

NOTTINGHAM CITY HOMES

HOUSING MANAGEMENT SERVICES COMMITTEE

REPORT OF ASSISTANT DIRECTOR, HOUSING
SERVICES

17 NOVEMBER 2009

LETTABLE AND NON LETTABLE VOIDS POSITION

1 SUMMARY

1.1 The purpose of this report is to update the Housing Services Committee on the progress with regard to:

- a) reducing the number of empty properties
- b) the outcomes of the LEAN Review
- c) an assessment of non lettable properties and options.

2 RECOMMENDATIONS

2.1 It is recommended that the Housing Management Services Committee note the report.

3 BACKGROUND

3.1 A key company priority is to reduce the number of lettable empty properties to ensure that rent loss is minimised and blight on estates is mitigated.

3.2 At the end of March 2009 lettable voids were at 382 properties. The target number of lettable voids for the end of March 2010 is 300 properties.

3.3 The lettable void numbers and average re-let times have reduced over the last four years, as shown below:

Table 1: lettable voids and average re-let times: 2005 – 2009

2005/06	2006/07	2007/08	2008/09	OCT 2009	Target 09/10
851	638	425	382	452	300
74.5 days	72.3 days	63.7 days	49.0 days	39.4 days	35 days

3.4 The above demonstrates that the significant successes in reduction in the earlier years are now not being achieved. During 2009/10, lettable voids have increased

Table 2: lettable void numbers and long term lettable voids 2009:

	April	May	June	July	August	Sept	October
Lettable voids	418	398	425	458	538	474	452
Long term	26	28	20	21	32	31	34

Table 3: long term lettable voids: 2005 – 2009

2005/06	2006/07	2007/08	2008/09	October 09	Target 2009/10
214	173	82	46	34	30

- 3.5 At the end of July 2009, the upward trend of lettable voids was forecast to increase significantly following analysis of the numbers and turnaround of vacant properties within the vacant management property system in progress. At the end of August 2009, lettable void numbers had reached 538 properties and by the end of Quarter 2, although lettable voids had reduced to 474 properties, rent loss had reached £810,299.
- 3.6 During August 2009, a recovery action plan was established based on achieving 300 lettable voids by the year end. A forecasting formula looking at previous and current year's trends for letting, terminations, works handover rates, refusal rates and seasonal impacts formed the basis for the end of month targets required to achieve the year end target.
- 3.7 Other actions within the recovery plan include:
- 3.7.1 Revised working arrangements introduced with only essential repairs carried out when the property is void. This included examining our processes, void repair spend profile and lettable standard with peer authorities which identified that the NCH lettable standard and void repair spend per property was far in excess in comparison. In addition, these other authorities reported fewer properties receiving major works or works exceeding ten working days.
- 3.7.2 Revised working arrangements introduced with only essential repairs carried out when the property is void. This included examining our processes, void repair spend profile and lettable standard with peer authorities which identified that the NCH lettable standard and void repair spend per property was far in excess in comparison. In addition, these other authorities reported fewer properties receiving major works or works exceeding ten working days.
- 3.7.3 Works required to meet the Decent Homes standard carried out within the Secure, Warm and Modern programme, from the appropriate budget. Each incoming tenant being given information specific to their particular property, detailing which elements are to be replaced, such as a new kitchen or replacement windows, and when. This also ensures that improvement works are carried out to all properties in an area at the same time, as opposed to new tenants receiving a new kitchen several

