

NOT A DECISION PAPER:	GOVERNANCE COMMITTEE
SUBJECT:	HOUSING VOIDS PROGRESS REPORT
DATE OF REPORT:	11 November 2024
REPORT OF:	COUNCILLOR FRAMPTON CABINET MEMBER FOR HOUSING OPERATIONS

<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY
None

BRIEF SUMMARY	
<p>An internal audit review of Southampton City Council's housing void process and procedures was completed on the 5th June 2023 as part of Southampton City Council's 2022/23 Audit Plan. Due to the length of time our properties remain void, limited assurance was provided.</p> <p>A progress report was presented to Governance Committee on 13th November 2023 and 23rd April 2024. These reports set out the plans to address the areas of limited assurance in the audit report and progress made to date. The plans were previously noted, with a requirement to provide a further progress report to review the effectiveness of the implementation plan.</p> <p>This report sets out the progress being made in the number of voids and the actions to address all the areas given limited assurance that has been cited to date.</p>	
RECOMMENDATIONS:	
(i)	For the Cabinet Members Board meeting to note the report to the Governance Committee on the progress being made to improve Void performance.
(ii)	For the Cabinet Members Board to accept and endorse the Voids Improvement Plan

REASONS FOR REPORT RECOMMENDATIONS

- | | |
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| 1. | To inform the Governance Committee of the current performance on voids in SCC Housing stock and the progress being made to reduce the number of voids following implementation of the action plan. |
| 2. | To inform the Governance Committee of the progress on the plan to improve and reduce the number of voids held by SCC |

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- | | |
|----|------|
| 3. | None |
|----|------|

DETAIL (Including consultation carried out)

- | | |
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| 4. | A "Void" in housing terms is when a property is unoccupied for a period of time. For Housing Authorities, the aim is to keep voids to a minimum thus maximising the income generated from occupied properties. |
| 5. | The internal audit identified a clear framework, sufficient procedures, and checklists for complete management trails. However, the length of time properties was vacant, and not available to relet and therefore not collecting rent, was identified as having a significant impact on the Housing Revenue Account and limited assurance given. |
| 6. | <p>The backlog of voids as December 2023 was at 371, which increased to 446 at its peak in January 2024, reduced to 416 at the end of March 2024 and 334 by end of August 2024. This is a 25% reduction in the total number of voids over an 8-month period.</p> <p>The principal route cause of the high level of voids is due to the increasing volumes of work in voids symptomatic of a lack in planned maintenance investment. Although the Cabinet approved £25m extra capital investment over the next five years, this investment will take at least five years to manifest a sizeable reduction in the number of major void work.</p> <p>The optimal number is to have between 25 and 30 voids in order to maintain optimised productivity while fulfilling the ultimate target turnaround times of 10 days for routine voids and 65 days for major voids.</p> <p>Therefore, in order to mitigate the impact of this high-level backlog of voids and reduce the level of void numbers down to optimal numbers, work has continued to progress on the action plan. The table below summarises key activity and progress to date.</p> |

Table 1:

Activity	Update
Temporary reallocation of 23 trades and staff from Housing Operations major projects team into the Voids maintenance team.	This began in December 2023 with the full transition / migration completed by March 2024. This volume of trade reallocation is commensurate to the level of resources needed to clear the backlog of 371 voids over a 12month period.

Approval to recruit an extra 22 trades and staff within both the Voids maintenance team as well as the logistics team providing the materials and logistics support.

Recruitment began in April and was forecast to be completed in July. However, this is taking much longer than predicted due to recruitment / market difficulties. As these newly recruited trades and staff commence employment we should begin to see further reductions in the number of void properties around August onwards.

We have modified how we prioritise voids to better meet the council's competing priorities.

Priority 1: Target voids with the least maintenance work required so that we let as many properties as we can.

Priority 2: Homeless properties

Priority 3: Priority need properties

Priority 4: 1 Bed & 2 Bed properties (reducing number of property transfers).

