

ABERDEEN CITY COUNCIL

COMMITTEE	Communities, Housing & Infrastructure
DATE	27 October 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Review of Void Processes
REPORT NUMBER	CHI/15/278
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This purpose of this report is to provide Committee members with an update on the current void property management performance and seeks agreement for action plan aimed at transforming performance

2. RECOMMENDATION(S)

It is recommended that;

1. Note the content of the report
2. Approve the action plan – as outlined within Appendix I
3. Continue to receive reports on void rent loss at each cycle as part of the performance report
4. Receive a further report on progress with this issue in 6 months.

3. FINANCIAL IMPLICATIONS

Financial costs as measured in rent loss equated to 1.92% of gross rent due or £1.53m in 2014/15. There are also several indirect implications, notably expenditure on temporary accommodation.

4. OTHER IMPLICATIONS

Considering the financial and reputational costs in carrying high levels of voids, it is imperative that the process is adequately resourced to ensure a responsive service is constantly delivered. As such we must be confident that the respective teams in Housing and Building Services have capacity to be responsive to voids as a fundamental priority of their role.

5. BACKGROUND/MAIN ISSUES

Re-letting void properties is a core function for housing providers and clearly Aberdeen City Council has experienced declining performance since 2012/13 after seeing year on year improvement from 2005/6.

Despite various reports outlining measures being taken, there has been no marked improvement; in fact, performance is still showing a negative trend. The average time to re-let Aberdeen City Council properties in 2014/15 was 92.51 days, an increase of over 20 days from the previous year (71.5 days). Year to date (YTD) performance has worsened still, to 99 days, more than twice the Upper Quartile for the benchmarking group (47.86 days) in 2014/15.

Lower Quartile performance was 24.3 days and best in class were North Ayrshire Council at 14.32 days and Glasgow Housing Association on 14.39 days. The former had historically struggled with poor voids performance, averaging 59 days before implementing revised processes. These revised processes contributed to improving their already good performance from 19.56 days to 14.39 days between 2013 and 2015.

Contextual factors particular to Aberdeen

Property Types

Aberdeen has the fourth lowest proportion of houses (24.7 %) and the second highest proportion of high rise dwellings (17.6%) amongst benchmarked authorities. This accentuates the challenges associated with managing and maintaining flatted properties, as well as managing expectations and varying demand for flats, particularly for families requiring larger dwellings.

Whereas there exists demand for all mainstream properties regardless of property size, type or location, the proportion of properties designated sheltered (8.8%) and amenity (5.2%) lead to mismatches in demand, especially for bedsit properties and multi-storey blocks, which comprise over half of all sheltered properties and a fifth of amenity. This stock composition is relatively unusual and is greatly at odds with the common perception of a 'pensioner's cottage'. Resultantly there are constant vacancies which are sought by no applicants meeting the eligibility criteria for sheltered or amenity accommodation.

Recruitment of Tradesmen

The buoyant economy has led to frequent difficulties recruiting and retaining sufficient tradesmen, with the cost of living in Aberdeen constraining mobility of labour and the lucrative rates available in the

private sector providing appealing alternatives within the local economy.

Other factors

Demand

Whereas there is constant high demand for general needs accommodation citywide, there is limited interest in some sheltered and amenity properties, particularly bedsits and multi-storey flats. Much work has been carried out in the Housing for Varying Needs Review to effect a long-term plan to ensure properties are appropriately designated; however a number of vacancies are carried at any given time owing to no eligible applicants seeking the properties.

Recent approval has been granted by committee to allocate surplus properties to key workers, particularly social care professionals. This is a positive step, however there are a number of challenges in allocating some properties within complexes to tenants of differing circumstances, therefore any move to allocate vacant properties needs to be handled with sensitivity and consideration should be given to the viability of complexes when the core needs group falls below a certain threshold.

At present applicants are assessed under our scheme of allocations for eligibility to be considered for amenity and sheltered housing, typically though not exclusively considering suitability of existing accommodation, age, medical and support needs. Recent committee approval also permits us to consider 'social needs' of applicants, which has had some success in allocating a number of otherwise vacant properties. It is recommended that this be amended further to create a special lettings initiative with specified minimum criteria to be considered for these properties, which would ensure we held lists for those willing to accept these, once reasonable preference has been given to those with assessed needs. The lettings initiative would include provision for key workers.

Based on these changes, it is anticipated that long-term voids are kept at an absolute minimum and that Housing for Varying Needs phases out specialist designation for properties which are consistently difficult to let for the intended group.

The initiatives alone will not solve the lack of demand the Council experiences for certain low demand Sheltered Housing Multi stock in designated areas and our action plan outlines a strategic review of this challenge in moving forward.

