

Waverley Scrutiny Group

Scrutiny Review of: Cost of Void Repairs, Value for Money and the Re-let Standard 2016/17

FINAL REPORT

May 2017

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Introduction

1. This is the third scrutiny review carried out by the Waverley Scrutiny Group (WSG). The topics selected were Cost of Void Repairs, Value for Money and the Re-let Standard in Waverley's general needs housing. Work began in September 2016.
2. WSG was asked to scrutinise this service by Waverley Housing Service. The Service wanted us to review the re-let standard and make recommendations about reducing the cost of a void and delivering Value for Money as The Council's 2016 – 2019 Corporate Plan had value for money (VfM) as one of the four priorities. The Service was concerned about overspending on voids in August 2016.
3. The scrutiny review covered 'normal' voids in general needs housing. Major voids were excluded as were voids in sheltered housing and garages.
4. We set out to establish the following:
 - What is causing the over spend on the budgeted amount?
 - Does the void process minimise the time that properties are empty?
 - Should the re-let standard be changed? If so, what is the likely impact on tenant satisfaction
 - Are there any other ways of reducing the cost of normal voids?
 - Can money be reclaimed from other sources?
 - Is the Council achieving value for money in void repairs?
 - Is the Council's void service meeting the Regulator's requirements?
 - The next section of the report sets out our key findings under each of those headings.

Key findings

What is causing the over spend on the budgeted amount?

5. The void repairs budget for 2016/17 was £ 774,710 for general needs and sheltered scheme properties. This was increased by £ 165,000 to £ 939,710 later in the year to cover a predicted overspend.
6. The budgeted amount for a normal void property in 2016/17 was £ 2,467, which is based on an average of 310 general needs and sheltered schemes void properties a year.

7. WSG were originally provided with provisional cost data for August only as there was concern over an over spend in August. To understand what works were carried out on voids and the associated costs, WSG asked for and were provided with job work sheets for voids from April – June and for August 2016, a total of 68 voids.
8. WSG started by trying to establish the size of the over spend in August 2016. We found from the job sheets that the total cost of void repair work for the month of August on 16 general needs voids was £37,912; when the costs of gas work and some additional items, such as inspections, were included in the figure, the cost rose to £39,085. This gave an average void cost of £2,443 in August, an under-spend of £24.
9. Analysis of the job sheets of 52 void properties covering the first quarter (April –June 2016) showed an over spend of £9,175, an average overspend of £176.44 per void.
10. The job sheets were further interrogated to identify what was causing the over spend by detailing the type of works carried out and the expenditure. (See Table 1 below for detailed list of works undertaken).

Table 1: Normal void costs April – June 2016 and August 2016 (general needs)

| Type of works | Cost of work April -June | % of total cost | Cost of work August | % of total cost |
|----------------|--------------------------|-----------------|---------------------|-----------------|
| Electrics | 21,915 | 16 | 9,656 | 25.5 |
| Doors | 19,137 | 14 | 3,647 | 9.6 |
| Flooring | 13,067 | 10 | 1,810 | 4.8 |
| Structural | 12,805 | 9 | 7,213 | 19 |
| Garden | 12,433 | 9 | 1,930 | 5.1 |
| Sealer/damp | 10,117 | 7 | 2,309 | 6 |
| Kitchen | 7,934 | 6 | 2,097 | 5.5 |
| Bathroom | 7,601 | 5.5 | 2,255 | 6 |
| Decorating | 7,317 | 5 | 2,619 | 7 |
| Cleaning/clear | 7,111 | 5 | 1,911 | 5 |
| Fencing | 6,571 | 5 | 0 | 0 |
| Windows | 5,005 | 3.5 | 945 | 2.5 |
| Key safe | 2,837 | 2 | 869 | 2.3 |
| Plumbing | 1,166 | 1.25 | 257 | 0.6 |
| Misc | 1,151 | 1.25 | 296 | 0.8 |
| Stairs | 754 | 0.5 | 98 | 0.3 |
| Total | 136,921 | 100 | 37,912 | 100 |

Note: Data taken from void contractor's job sheets. Gas work excluded.