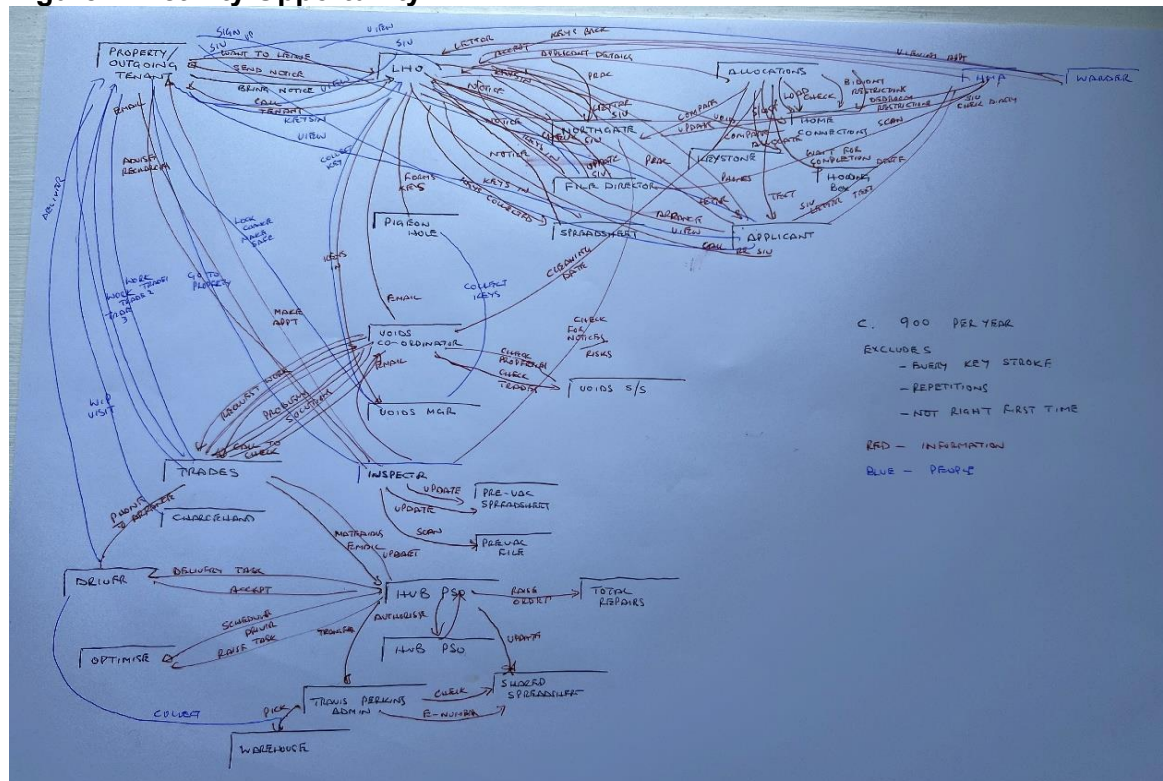
Priority 5: Properties that have been empty for the longest period

Priority 6: Large voids allocated to the major contracts team and/or sub-contractors.

Activity: Review of the void processes to eliminate activity/process waste and remove barriers:

Our LEAN consultant has worked with a team of internal colleagues from across the council exploring our current processes (Figure 1: Activity Opportunity) This provided a good understanding of the extent of the backwards and forwarding and the unnecessary pressure it creates for the service.