Refusals

Whereas there is consistent demand for all general needs properties, certain properties within the city have a relatively high refusal rate,

notably multi-storey flats and tenements in regeneration areas. Although significant efforts have been made to engage tenants in housing options dialogue prior to being made offers, unfortunately a number of properties are more likely to be refused once a specific offer has been made, thus delaying eventual allocation.

Work has commenced to profile properties likely to have a higher refusal profile and to pilot a limited choice based lettings approach to allocating these in one letting area. This commenced in September 2015 and based on the experience of the pilot it is intended that the approach be implemented across the identified areas and property types.

The Importance of an effective approach to re-letting empty properties

The management of voids involves the interaction of a range of housing management and maintenance functions including housing management, repairs teams and contractors and housing advice staff. This requires effective communication and co-ordination between the respective functions.

Delivering effective and efficient void services should be at the core of a strongly performing housing business for the following reasons;

- Making effective use of social assets
- Maximising rent and revenue
- Ensuring Value for Money
- Effective Asset Management
- Landlord's reputation
- Sustainable neighbourhoods

High level Analysis

A high level analysis was commissioned to report the overall void performance, broken down into the component parts, to identify any blockages, reasons for those blockages as well as recommendations for clearing those blockages and preventing their recurrence.

The table below displays the Overall Performance Trend for a number of Scottish Social Housing Charter outcome indicators in relation to void properties:

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INDICATOR			Aberdeen City		Scottish Average	LA Average
Type	Number	Description	2013/14	2014/15	2014/15	2014/15
Re-lets	35	Average Time to Relet Properties in the last year	71.5	92.6	37.0	39.0
	35.1	Total Number of Properties re-let in the reporting year	1553	1578	n/a	n/a
	35.2	Total Number of Calendar Days properties were empty	111059	145961	n/a	n/a
Void Rent Loss	34.2	Total Amount of Rent Lost due to empty properties	£ 1,343,063.00	£ 1,533,754.00	n/a	n/a
	34	Percentage of rent due lost through properties being empty during last year	1.73%	1.92%	1.14%	1.05%

This shows that for 2014/15, Aberdeen City is performing well below the Scottish and Local Authority average time for number of days taken to re-let all properties. It further shows that the average time to re-let properties rose by 30% in 2014/15 in comparison with the previous year. In contrast, there was a small increase in the number of properties re-let in 2014/15 compared with the previous year (1.6%).

The indicators shown in relation to void rent loss demonstrate the substantial financial impact of void re-let performance resulting in over £1.5 million rent lost due to properties being empty last year. Indicator 34 again validates Aberdeen City is performing well below the Scottish and Local Authority average for percentage of rent due, lost through properties being empty during the last year.

Void Pathways & Stages

The following table shows the average days taken to fill void properties according to various void pathways followed and the average days for the 2 void stages:

Void Pathway	Pathway % Distribution	Total		Stage 1		Stage 2
		Avg Days Void	Target Turnaround Times (Days)	Avg Days at Repairs	Target Days at Repairs (2015/16)	Avg Days between Keys from Repairs to Let
DETH	2.8%	181	42	57.6	15	47.3
FAST	0.2%	28	14	18.3	5	8.7
MAJW	10.5%	100.6	49	78.7	30	16.5
OT	4.8%	109.7	42	51.6	n/a	54.4
ROUT	59.5%	61.2	28	39.6	15	17.1
SHQS	22.3%	101.4	49	77.2	30	16.3
TOTAL		79.8		53.2	50	19.2

The above table demonstrates that re-let time performance varies considerably dependant on the void path and nature of works requiring to be done with average days varying from 61 days for a Routine void to 181 for an empty property following the death of the tenant, 101 where the property requires to reach the SHQS standard, 100 for major works to 110 where equipment and adaptations are required.

Analysis of the average turnaround in days for the various stages within the void process reveal that target times are not being met for any of the void pathways undertaken:

- The average day turnaround at the repairs stage is lowest for the Fast pathway (18.3 days) but the target set is 5 days which is over 3 times the number of days set. The greatest average day turnaround for repairs is for the major works pathway (78.7days) which is two and a half times over the number of target days set.
- The letting stage of the void process shows considerable variation also. As expected, the Fast track void pathway has the lowest number of average days (8.7). The OT pathway has the highest turnaround average days at the letting stage (54 days), followed closely by 47 days for an empty property following the death of the tenant.

