

SLOUGH BOROUGH COUNCIL

REPORT TO: Neighbourhoods & Community Services Scrutiny Panel

DATE: 2nd November 2017

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PART I **FOR COMMENT & CONSIDERATION**

THE VOIDS PROCESS AND PERFORMANCE RELATING TO COUNCIL HOMES

1. Purpose of Report

- 1.1 On 26th June 2017, Neighbourhood and Community Services Scrutiny Panel requested that a report by exception on voids be added to the agenda for 2nd November 2017. The reason behind the request was that Members wished to receive a report on the management of re-let time on voids, which has been a long term issue, and specifically how improvements will be recognised through the RMI Contract and the commitments made by Osborne Property Services Limited (OPSL).
- 1.2 The purpose of this report is to provide Members with the requested exception report showing how void turn-around times will be improved through the RMI contract. Osborne as part of their offer and included within the contract intend to achieve this by:
- Process re-engineering to refine the end to end process using their Excellence Model
 - Early visibility of upcoming voids through co-location daily meetings with dedicated Voids Co-ordinator and operatives
 - Ready to let date identified at pre-inspections
 - Pre-inspections within 24 hours of notification and ready to let date commitment
 - Joint pre-inspections to identify rechargeable repairs before works commence, including before and after photos and videos as evidence for SBC
 - Voids scheduled through zero day works process
 - Flexible resourcing to manage peaks
 - Right first time zero defects trade culture embedded and performance managed
 - Quality checks with voids supervisors throughout process with copies provided to SBC and Independent Audit Agent

- Viewings undertaken whilst works in process subject to health and safety checks
- Handover welcome packs and ‘sparkle clean’ – Customer Approach
- Journey to the front door reviews to minimise refusals and demonstrating commitment to care in delivering new homes to tenants
- Checks by Customer Experience Team with the tenant to assess their satisfaction with the property after they have moved in and continual review and improvement of the service

2. Recommendation(s) / Proposed Action

That the Panel notes the information provided, in particular the RMI contract improved processes for the management of voids. The Panel will receive quarterly updates, with a detailed report on voids performance in 12 months time, to demonstrate service improvement in managing the voids process.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

3.1 Slough Joint Wellbeing Strategy Priorities

An effective void management process will contribute towards the Slough Joint Wellbeing Strategy as follows:

- Maximise use of available council stock
- Ensure property lettable standards are maintained

3.2 Five Year Plan Outcomes

Within the five year plan there is a obligation of maximising the effective use of resources and income generation which gives a clear requirement for the effective management of voids which appears in the 5 Year Plan under outcomes 4: ‘Our residents will have access to good quality homes and Key action’ 5: ‘Make best use of existing public sector housing stock’

4. Other Implications

(a) Financial

In order to provide clarity on tenant behaviour (and specifically rechargeable tenant damage), the RMI contractual voids procedure is based on returning all voids to the agreed ‘lettable standard’ before re-letting. This provides a ‘benchmark’ for the expected property standard at tenancy termination and underpins the recharging process. Recognising the drive to minimise void turnaround times and maximise income generation this approach delivers a robust end-to-end process.

(b) Risk Management

Risk	Mitigation
The demobilisation of Interserve has presented a number of business continuity issues, highlighting a limited ability to manage 'work-in-progress', including voids, due to staff shortages and lack of leadership and commitment, during the final months of the contract.	To mitigate ongoing service failure by Interserve, Osborne (OPSL) have been engaged in advance of contract start date, in a gradual transfer of routine and major voids commissioned through the mobilisation phase of the RMI contract. This has presented OPSL with an opportunity to familiarise themselves with the lettable voids standard, understand the housing stock, and refine the end to end process using the Excellence Model to reduce key to key times and minimise loss of rental income.
The robustness of available historic data is likely to create distorted performance statistics over a period of several quarters. Since taking over the voids process in April 2017 Neighbourhood Services have been undertaking forensic investigations into void performance. This has identified properties that have been miscoded as Standard Routine Voids when they are in fact Management Voids/Major Voids. A single miscoding can have a significant impact on overall performance reporting.	Work is continuing on establishing improvement in both range and accuracy of performance data within Capita. This will deliver timely and meaningful data in respect of the key stages of the voids process. Working with OPSL, we are currently testing and refining the end-to-end process, including supporting IT infrastructure, to refine and accurately measure performance, in readiness for a seamless transfer on 01.12.17.

(c) Human Rights Act and Other Legal Implications

There are no human rights or other implications for this report.

(d) Equalities Impact Assessment

As a reference report this does not make any recommendations as to future operations of the service or of policy change. Should changes be proposed in future an EIA will be completed at that stage.

(e) Workforce Implications

The change of process will have implications for some new roles within the Neighbourhood Services structure e.g. Neighbourhood Housing Assistants learning the voids process, for which full training will be provided.

5. Supporting Information

5.1.1 Historical data has shown that for the past 3 years, the average number of voids and the turnaround times has escalated. Figures as shown in the table below:

Table A

	No. of properties that became void in the year	Average no. of days to re-let the property	Total number of voids completed
April 14 - March 15	206	39	273
April 15 - March 16	224	48	285
April 16 - March 17	255	59	258

5.1.2 Internal Auditors RSM undertook a detailed 'Void Audit' and in December 2016 completed their inspection, evaluation of findings and offered a report outlining recommended actions.

