



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Rural and Communities Overview and Scrutiny Committee

8 December 2021

Report of: Councillor Robert Reid

Cabinet Member for Housing and
Property



Housing Service Void Policy and Re-let Standard

South Kesteven District Council has committed to significant improvement programmes to improve the quality of its services as a social landlord. The proposed Void Policy seeks to efficiently minimise rent loss, whilst delivering high rates of tenant satisfaction and value for money.

Report Author

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Corporate Priority:	Decision type:	Wards:
Housing that meets the needs of all residents	Non-Key	All Wards

Reviewed by:	Craig Spence (Assistant Director of Housing)	24 November 2021
Approved by:	Andrew Cotton (Director of Housing and Property)	26 November 2021
Signed off by:	Councillor Robert Reid (Cabinet Member for Housing and Property)	30 November 2021

Recommendation (s) to the decision maker (s)

That the Committee:

1. Notes the content of the report;
2. Provides comment and feedback on the Void Policy and Re-let Standard; and
3. Supports submission of the Void Policy and Re-let Standard for Cabinet's consideration and approval.

1 The Background to the Report

- 1.1 A key measure of the effectiveness of any landlord is the way in which it manages how tenancies end and properties are re-let; these vacant properties are known as voids. The Council manages approximately 6,000 rented homes of which at present around 5% become vacant each year.
- 1.2 A void performance report was submitted to both Rural and Communities Overview and Scrutiny Committee and Cabinet in January 2021. This report detailed the Council's void performance in the 2019/20 financial year and contained a number of key recommendations that were agreed in order to significantly improve the management of voids. To date, the Council has combined the minor and major voids into one service area; implemented an interim service delivery structure; and revised void processes.

Main Considerations

- 1.3 **Performance:** Turnaround times and void rent loss remains a challenging area, despite the changes noted at section 1.1 above. The backlog of properties in the void process and the number of properties that do not meet the Decent Homes Standard (the basic standard expected of social housing) places a clear burden on the Council's ability to move properties quickly through the process. Additionally, processes over time have been added to without a clear oversight of the end-to-end aims of the void process, making coordination between the different teams challenging. Together with difficulties with materials supplies, this is shown in the current performance figures:

	2021/22 to date	2020/21
Average void times (calendar days)	Major works: 122.21	Major works: 162.48
	Minor works: 52.00	Minor works: 64.06
Void rent loss	£279k	£174k
Number of void properties	212	377

The average void times must be treated with caution due to limitations in data quality held in the housing management IT system (to be addressed through the upgrade of the system planned for 2022/23) and lack of real-time validation of the figures input (to be resolved through actions detailed at 1.4.2 and 1.4.3 below).

Increased void rent loss reflects the properties held without reletting to be used for the decant programmes for the planned Earlesfield Estate project.

- 1.4 **Void budget:** Minor voids are generally carried out by the in-house team with major voids being undertaken by contractors. The major voids budget for 2021/22 is set at £600,000. The current spend identified on the budget reports for October is £509k, however there are further commitments against this budget to cover orders raised, which will account for a further £112k. This means that this budget is currently over committed, reflecting the changes in this financial year in terms of more works being undertaken when a property is void. Replacement of major elements within a property such as kitchens, bathrooms, new heating systems, roofs and rewires are recharged into the relevant work stream in the capital programme; work is being undertaken to check this has been properly applied in this financial year, so the figures quoted above will be subject to change. Additionally,

work is being undertaken to understand what the likely budgetary implications are in terms of the revised re-let standard, especially in relation to additional decoration costs.

- 1.5 **Performance Improvement:** Committee will seek reassurance in respect of plans and activities to improve performance. These can be summarised as follows:
- 1.5.1 *Improved management:* a new monthly meeting has been initiated, chaired by the Director of Housing and Property. The meeting agrees process and procedural changes, monitors all aspects of void performance, and drives continuous improvement.
- 1.5.2 *Better cross-team working:* a new weekly meeting has been introduced, with representatives from Repairs, Housing Options, and Tenancy Services. This meeting is chaired by the Assistant Director and attended by the Head of Technical Services and Head of Housing Services. Each week, every current and pending void property is discussed with actions and timescales agreed. It identifies process improvements and blockages in delivery and takes ownership of delivery of the Void Policy.
- 1.5.3 *Improved processes and reporting:* the void process has been mapped end-to-end across the different functions and process changes will be agreed through the two operational meetings referred to above. In addition, the void reports run from the housing management IT system have been amended to better fit the requirements of the meetings.
- 1.6 **Tenancy Management:** it has been reinforced that tenants are required by the terms and conditions of their tenancy agreement to give a minimum of four weeks' notice, and to return the property in a reasonable condition, including removal of rubbish. Pre-termination visits will be implemented to make this clear and to support tenants in meeting their obligations. Work will also be undertaken to better capture the reasons for tenancies ending, allowing analysis to identify issues that the Council may be able to act upon to prevent properties becoming void.