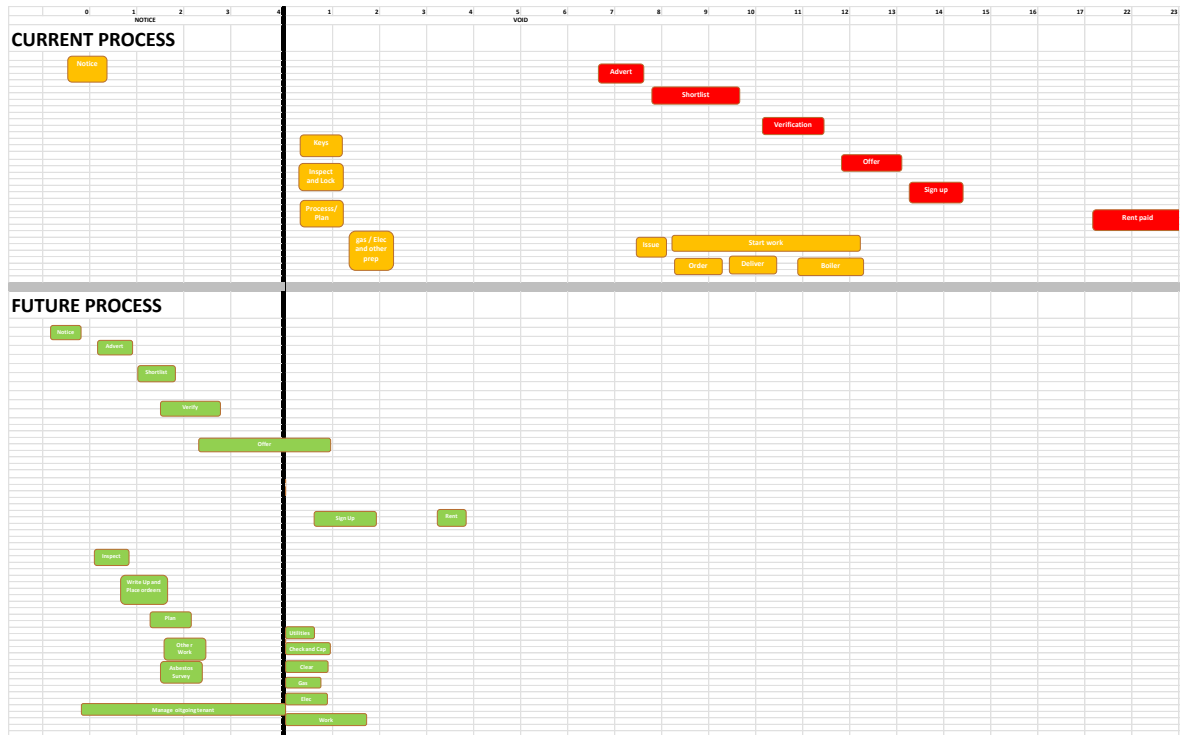
Figure 1: Activity Opportunity.



The analysis identified that we were not effectively using the notice period which created delays to void renovations and repairs. This was used to inform a future state focusing on placing the customer at the heart of our process.

Figure 2 sets out the timeline showing the previous process (current) and the new process that is being implemented (future) This plan makes better use of the notice period. As the backlog is removed we will develop a culture of doing work at the earliest opportunity with more parallel working.

Figure 2: Process Timeline.



Review of the materials supply chain and delivery processes

We have extended our supply chain and introduced trade cards.

A business case was submitted to extend the scope of the voids review to help develop and improve our processes across other parts of the business that have a direct correlation to our voids performance.

This was approved in June 2024. Additional scope areas include:

- A review of the way materials and supply chain.
- Review of our responsive repairs programme

Both of these impacts the efficiency of the void maintenance process. By reviewing these areas it is expected that we will find further opportunities to reduce the number of void properties by:

- speed up the availability of materials,
- reduce downtime caused by delays in the delivery of materials to void properties.

	<ul style="list-style-type: none"> • reduce the impact caused by the increased complexity of the responsive repairs programme demand. • widen the availability of materials through the supply chain.
We have written an Outline Business Case to help transform and improve the way we deliver our repairs and maintenance services to help us on a journey towards being one of the best social landlords in the country.	This is fully funded within this year's HRA approved budget.

7. **Phase 1 improvement plan (March/April 2024 to September 2024)**

7.1 **- The impact of activity undertaken:**

Table 2 – Number of voids:

KPI	2021/22	2022/23	2023/24	2024> Target	April	May	June	July	Aug
No. of void properties open	No Data	286	416	25	385	385	368	349	334
Average Turnaround times for ROUTINE voids	15 days	94 days	133 days	10 days	118 days	118 days	118 days	114 days	115 da
Average Turnaround times for MAJOR voids	83 days	225 days	278 days	65 days	412 days	365 days	331 days	351 days	338 da

Table 2 shows the number of voids as at the end of August as 334 with a rent loss of £606k – a continuing reduction from the 416 in March.