11. Results for the first quarter showed the electrics had the highest percentage of spend, 16% at £21,915; though a high figure WSG was more concerned about the expenditure on doors of 14% of the overall spend with a figure of £19,137. Gardens accounted for 9% of overall spend at £12,433. Structural and flooring work was 19% of the overall spend at £26,412.
12. Every property was being provided with a new key safe; this was 2% of the overall spend at £2,837. It seemed that key safes were not removed when the voids work was completed and then re-used on subsequent voids.
13. The value of works for August (see Table 1 above), showed a higher spend ratio on electrics 25.5% and a higher spend on structural related work 19%. Key safes showed a similar percentage as the first quarter's figures. The zero figure for fencing reflected the Council's decision in July not to carry out fencing work.
14. WSG wanted to establish how the cost of work on individual void properties was monitored and controlled and we asked if the cost of work was discussed between the Waverley Voids team and the voids contractor (Mears). We were informed that weekly meetings were held with the Mears' Voids Manager and Voids Inspector, the Waverley voids team and Homechoice. Voids were discussed, including the type of work, completion dates and any issues, but costs were not reviewed at those meetings. We asked for minutes of the meetings but were told that there were no minutes taken.
15. We were told that any voids work costing more than £5,000 was discussed as part of the agenda of a separate, monthly Operations Meeting. We were unable to establish who attended those meetings or to see an agenda or minutes; we were told that due to confidential information being included in the minutes we were not able to have access to them.
16. WSG can only accept that information on void costs was discussed at those monthly meetings but cannot verify the depth of the inquiry into void costs over £5,000.

Does the void process minimise the time that properties are empty?

17. The spreadsheet provided to us by Mears showed that, in the first quarter of 2016/17, the average number of working days between the voids team receiving the keys and passing them over to the contractor was eleven. We

were told that the property was not handed over to Mears until an asbestos survey had been done, an Energy Performance Certificate issued and any problems with the ownership of possessions left in the property had been resolved.

18. A joint Waverley/Mears inspection is done on a Monday to agree the work needed. There is no flexibility to allow for the joint inspection on a day other than Monday.
19. Mears averaged seven working days between receiving the keys and the void being handed back to the voids team. It had by then been inspected by Mears but the Waverley/Mears joint inspection is only done on the next Friday, regardless of when the property is ready. This could mean a delay of up to five working days.
20. We found, on average, a further eleven working days were lost between the void being handed to the Voids team and the Voids team handing the property to Home Choice. An average of eleven days was then taken to let the property.
21. WSG considered that the voids process in place in April-June 2016 did not minimise the time that properties were empty. Waverley Borough Council had already recognised that and commissioned a report from a Business Analyst. The Business Analyst made six recommendations for improvement in January 2016, including joint end of tenancy visits, which were being implemented in September 2016, and a recharge process which has not yet been implemented.
22. WSG was concerned to find an inconsistency in voids performance reporting. We were shown an Overview and Scrutiny Housing Committee voids progress report for quarter one in 2016/17 which showed an average of 20 working days to re-let a normal void, meeting Waverley's target. This figure did not agree with a Completed and Occupied Voids report (updated 15 December 2016) which gave an average of 29.6 days. We cannot account for the discrepancy.

Should the re-let standard be changed? If so, what is the likely impact on tenant satisfaction?

23. The Asset Management Strategy (p.53) requires the re-let standard to be reviewed annually with the Tenants' Panel and other tenants. There was no

date on the version we were given and we do not know when the last revision was made.

