lets in the same building had relet periods of 574, 441, 336 and 182 days respectively. These lets will significantly increase the relet periods although the Council is actually now receiving rental income as a result.

This year a total of 58 long term voids have been relet with 30 of those voids in excess of 300 days, mainly in low demand high rise flats.

Void Process:

The void process can be split into the following sections:

Pre-Repairs

Repairs

Post Repairs

Pre-Repairs:

This represents the time period between the property becoming void and the repairs commencing. In general, this period is the same day or within 1 working day. The exception is terminations due to the death of the tenant.

Council policy is to provide a 2-week period following the death of the tenant for the family, next of kin or executors to clear the property and return the keys. Extensions to this period can be agreed although a charge will be raised for any extended period equivalent to the rent. It should be noted that the void period commences on the termination date and not when the property has been returned to the council. The average period this year for the family, next of kin or executors to return the keys following the death of a tenant is 24 days.

Repairs:

This represents the period following return of keys by the outgoing tenant or next of kin until all repairs and improvement works are completed and the property ready for the incoming tenant to occupy. The average time for all properties is currently 54 days.

The average time for repairs to be completed for each path:

**Fast Track Void Path (26 days)**

These voids are identified during the notice period and entry is provided by the outgoing tenant. The property is found to be in good order, requiring minimal repairs.

**Routine Void Path (43 days):**

Standard void path where some repairs are identified over and above the H & S checks.

**Death Void Path (39days):**

Terminations following the death of the tenant. The council allows 14 days for the property to be emptied and the keys returned. Thereafter, repairs inspection and remedial works undertaken as required.

**Major Works Void Path (88 days):**

These properties require excessive repairs often utilizing specialist contractors.

**Scottish Housing Quality Standard Void Path (81 days):**

These properties require to be brought up to SHQS standard and will often be completed by contractors.

**Occupational Therapist Void Path (55 days):**

These properties require aids and adaptations to be provided to meet the needs of the prospective tenant.

**VR3 Void Path (163 days):**

All voids prior to the introduction of the new void paths in February 2013. These are mainly low demand properties.

One of the key factors affecting performance is the extent of any remedial works required to bring the property up to the council's lettable standard.

At this time only 44% of voids require routine or minimal repairs. 33% require to be brought up to SHQS or require major repairs. The remaining 23% were death terminations.

Given the high number of properties requiring extensive remedial works it is not unexpected that performance would be affected across all paths.

The following actions have been implemented to improve performance

- Restructure of the Selections Service – completed resulting in an increase in the number of selectors available. Consequently, properties are being selected as soon as all the necessary criteria is recorded.

- Increased hours for agency staff from out of Aberdeen from 37 to 41 hours per week – in place
- Contractor appointed to take on all amenity upgrades – in place
- Dedicated team set up to install kitchens under SHQS remit – in place
- Revised reporting between teams to improve information sharing – ongoing and continually reviewed
- Policy change implemented to reduce the number of offers before applying deferment or satisfying homelessness duty – completed and resulted in increased success rate of offers.

The following actions are being developed to further improve performance:

- Appoint agency staff to permanent posts – ongoing process and currently 30 applications being considered
- Explore availability of other contractors – contractor appointed to undertake electrical checks, re-wiring and new central heating systems
- Review of repairs recording, supervision – mobile devices to allow recording at point of inspection being rolled out;
- Smaller teams being established with responsibility for specific properties throughout the entire repairs period – recruitment process commenced
- Variation to agency rates to be more competitive with the private sector being explored
- Ongoing discussions with British Gas to transfer the responsibility for supplier, meter and debt issues to British Gas Void Care Team enabling these lengthy and often complex issues to be resolved by British Gas with the supply being cleared ready for council use from the termination date or shortly thereafter.

The changes to date and the further improvements being progressed will provide the basis for a more efficient service which will provide greater flexibility in prioritizing specific voids whilst retaining quality information.

The service took an operational decision for a period to prioritise voids that had been allocated to homeless applicants occupying temporary accommodation including hotel or Bed and Breakfast accommodation thereby reducing the financial burden on that service. This would have resulted in a slight variation to the performance within each path although the overall period would remain the same.

#### Post-Repairs:

This represents the period following completion of all repairs and improvement works to the date the incoming tenant signs for the tenancy. The target date for this part of the process is 7 days.

Housing officers make offers, view properties and arrange lease sign-ups. Void management is a high priority in managing their workload.

The average time for all properties is currently 20 days which is approximately three times the target period. However, a number of factors can affect performance. The target was set on the basis that offers would be made and accepted during the prior stages in the process with only a final viewing and lease sign up to be completed during that final week. In reality, there are a number of factors affecting the ability of the council to meet this target.

- Refusals after the full set is available
- Demand for the vacancy
- OT adaptations required

Analysis of the relets to date revealed that 60% of the year to date relets were actually signed up within the target period. The remainder fell into one of the three reasons mentioned above.

A more realistic target would be to measure the period from the last accepted offer to lease sign up.

The Housing for Varying Needs (HFVN) review identified a number of issues with the supply/demand for sheltered accommodation. That review highlighted difficulties with sustaining the current services and sought to address issues of service provision/suitability of the blocks for the service/demand and future demand. The report further highlighted concerns predominantly around multi-storey sheltered accommodation. This continues to be significant factor in voids performance and efforts to find lasting solutions continue to be explored through the HFVN review.

Comparison to other Local Authorities, Housing Associations:

The feedback from other Local Authorities and RSLs has been disappointing. Statutory Performance Information was provided but no information provided on relet standards, initiatives for low demand or SHQS activity.

Comparison with private sector:

Obtaining meaningful information on the private sector voids performance was difficult. However, information was obtained through Citylets. Citylets reported the following information:

Market Overview for Aberdeen in the 3<sup>rd</sup> quarter of 2014 (July – September) as follows:

Bedrooms	Rent pcm	Average Time to Let	Let within 1 week	Let within 1 month
1	£690	10	57%	92%

2	£1006	18	34%	79%
3	£1370	23	30%	70%
4	£2037	32	22%	60%

Conclusion:

We are encouraged that since implementing our action plan reported to the August committee meeting the downturn in performance has been halted and that performance is now showing signs of improvement. Officers are aware of the issues and are seeking appropriate solutions:

- Repairs processes – arrangements in place to manage the void process smarter and more responsive.
- Demand issues – highlighted and sensitive solutions being pursued.
- Pre and post repairs processes constantly reviewed
- Level of voids improving
- Void rent loss decline halted.
- Turnover periods will continue to fluctuate as more long term voids are re-introduced.

## 6. IMPACT

The community plan sets out our vision for the future of the City – an even better place to live and work, where people can expect high quality services to meet their needs.

This report meets the following objectives:

- Homes challenge – improve the quality of housing and environment for individuals and the community.
- Adopt and implement strategies to support independent living for people with special needs.

It also meets the objectives in the policy document “Aberdeen – the Smarter City”:

- Smarter living – we will enhance the physical and emotional wellbeing of all our citizens by offering support and activities which promote independence, resilience, confidence and self esteem.

Aberdeen City Waste Strategy 2010 – 2015

- Reduce, re-use and recycle – the proposed changes to the clearance of empty property will assist this council to achieve its targets by recycling items to the next tenant.

The contents of this report will treat citizens equally in terms of race, gender, LGBT, older people and people with disabilities.

7. MANAGEMENT OF RISK

None

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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