The average number of voids completed each week during the 5 months period April to August is 20 against a target of 22 – completing 464 (96%) voids against a target of 481 Voids (136 more voids completed ready for letting compared to the same 5-month period 12 months ago). This achievement is largely due to the relocation of the extra 23 trades and staff into the voids programme since March.

Original forecast target reduction in the number of voids outstanding was as follows:

	Q1	Month 5	Q2	Q3	Q4
Target	360	307	280	200	120
Actual	368	334			

This shows that by end of month 5 the number of voids outstanding was 27 (9%) higher than the forecast target of 307. The primary reason for this is due to the greater number of voids coming in (67) – 19% more than the number coming in 12 months, together with an increasing volume of void work as shown in Table 3.

Nevertheless, despite the increase in voids coming in, 334 is less than the 400 this same time 12 months ago – so an improved position.

Based on the current voids in / out our forecast date for voids to normalise is around the end of 2025.

Table 3 – Void costs / volume of work:

KPI	2018/19	2022/23	%	2023/24	% Increase since 2018/19	2024> Target	April	May	June	July	Aug	Average YTD	% increase 2024/25	inc
Average void costs - ROUTINE Voids	£1,967	£3,676	87%	£4,376	122%	£2,000	£3,713	£4,047	£4,559	£5,671	£7,120	£5,148	18%	4
Average void costs – MAJOR Voids	£3,961	£7,148	80%	£8,038	103%	£2,000	£7,857	£6,236	£6,181	£10,370	0*	£7,942	-1%	1
Average void costs – OVERALL	£2,427	£4,173	72%	£4,956	104%	£2,000	£4,778	£4,400	£4,841	£6,384	£7,120	£5,626	14%	3

Note: * No major voids completed in August so YTD figure will increase in September

Table 3 shows the average volume of work per void has increased by 14% since March & 35% since April 2023 and is continuing to show an increase each month since April 2024.

Therefore, this level of increased work in voids is extending the time it takes to turnaround voids and thereby (combined with the increase in voids coming in) not as many (27 = 9%) returned for reletting.

7.2 **Housing Management Tenancy Inspections:**

- 1) Property Tenancy Checks are being prioritised by Housing Management with an ambition to complete 50% of properties per annum.
- 2) The objective is to take proactive action at an earlier stage to prevent properties affected by tenant misuse and neglect from escalating into substantial costs – a proactive approach to reducing the amount of tenant related recharges that occur when the property becomes void.
- 3) Housing managers will be monitoring the outcome and the impact this will have on other service areas such as Pest Control, repairs, open spaces, adaptation, property team, allocations and legal.

7.3 **Tenancy Management:**

- 1) **Setting expectations for property standard at point of return of property to the council,** - Housing management provide the moving out standard when a notice to vacate is received. Working in partnership with the prevacation officers to encourage tenants to complete more of the repairs they are responsible for before a property becomes void.
- 2) **Ensuring the recharge policy functions effectively,** - Maintenance Recharges identified prior to and after a tenant moves out an invoice sent to the outgoing tenant to recover income. (Discretion given in certain situations if the case involves Domestic violence or abuse)
- 3) **Considering limits on offers made,** - this will form part of the new allocations policy which will limit the number of offers and may result in the applicants banding being decreased.

7.4 **Housing Allocations process:**

Allocations are notified on a weekly basis of properties which are ready to be advertised by the voids team. These will be advertised in the following weekly bidding cycle. Once the bidding cycle is closed the properties are offered within 1 working day. Currently there are no delays or blockages in this process.

Following a change to our Allocation Policy and a new allocation system we are looking to move over to daily bidding from April 2025, this will enable us to put a property out to advert on any day. This may help to reduce the time in which properties are void and to improve the allocation process.

7.5 **Lean Consultant Review:**

Note: the initial Lean review prioritised it's focus on the Voids workstream. However, during the course of this review it became apparent there were interdependencies with the Materials, Employment and Logistics team who likewise impacted both the Voids and Responsive Repairs workstreams.