2 Draft Void Policy

- 2.1 The Void Policy has been drafted in accordance with latest statutory & regulatory requirements, and best practice within the sector (attached as Appendix One). It confirms the overall policy aim of "*delivering a clean, safe and secure property to incoming tenants, within our targets for turnaround times, standard, and cost*" and is a high-level commitment to meeting customer expectations and challenging ourselves in relation to turnaround times between tenancies.
- 2.2 The Void Policy provides clear guidance to:
- Reduce turnaround times to a minimum so that potential tenants can access properties quickly;
 - Maximise rental income by reducing rental loss by minimising void periods through good management; and
 - Ensure void works are of a high quality, whilst driving costs down wherever possible

3 Draft Void Re-let Standard

- 3.1 The re-let standard (attached as Appendix Two) provides clear guidance for Council Officers and new tenants on the offer for tenants at the start of their tenancy. It ensures consistency in the standard of properties that we let to our tenants.

3.2 All void properties will be post-inspected upon completion of any identified works required prior to the new tenant viewing the property, to ensure it meets the South Kesteven Void Quality Standard.

4 Consultation and Feedback Process, Including Overview and Scrutiny

4.1 Internal consultation has been undertaken with all teams involved in the management of void properties.

4.2 External consultation has been undertaken with the Council's Tenant Panel.

4.3 The Void policy has been amended following feedback received.

5 Available Options Considered

5.1 There are two options that can be considered:

5.1.1 Option 1 - Do nothing. This would entail us leaving as current and carrying on in the same way with no Void Policy or re-let standard in place. This is not advised as there are no perceived benefits of doing so and imposes a greater risk of non-performance.

5.1.2 Option 2 – Submit for Cabinet's consideration and, subject to approval, implement the Void Policy and re-let standard.

6 Preferred Option

6.1 Option 2 - The Policy will provide clear guidance on the Council's arrangements for implementing, controlling, monitoring, and reviewing voids, as well as ensuring that property standards are maintained, and tenants are satisfied with their new home.

7 Reasons for the Recommendation (s)

7.1 The Void Policy provides clear guidance to:

- Reduce turnaround times to a minimum so that potential tenants can access properties quickly;
- Maximise rental income by reducing rental loss by minimising void periods through good management; and
- Ensure void works are of a high quality, whilst driving costs down wherever possible.

8 Next Steps – Communication and Implementation of the Decision

8.1 Submit a report for Cabinet's consideration.

8.2 Communicate to and train all relevant stakeholders.

8.3 Implement the Void Policy and re-let standard.

8.4 Benchmark performance through Housemark (the sector data and insight company, jointly owned by the National Housing Federation and the Chartered Institute for Housing).

9 Financial Implications

9.1 In respect of void properties, the 2021-22 budget has an assumed void rate of 1.5% (£341K) however the actual rate at the end of October is 1.9% which results in an increased loss of £91K in rental income not received. In respect of void expenditure, the Council undertakes works classified as minor or major. Major void works are incorporated into the capital programme as part of the decent homes programme then therefore there is no separate major voids budget set. In respect of minor void works the costs are included

within the repairs, maintenance and specified works budgets which is set for 2021/22 at £1.021M. At this stage it is not possible to determine whether the budget will be sufficient in the current financial year to meet the demand. Any positive interactions to reduce void times will be financially beneficial to the HRA financial business plan.

Financial Implications reviewed by: Richard Wyles, Assistant Director of Finance and s151 Officer

10 Legal and Governance Implications

10.1 There are no significant legal or governance implications arising from this report.

Legal Implications reviewed by: Graham Watts, Head of Democratic Services and Deputy Monitoring Officer

11 Equality and Safeguarding Implications

11.1 The Void Policy will reduce turnaround times and increase the availability of homes for new and transferring tenants to move into. In addition, the new enhanced void standard will ensure that properties are let in good condition thus minimising the need for the incoming tenant to undertake any necessary works. This will clearly have a positive impact on those seeking to resolve medical and social challenges.

12 Risk and Mitigation

12.1 The Council's risk will be reduced through the implementation of option 2, especially in the context of safeguarding the resources of the Housing Revenue Account, and ensuring compliance with our statutory and regulatory obligations

13 Community Safety Implications

13.1 There are no direct community safety implications, although reducing empty homes can assist with perceptions of anti-social behaviour.

14 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

14.1 Any capital improvement plans especially in the context of dealing with essential gas, electrical and other works will aim to maximise energy efficiency measures, and reductions in carbon emissions.

15 Other Implications (where significant)

15.1 None.

16 Background Papers

16.1 None.

17 Appendices

17.1 Appendix 1 – Void Policy (draft)

17.2 Appendix 2 – South Kesteven Void Quality Standard (draft)