Property Type
2014/15

PROPERTY TYPE	Number of Properties	% Distribution of Housing Stock	% of Void Properties	% Void Properties Meeting Target Timescale
General Purpose	16408	73.6%	5.4%	19.3%
Multi-Storey General	2644	11.9%	7.2%	12.6%
Multi-Storey Sheltered	953	4.3%	4.9%	6.4%
Multi-Storey Amenity	231	1.0%	9.5%	22.7%
Sheltered General	1126	5.1%	6.3%	46.5%
Amenity General	930	4.2%	7.1%	21.2%
TOTAL	22292			

The above demonstrates that multi-storey amenity properties have the highest rate of void properties as a proportion of housing stock, followed by multi-storey general purpose, then general purpose amenity properties. However, the percentage of void properties meeting target timescales set do not follow this pattern. Overall, the % of void properties meeting target timescales are low. However, there is considerable variation between property types. General sheltered

property voids have the highest % meeting timescales (46.5%), while sheltered multi-storey properties (Low Demand properties) have the lowest % meeting timescales (6.4%).

Low Demand Sheltered Housing

Management Areas and % Meeting Targets (2014/15)

Management Area	No Properties	% Meeting Target
Central 1	3627	11.1%
Central 2	3681	6.4%
Central 3	2783	14.7%
North 1	4169	37.6%
North 2	2708	35.6%
South 1	2826	25.9%
South 2	2498	24.7%

Areas North 1 and North 2 report the least number of void properties as a % of area housing stock and also report the greatest number of void properties reaching their target timescales (37.6% and 35.6% respectively). Both of these areas have very little multi-storey properties.

Central Area 2 has the 3rd highest number of void properties as a proportion of properties within the area. However, it has by far the largest percentage of voids not meeting the target timescales. This area has the highest proportion of sheltered multi-storey properties.

The latest report outlining properties with full sets of keys where the offer status is not current or accepted reveals that Areas Central 1 and 2 have the most such properties which are overwhelmingly multi-storey sheltered accommodation. Currently, there are 35 such properties within these 2 areas which have been vacant for over 300 days with a total of 25,084 days void between them.

The year to date average time to re-let all properties as at the end of September is 101.4 days, an increase from 99 days last reported to committee. Year to date, Low Demand properties require an average 436 days to be re-let, while Non Low demand take on average 78 days. A larger number of longer term void properties have had a significant impact on re-let performance.

Actions to attain systematic improvements - Recommended Key Principles

To be effective, clear void processes need to be in place to ensure that decisions are taken promptly. Officers have been examining best practice and there was also a Workshop event held on 1 October 2015 involving staff from key stages within the process as well as a selection of staff from partners. In learning from both approaches, this had led to the following conclusions;

Getting our targets and time-frames right – We need to define void management outcomes with clear standards and targets which are communicated to all relevant staff resources. Therefore, we need to

identify specific stages and efficiently sequential void management processes to a defined timescale. Having researched best practice we have identified significant changes to our existing processes and the measures contained within the action plan are recommended for approval so can begin performance transformation in this core business objective. The most significant changes are as follows;

- **Developing a clear, realistic and easily understood relet standard**

Properties should be let based on meeting a minimum letting standard predicated on health, safety and security. Before a property is re-let, Aberdeen City Council will ensure that the property is in a safe condition and secure for occupation. All repairs that are considered essential to make the property habitable for health, safety and security purposes will be carried out. At the void stage, the Housing Officer and representative from Building Services will agree on the work to be undertaken within a specific time-scale to meet the above standard.

Minimum Letting Standard

1. All items of furnishings other than those to be left for the new tenant should be removed from the property, cellars and outhouses. Floors should be swept and free from remnants of floor coverings.
2. Windows and doors will open and close easily and defective locks will be replaced. Doors will only be replaced where they pose a hazard to occupants, are missing or holed.
3. The property will be wind and water tight and free from rising and penetrating damp.
4. All services, water, electricity and gas (where applicable) will be in working order. The services will be checked and confirmed safe.
5. All sanitary ware must be clean, functional and free from blockages and leaks.
6. Each kitchen will have a sink unit and base as well as an appropriate number of base or wall units and worktops as agreed by Housing Officer. Kitchen units will have doors that open freely and close properly and all fittings will be secure. Drawers on units will run freely and have proper handles attached.
7. All properties will be cleared and offensive smells eradicated from the property.
8. In some cases properties may be decorated due to the low demand and if condition is such that it would not allow a tenant to move in without having to redecorate other than for reasons of personal taste.