- years before other long standing residents in the area.
- 3.7.4 Properties no longer redecorated during the void period but incoming tenants able to select products from a range of decorating materials as a result of a new decoration scheme being piloted.
 - 3.7.5 An analysis of refusal rates highlighting that reasons for declining offers, despite applicants bidding for advertised properties, are predominantly for “wrong area” or “facilities inadequate”, usually because rooms are too small, and not refusals due to condition of the property. Weekly analysis has continued to demonstrate a very low refusal rate for condition of the property.
 - 3.7.6 Arrangements established to increase multiple viewings of void properties by applicants pre-ready to let stage, and, improved advertising of property features and location.
 - 3.8 The expected outcomes of the recovery action plan are to achieve year end lettable void numbers, a reduction of void repair costs, a reduction in rent loss and ensuring customers are able to get into their properties quicker.
 - 3.9 The recovery action plan is monitored by Senior Managers from Housing Services, Property Services and Business Improvement, including a weekly update on progress of spend and performance by Senior Managers to Executive Management team. As from November 2009 the Assistant Director of Housing Services is now located with the Voids and Lettings team and involved in the day to day management.
 - 3.10 Customer satisfaction is monitored at each sign up, at the 6 weekly new tenancy visit and through the Vision Management System. Customer satisfaction rates remain above 7 out of 10 overall and there is no current impact from the new working arrangements, although this position will be closely monitored.

4 OUTCOME OF THE LEAN REVIEW

- 4.1 At the end of 2008/09 it was recognised that the lettable empty numbers had reduced but not at the rate expected or forecast as a reasonable assumption.
- 4.2 One of the seven company priorities for 2009/10 is to streamline the allocations, voids and lettings service. To support this, the decision was taken to undertake a LEAN Review of the Voids and Lettings system. The principles of LEAN are to reduce waste, improve speed and improve customer value.
- 4.3 Vacant property management currently involves complex processes, work streams and a reliance on staff ownership of actions carried out in a timely manner. Actions are interdependent and there is currently no IT

- automated work flow management system to prompt action or highlight when actions have not been carried out to target, hence there is a strong requirement by managers to monitor every process and stage for every empty property, and, for individuals and teams across housing and technical operations recognising the implications of not playing their part in the one team 'approach', to allow for the optimum turnaround of a ready to let property completed to a quality lettable standard.
- 4.4 Specialist support was commissioned to carry out the LEAN Review and the diagnosis of the vacant property management service and processes was commenced in August and completed in October 2009.
- 4.5 The specialist support analysed performance, void repair expenditure, processes, interviewed managers, arranged multi-disciplinary staff focus groups, carried out shadowing and reviewed the roles and structure in place. The outcomes were presented to Executive Management team and the responsible Assistant Directors from Housing Services and Property Services.
- 4.6 An 85 point Improvement Plan has been prepared and this seeks to act as a road map to streamline processes and deliver efficiencies.
- 4.7 Some of the quick wins identified have already been implemented, such as carrying out essential works only during the void period, provision of a decoration scheme rather than redecoration works and being more robust with transferring tenants due to void repair costs estimated at £1.4 million annually. Earlier identification of abandoned properties may also reduce void related costs in terms of vandalism, security, garden clearances, cleaning, disposal of fly tipping and mitigating the need to store belongings or dispose of contents if tenants can be traced at an earlier stage. Working arrangements are being reviewed to respond to this.
- 4.8 Due to current pressures and the need to focus current capacity on delivering immediate void reductions, the Improvement Plan is being re-prioritised and categorised into themes and short, medium and long term actions. Business Improvement will project manage the Improvement Plan to support the Assistant Director, Housing Services and the Assistant Director, Commercial Delivery due to this service being business critical.
- 4.9 Further progress will be provided to Committee members as the project develops.

5 NON LETTABLE VOID PROPERTIES

- 5.1 At the end of Quarter 2 2009, there were 970 void properties. Of these properties 496 are non lettable properties. This means these properties are not made available for letting through the allocations and choice based lettings scheme as they are held for use as temporary

accommodation for potentially homeless applicants, are awaiting decision regarding sale, disposal or demolition or are having stock option appraisals and may be decommissioned.