Subsequently, the Lean reviews have been expanded out across both these two additional programmes / processes and range of improvement actions identified – as outlined below in the Phase 2 Improvement Plan.

7.6 **Newton Europe Diagnostic Review:**

Newton Europe undertook a 5-week diagnosis during August 2024 of the end-to-end voids process. This included analysing performance data, staff interviews, job shadowing of both office staff and trades, etc to get an understanding of the current ways of working and evaluate how improvements could be made that will bring cost reductions and greater efficiencies. This supplemented work that had already been completed and quantified the value associated with improvement activity to help focus which activities to prioritise.

The findings arising from their diagnostic work in summary included the following:

- 1) **Effective void categorisation and prioritisation:** ensuring informed, data-led decision making on which voids are prioritised through the process, based on demand, rent, and accumulated time to date. All new voids should be assessed for whether they should be worked on, ringfenced, subcontracted, or sold based on its expected cost of repairs.
- 2) **Void process design, with data visibility of outflow:** gaining control and visibility of incoming voids to prevent a future backlog, optimising process routes for properties based on their categorisation. Driving down existing WIP is reliant on effective resource allocation, alongside making strategic stock decisions based on ability to relet a given property.
- 3) **Parallel processes:** some process stages for a void property can happen in parallel, rather than sequentially. A single system that allows for visibility of void progress, and which activities can be progressed across teams without dependencies, would enable this, including initial void clearances and inspection before a tenant moves out, and advertising and offers whilst works are being finalised.

- 7.7
- 4) **Tenant management:** setting expectations for property standard at point of return of property to the council, and ensuring the recharge policy functions effectively, considering limits on offers made, and the impact of state of property at vacation on internal transfers. • Automated tenant communications that remind tenants for tenant-dependent stages.
 - 5) **Wider housing management processes:** a forum that considers joint metrics across the interfacing teams involved in voids (including e.g., redevelopment, LHO, trades, transfers, etc.) to make informed decisions about turnarounds and priority voids, and to root cause and action any blockages faced. This forum should be used to deep-dive properties stuck for extended periods of time and all teams should be working towards and accountable for the same voids KPIs.
 - 6) **Trade productivity:** Data on trade operatives' productivity and utilisation suggests that reducing the variation in operative performance through additional management and support, and reducing admin time, could improve throughput by c.12% across.

Digital Transformation:

Suitable and dynamically effective Digital platform, using a single source tool as far as possible (or at best adequately interfaced where multiple systems cannot be avoided), is crucial to enable and optimise the effective realisation of each of the specific areas for improvement.

Plans are currently in progress to fulfil this with specification/ statement of works being developed for Housing Operations but also in conjunction with other digital transformation projects across Housing Management and other key departments such as Corporate Estates and Assets.

7.8

Conclusion:

So, in order to drive a greater reduction in the balance of voids, each of the areas identified for improvement through the Lean Reviews and Newton Europe Diagnostic, as summarised above, are now incorporated within the Phase 2 Improvement Plan actions – see detail plan below in section 8.

Such plans will be integrated with the wider transformation activity set out in the Good Landlord programme and those that span across wider areas of the council such as data and digital work streams.

8. Phase 2 Improvement Plan – (October to March 2025)

	<u>Activity</u>	<u>Sponsor</u>	<u>Target date</u>
8.1	Complete the recruitment of additional resources a) Remaining 8 x FTE's directly employed – fully funded within the existing HRA b) Additional sub-contractors	Housing Operations Manager	January 2025