24. We were able to view ready to let void properties and the general standard was reasonable. WSG were concerned that fitted carpets and curtains had been removed, in one case the carpet in the living room was less than 2 years old. There are ambiguities between the re-let standard given to tenants and the re-let standard given to the contractor e.g. clearance of fixtures and fittings.
25. A second area of concern was where the re-let standard states “that outstanding minor items of work will be done within 20 working days of the tenant moving in to their new home “. It does not explain what a minor item of work is and why it might not be completed before the tenant moves in. If a tenant has already taken time off work to move house, they might not be able to take off more time to allow a contractor in to complete work. It is not clear if the property is considered to have met the target time for re-let even though the voids repairs have not been completed.
26. There appears to be no viable system in place to monitor outstanding work once the property is occupied and we have concerns that the work might not be done promptly, or might not be done at all unless the tenant progress chases. There is also a possibility of the work being charged to the responsive repairs budget rather than to voids.
27. WSG was told that the re-let standard was given to incoming tenants in the new tenants’ pack. We consider that it should be presented in a form that makes them able to check that their new home is up to the standard Waverley promises. In the version we were shown, the amount of text and the size of the print made the sheets of paper uninviting to read and we would like to see a re-design carried out in consultation with tenants.
28. We asked how Waverley checked that properties met the re-let standard and were told that the Voids Officer inspected every void with the contractor and signed it off if it was up to standard. One of the Asset Management Strategy objectives is the provision of a re-let standard that meets customers’ expectations. We were disappointed to find that there is currently no survey undertaken of new tenants to ask how satisfied they were with the property, its condition and if it met their expectations. Tenant satisfaction surveys would give the Council the customer’s point of view and meet the objective as laid down in the Asset Management Strategy.

Are there any other ways of reducing the cost of normal voids?

29. WSG was concerned that there seemed to be a lack of control and clarity over voids costs. Section 2.1 explains how we were unable to get a definition of a normal void and were unable to confirm how and when costs are discussed and authorised. In addition, we found some confusion over allocation of cost codes. For example, we found in the voids works spreadsheet for 2016-2017 that the first gas check and void boiler check (by CHS) were sometimes allocated to the voids cost code and sometimes to general repairs. WSG considered that such confusion and inconsistency made it hard to establish an accurate void cost and manage costs effectively.
30. From our interviews with Waverley and Mears, it was clear that they did not believe there was a simple solution to reducing the cost of void works. WSG was unable within the scope of this scrutiny review to examine this any further. We do, however, believe that overall savings could be made by enforcing the tenancy agreement on garden maintenance and damage to properties. There are also efficiencies that could be made by the housing teams to reduce the time a property is void.

Can money be reclaimed from other sources?

31. The Council could save money by enforcing conditions of tenancy before a tenant vacated their property. We welcome the joint inspections that are now being done by Void Officers with Tenancy and Estates Officers before the tenant moves out.
32. WSG believes that the Council should recharge tenants for items such as clearing rubbish left in the property and notes that garden clearance in the first quarter of 2016/17 cost £12,433 (See Table 1).
33. It seems that some work charged to the voids budget should actually be charged to other budgets. For example, a large sum was spent on replacement doors and structural work and perhaps that expenditure should have been within the planned works budget.

Is the Council achieving value for money for void repairs?

34. Value for money is not just about reducing costs. It is a complex balance of costs, inputs and outputs, judged by quality of service provided, resources used and ultimately satisfaction of customers (Economy, Efficiency,

Effectiveness and Equity from Assessing Value of Money and Assessing Needs, National Audit Office).

35. WSG was told that the contract agreed with Mears means that in 2016/17 Waverley is given a 36.4% discount on National Housing Federation schedules of rates for all repairs, including voids. WSG contacted the National Housing Federation to ask about this but were not able to provide any details. However, WSG did ask the question of Mears and were told that at present contracts being negotiated currently will give, at best, a 10% discount on the schedule of rates.

36. There is evidence that Mears has improved its efficiency in completing voids repairs. Whereas in 2015/16 the average time for works to be completed on normal voids was 17 days, in the first quarter of 2016-17 the average was seven days. We note and commend this improvement which contributes to value for money.

37. WSG were concerned that in our interviews with Waverley officers, there seemed to be a focus on cost cutting rather than on value for money in its widest sense and little understanding of how individual officers could increase value for money.

Is the Council's void service meeting the Regulator's requirements?