- 5.2 Rent loss for non lettable empty properties equates to £594,280 as at the end of Quarter 2 2009.
- 5.3 Non lettable void properties are subject to council tax liability when they have been empty for more than 6 months. NCH also incurs management responsibility and costs for void security, monitoring and removal of fly tipping.
- 5.4 These properties are counted in the BVPI rent loss indicator, contributing to the lower quartile performance.

Table 4: non lettable void properties breakdown:

Non Lettable description	Number of Properties
Decant or temporary accommodation	33
Emergency accommodation for potentially homeless	14
Decommissioning pending or awaiting approval to sell, demolish or transfer use.	343
Demolition agreed	102
Use and Occupation	4
TOTAL	496

- 5.5 Of the non-lettable void properties pending decommissioning or awaiting approval these can be further categorised as follows:

Table 5: non lettable void properties at decommissioning status:

Decommissioning Approved	Awaiting decommissioning approval or alternative use.
Welland Court – sheltered scheme	Houses in multiple occupation (HIMOS)
Rosecroft Drive and Duffield Court – sheltered schemes	Benedict Court – sheltered scheme
Kingsthorpe Close and Kendale Court	New Highbury Vale – unmodernised properties
	Corporate properties
	Ex warden scheme properties

- 5.6 Two reports on non lettable voids and recommendations about future options have been presented to the Housing Forum in September and October 2009.
- 5.7 The latest report to the Housing Forum was in relation to corporate

voids. There are almost 80 corporate void properties held as non-lettable voids and although it was originally considered that these could be sold to increase capital receipts and assist the asset management strategy, the economic downturn has presented a less competitive market for sale and created increased affordable housing demand. Each corporate void has been individually assessed and we are recommending that the majority of these are brought back into use to meet demand on the Housing Register. A small number of properties are being recommended for alternative use or sale. Where properties are sold revenue from sales can be used to fund work on remaining void properties and/or make home loss payments. In addition, consideration is being given to corporate properties being re-let and charging formula/market rent to increase revenue and prudential borrowing opportunities.

- 5.8 Further progress will be reported to members of the Committee following ongoing discussions and agreement with the City of the preferred options for non lettable voids and time frames for decisions or implementation once approval is received.

6 FINANCIAL & RISK IMPLICATIONS

- 6.1 Failure to take action in relation to lettable and non lettable voids will result in an increase in lost revenue and a rise in associated void costs. By bring more non lettable voids into use income to the HRA will increase.
- 6.2 Where properties are sold revenue from sales can be used to fund work on remaining void properties and/or to make Home loss payments.
- 6.3 If it is agreed that rents are increased to formula/market rent then this will result in an increase of revenue and may provide an income stream for prudential borrowing to fund required works.
- 6.4 Large numbers of voids blight areas and increase the likelihood of crime and anti social behaviour. They detract from the appearance on estates and can affect the ability to let other properties.
- 6.5 The number of non lettable voids has the potential to create poor PR. There are in excess of 13,000 applicants on the Housing Register, with demand for properties exceeding supply.
- 6.6 Non lettable voids count against the performance indicator on the number of voids and rent loss against void properties. Currently NCH performance is fourth quartile in relation to these indicators.

7 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 7.1 Streamlining voids, allocations and lettings is a key company priority. Effective vacant property management is an essential requirement and

reductions in lettable and non lettable voids is business critical.

8 VALUE FOR MONEY & EFFICIENCY ISSUES

81 The LEAN Review and effective performance management are critical in achieving improved value for money, increased performance and reduced costs.

9 EQUALITY & DIVERSITY IMPLICATIONS

91 The letting of vacant properties is undertaken in accordance with the Allocations Policy and identifying and providing appropriate support to customers is a key requirement. The service carries out annual Equality Impact Assessments and has an annual inclusion event for customers and partner outreach teams. All allocations and letting processes include a support needs and risk assessment and direct links with financial inclusion officers for new tenants with additional vulnerability and affordability assessments so that appropriate support plans are provided to assist in sustaining tenancies.

10 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Not Applicable

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