- **Cessation of Major Works during voids process**

All essential work must be completed before the tenant moves in whereas non-essential repairs (e.g. crime check doors, heating/kitchen/bathroom upgrades, rewiring) should be carried out as repairs by appointment after the new tenancy has commenced. Tenants would be provided with a letter at the sign-up advising of the repairs that will be undertaken after moving in. A check to ensure that these repairs have been undertaken would then be carried out at the new tenant visit, which takes place within 4 weeks of the tenant signing their tenancy agreement.

This again represents a marked departure from current practice and is likely in it to represent a significant component of the void process and performance. Whereas it is appreciated that some incoming tenants may prefer to have the works carried out prior to occupation, the cost implications and exceptional demand for social housing in Aberdeen means this is a process which is no longer sustainable.

- **A focused pre-termination inspection process** which establishes why the tenant is leaving a property, what repairs need to be done for reletting, identification of any damage which the outgoing tenant needs to pay for.

Whereas existing procedures provide for pre-inspection of properties on receipt of notice, in practice this is rarely carried out and instead the first inspection is undertaken by Building Services in the days after the property becomes void. This is a clear missed opportunity, potentially adding several weeks onto a void period and especially impeding both scheduling of works required to relet the property and pre-allocating the property prior to the end of tenancy. A further consequence of not inspecting within the notice period is that re-chargeable repairs are assessed solely by the inspector, as opposed to in the presence of the tenant and Housing Officer. This leads to frequent disputes over charges levied.

It is recognised that tenants may at times be uncooperative in granting access within the void period. Our procedures should by default expect cooperation and reluctant tenants should be encouraged to assist in the efficient management of our housing to benefit other recipients of housing as they have, as well as for their own benefit in terms of recharges – being able to discuss these at the time and having several weeks to offer restitution instead of incurring the costs of the Council carrying out work for which they will be billed. Given that tenants in Glasgow are no more or less likely to be cooperative in this regard, this is an

area where we would clearly benefit from gaining a practical understanding of their ways of working in order to routinely gain access.

- Prompt vacancy inspections using a standard checklist to identify defects and identify works needed including minor works which can be done post-letting to speed void turnaround times.

Building Services are currently revising their resources to ensure that they have sufficient staff to establish dedicated Void Teams and are currently testing mobile technology which will enhance and speed up the reletting process.

- **Creation of revised checklist at termination stage for collection of property elements**

When termination is received from a tenant, the existing checklist will be developed at the termination stage with key element details. Staff will undergo training to ensure that they follow the correct procedure. The elements data is an essential part of the process as the selectors rely upon to enable them to make a fast track selection on a property.

- **Inform and involve the right people**

Housing Officers must ultimately be responsible for co-ordinating the void process in their own area and are to be involved at every stage of the process i.e. from the pre-termination inspection stage right through to the signing-up of the new tenant. They are most knowledgeable about the tenants/block/demand and as such are best placed to ensure each individual property is handled appropriately. It must be clear at all stages in the process that the Housing Officer is acting as landlord/client and is providing instruction to Building Services as contractor. As with any such relationship professional advice will be relayed to the client to provide for informed decision making. Underpinning the client/contractor relationship will be a firm performance framework in terms of notice given to schedule works and deadline for completion.

- **Established Training Programme for staff**

Training and development is a crucial part of ensuring staff have the confidence and ability to perform in their roles. The Council has established processes to identify any skills gap through 1-1 supervision or the annual PR&D exercise but Housing staff have not undergone any specialised training in respect of commercialised selling or property negotiation and discussions are ongoing with providers to deliver such a programme tailored to this approach.

Should members endorse these improvement measures then the target of 20% systemic improvement will not only be met but exceeded with a more aspirational target being set for the next financial year using existing methodical calculation which will move the Council to a more favourable quartile position within the regulatory performance framework.

6. IMPACT

Improving Customer Experience –

If these improvement measures are introduced, we will be able to house more applicants from our waiting lists and temporary accommodation units far quicker than we currently do. Although major work will be deferred until post tenancy, any programme work will be co-ordinated around the needs and commitments of our tenants.

Improving Staff Experience –

These measures for performance improvement have been developed with staff input and the development of a structured and tailored training programme will equip them with the skill sets required to ensure such transformational change can be realised

Improving our use of Resources –

The management of voids is a key business objective for the organisation. By reletting our properties quicker this will have a significant positive effect on not only easing our waiting lists but placements in our temporary accommodation units not p

Corporate -

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 statement 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 of property will assist this Council to achieve its targets by recycling items to the next tenant.

Public –

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

Continual failure to turnaround failing performance will undoubtedly lead to reputational damage as well as scrutiny and intervention by the Scottish Housing Regulator

8. BACKGROUND PAPERS

Voids – Review of Performance 2014/15 – 19 May 2015

9. REPORT AUTHOR DETAILS

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