5.1.3 The audit report identified that urgent action was required to manage the voids process. Three high and two medium priority findings from the report were:-

Priority	Issue Identified	Action Taken	RAG progress
High	No over-arching policy in place to oversee the whole process	A full set of policy and procedure documents have been put in place and a programme of training and familiarisation provided (being reviewed as part of RMI mobilisation)	
High	Lack of pre-void inspections to identify damage and recharge the outgoing tenant	Ad hoc charges are currently being made through Agresso; the end-to-end recharge process is defined and will be implemented with the start of the RMI contract and be managed through Capita.	
High	Lack of a formal process for technically qualified staff to review the estimated value sent by the contractor which would be automatically paid if under the limit of liability value	All void properties are subject to pre-inspection and a post inspection hand-over with a qualified Surveyor from the Client team. 100% Client pre and post inspections are written into the RMI contract.	
Medium	Accurate recording of The timelessness of some steps in the voids process cannot be recorded. For the steps	Key to key data is recorded and reported at monthly Manager meetings. Contractor key received and key return dates are recorded at weekly	

	which are recorded, performance of the time taken is not assessed	contractor voids meetings. Work is in progress in identifying time that keys are with Neighbourhood Housing Officers, facilitated by the recent upgrade in Capita.	
Medium	The monthly performance reports are not formally reviewed by a designated group or committee, including analytical work on the sub-processes	Performance reporting is reviewed at the weekly voids contractor meetings, monthly Neighbourhood Management Team and reporting to Scrutiny Panel now implemented.	

5.1.4 The Audit report undertook a review of process and historical performance data. The Audit reviewed data, the performance data outlined in 'Table A' above and first two quarters from 2016/17 below in 'Table B' highlight the need for change. The table below offers data to end of March 2017 the concerning trend continues as it identifies escalating void turnaround periods over the past 3 years.

Table B

	2016-17			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of routine voids ended	64	58	66	70
Average number of days	54	51	61	69

5.1.5 Recognising the need for change, Neighbourhood Services were requested by the Strategic Director, to take over voids management with effect from April 2017.

5.1.6 Members are aware, and expressed concerns in respect to risk of the demobilisation of Interserve. This has presented a number of challenges, inclusive of long term voids, dedication and commitment of resources. The outcome has been a further fall in void performance, the average number of days a property is void to 67 in Quarter 1 and 81 days in Quarter 2 of this year. To mitigate the risk presented we have engaged Osbornes to undertake works early and have mobilised their voids team prior to commencement of contract.

5.2 Interserve Voids Performance Quarter 2

5.2.1 The question of accountability and consequences has been reviewed and outlines the weakness of enforcing contractual responsibility upon Interserve. A review of the 27 voids returned by Interserve in Quarter 2, 2017, identified an average cost of voids to be £5,189. Under the existing contract arrangements with Interserve, there is a clause that states "Voids with a repair cost above a threshold of £2500 will result in full cost of repair to be the responsibility of the

Council". Taking annual inflation into account this means that SBC bear the full cost for any void in excess of c£3500. 27 properties therefore equates to approximately £140,000. In addition, there is a duplication of costs whereby SBC is charged the actual costs above the threshold plus the fixed fee of £3,500, so in effect there is an incentive to inflate the costs above the threshold, to a major void. Additionally, there are no turnaround times for major voids within the contract, therefore no penalties can be levied.

5.2.2 In regards to routine voids, although there is no contractual requirement for turnaround times, there has been an agreement over time for Interserve to turnaround voids between 10 to 15 days. A significant failure to effectively historically manage the contract has consequently resulted in failure to apply any penalties on Interserve for breach of the agreed turnaround times and financial implications for the council.

5.3 OPSL Voids Performance Quarter 2

5.3.1 Osbornes have commenced voids works with effect from the end of July and to date they have picked up 50 voids, with 23 completed and 27 work in progress, inclusive of taking long term voids from Interserve, the Osborne average turnaround time is currently 26 days (inclusive of major and minor works).

5.3.2 In addition our contracted technical partners Savills are working with Osborne so as to develop and implement processes that will deliver the voids commitments in the contract. This includes zero day voids, pre and post inspections including photographs and videos, dedicated co-located officers, and re-engineering of processes including policies, procedures and operations manual, with clear accountability and responsibility.

5.3.3 Upon commencement of the RMI Contract the standard quarterly reporting will give statistical data and once the agreed bedding in period to the 31st March 2018 Osborne will be required to provide data and be financially accountable for non performance. The data available to members will be:

- Average re-let times for routine voids **(within 5-10 days)**
- Number of major work voids completed **(within 20 days)**
- Exception report on major work voids (e.g. due to adaptations, fire, litigation.)

5.3.4 By comparison to the Interserve contract, the OPSL contract provides a complex punitive performance regime which includes a daily non performance penalty. The contract will be managed through a strict governance arrangement, including commercial management of all void costs, reviewed and monitored through a dedicated Neighbourhood Services Commercial Manager within our client team.

5.3.5 The Capita Housing system has been reconfigured to provide meaningful and timely reporting on the critical stages of the voids process giving visibility of process times for:

- (1) tenancy closure with Neighbourhood Housing Officers,
- (2) joint pre-inspections to specify works and identify recharges,
- (3) contractors time on site to complete the works
- (4) time with the Allocations team to complete re-let.

6. Conclusion

- 6.1 Since April 2017, detailed analysis of the process has identified a number of areas where statistics were misrepresented and inaccurately recording of codes within Capita has provided unreliable data. Significant work is being undertaken to improve the management of voids. As detailed in 1.2 above, OPSL have made a number of contractual commitments to improve voids management and their early engagement in this process ahead of go live has demonstrated their ability to perform, and in so doing, support outcome 4 of the Five Year Plan by providing quality homes for our residents.
- 6.2 A progress report will be provided to the Panel upon completion of the first 12 months of the contract.

7. Conclusion

The Panel are asked to comment on the report, and how they may monitor this matter and other elements of the Repairs, Maintenance and Investment Contract.

8. Appendices

None

9. Background Papers

None.