38. The scope of this scrutiny falls within the Homes and Tenancy Standards (April 2012).

39. WSG considers the voids service meets the Regulator's requirements. Any reduction in the work carried out could jeopardise this.

Other findings

40. WSG was concerned to find discrepancies between the contractor and the Council in tracking individual void properties which might result in costs being recorded under the wrong budget head and possibly affect re-let times.

41. For example: Two void properties, in Frensham and Churt, were defined as major voids on the contractor's spreadsheet whilst on a Waverley spreadsheet they were listed as normal voids.

42. Waverley's completed and occupied normal voids report for April 2016-September 2016 did not include six properties that were shown on the Mears voids spreadsheet for the quarter April to June 2016. For example, a void in Hindhead was handed to the contractor on 7 April and work was completed on 12 April. Similarly, the Completed and Occupied normal voids report for April 2016 – December 2016 showed additional properties in Frensham and Godalming missing from the report.
43. There is no marker on Orchard to identify when a property was not void nor an expiry date of the 12 month warranty on the work carried out, making it difficult for the Customer Services team to identify a repair as a recall.
44. On analysis of the contractor's report and the WBC report on letting times, there were anomalies between the contractor's figures and those reported by WBC. We found instances where time was lost both on the termination of a tenancy and the keys being passed to the contractor and completion dates recorded by the contractor and those recorded by WBC. This would suggest that reports are not verified as to their accuracy. (Examples given below).

Table 2

| Address | Date property void | Date keys received by Mears | Work start date | Work completion Date Mears | WBC recorded completion date | Date let |
|-----------------|--------------------|-----------------------------|-----------------|----------------------------|------------------------------|----------|
| Old Station Way | 28/08/16 | 30/08/16 | 30/08/16 | 01/09/16 | 08/09/16 | 18/09/16 |
| Ricardo Court | 28/08/16 | 30/08/16 | 09/09/16 | 20/09/16 | 23/09/16 | 02/10/16 |
| Oak Mead | 21/08/16 | 22/08/16 | 22/08/16 | 25/08/16 | 15/09/16 | 18/09/16 |

45. The jobs sheets, provided for the 68 voids, were examined in depth on the Schedule of Rates (SOR) used and found 300 SOR's were used. This suggests that it might be possible to reduce the number of SOR's and make job identification and costing more efficient.

Conclusion

46. The re - let standard meets the Regulators requirements but was poorly presented and there are ambiguities between the re - let standard given to the contractor and that given to the incoming tenant. Budget control is weak and there is an absence of any minutes covering void costs. Though some efficiencies have been made i.e. time a property is with the contractor, overall VfM is not strong in the void process. Reports provided showed a number of discrepancies and verification of these reports is not evident. New tenants are not surveyed about their new home with reference to the re - let standard.

Recommendations presented to officers

47. An agenda and minutes are taken at each weekly void meeting, the cost of work is reviewed and minutes of the Operations meeting (if available) are circulated to all relevant staff.
48. A telephone survey of new tenants is carried out within 10 days of the tenant moving in to ask about the quality of the void, their expectations, communication and the re-let standard.
49. The re-let standard is reviewed and redesigned in consultation with the Tenants' Panel and other tenants and clarity is made on the leaving or removal of carpets and curtains.
50. A robust recharge policy and process is implemented. (We are aware that WBC has recognised that a recharge policy and process is required).
51. Voids spend, especially on electrics, doors, structural and gardens is robustly monitored and discussed at the void weekly meetings.
52. All reports on voids are verified and agreed, especially where figures are involved, before being published or used in meetings.
53. A void marker is put on Orchard so the Customer Service team can check if a repair is a recall.
54. The SOR's are examined to report on the possibility of a more concise SOR work/cost list with the view to reduce costs and provide a more efficient way of working.
55. Key safes are removed on occupation. Home Choice/Voids team to provide Mears with the dates properties occupied so the key safe can be removed and reused.
56. Recycle locks removed from properties.
57. Where possessions are left at a property, whether internal or external, approach charities to see if they can take items either to sell or recycle. (This is in operation on an ad hoc basis).

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