	c) Where possible, to utilise the existing new primary planned works contractor – Trident		
8.2	<p>Increased Void productivity</p> <ul style="list-style-type: none"> a) Replacement of vacant senior manager post to drive change and team consensus b) Increase management of trades through the Area Maintenance Void managers c) Increase use of Charge Hands to better support Area Maintenance Void Managers d) Optimise use of trades to reduce downtime and waste e) Recruit Programme Support Manager to improve proactive planning and resolve cross team functions f) Utilise Void Maintenance Coordinators to plan for efficiency and solve problems g) Review and manage trade productivity to increase through-put h) Property Inspectors to identify work demands during ‘notice-to-quit’ stage and manage repairs by outgoing tenants to reduce repair work during the void period. i) Strengthen data reporting to drive more effective and efficient management j) Establish daily and weekly routines to focus on key objectives and foster team problem solving k) Target top 100 properties nearest to completion l) Escalate and tackle cross team functional delays as well as performance analysis through weekly ‘wider housing management void review meetings’ 	Housing Operations Manager	<p><u>March 2025</u></p> <ul style="list-style-type: none"> a) Interim in place b) Immediate through to March 2025 c) Immediate through to March 2025 d) March 2025 e) Immediate f) Immediate through to March 2025 g) Immediate through to March 2025 h) Immediate through to March 2025 i) Immediate through to March 2025 j) Immediate through to March 2025 k) Immediate l) Immediate through to March 2025
8.3	<p>Lean review of Materials and Logistics workstream</p> <ul style="list-style-type: none"> a) Recruitment 	Housing Operations Manager	<p><u>March 2025</u></p> <p>In progress</p>

	<ul style="list-style-type: none"> i. Review process with HR to reduce delays and problems ii. Centralise induction action plans – consistency & reliability iii. Dashboard for tracking and effective control <p>b) Materials, logistics and equipment management</p> <ul style="list-style-type: none"> i. Working with Voids and responsive repairs to clear backlogs and delays ii. Booking new dates for all returned materials stored in warehouse iii. Ensuring trades have an up-to-date list of materials available iv. Develop performance scorecard for monitoring workloads and improve performance v. Exploring alternative solutions for managing tools and equipment more efficiently and effectively. 		<p>Complete</p> <p>Complete</p> <ul style="list-style-type: none"> i. In progress through to March 2025 ii. In progress through to March 2025 iii. Immediate iv. In progress through to March 2025 v. In progress through to March 2025
8.4	<p>Lean review of Responsive Repairs workstream</p> <ul style="list-style-type: none"> a) Complete recruitment of additional trades and staff b) Assess demand against capacity c) Increase flexible deployment of trades from other teams d) Record, assess and review all damp cases on a weekly basis e) Review and plan clearance of backlog of trade and customer requests f) Expand the use of materials trade cards g) Lock trades to specific areas to reduce travel time / costs h) Lock original trades to follow-ons i) Reduce jobs going over to Out-of-hours (OOH) 	Housing Operations Manager	<p><u>March 2025</u></p> <ul style="list-style-type: none"> a) December 2024 b) Daily / weekly c) In progress d) Immediate / weekly e) In progress f) In progress g) Carp & Plumb complete h) In progress i) In progress j) March 2025

	<ul style="list-style-type: none"> j) Develop plan to move OOH jobs onto trade PDAs k) Extend overtime to reduce jobs going to OOH emergency l) Build in additional training for trades m) Develop trade multi-skilling n) Review trade productivity & staff performance o) Develop and implement daily & weekly team catch-ups p) Establish regular trade briefings q) Establish cross team weekly meetings 		<ul style="list-style-type: none"> k) In progress l) March 2025 m) In progress n) Immediate o) Immediate p) Immediate q) Immediate
8.5	<p>Increased Property/ Tenancy Inspections</p> <ul style="list-style-type: none"> a) From October 2024, staff will be reintroducing the Property Tenancy Checks. The target per year will be 20% of housing stock. b) Reduction in tenant related charges during the void stage. c) Housing managers will be monitoring the outcome and the impact this will have on other service areas such as Pest Control, repairs, open spaces, adaptation, property team, allocations and legal. 	Housing Management	March 2025
8.6	<p>Improved Management of void property allocations</p> <ul style="list-style-type: none"> a) daily bidding from April 2025, this will enable us to put a property out to advert on any day. b) This may help to reduce the time in which properties are void and to improve the allocation process. 	Housing Allocations	March 2025
8.7	<p>Effective void categorisation and prioritisation:</p> <ul style="list-style-type: none"> a) ensuring informed, data-led decision making on which 	Housing Management &	March 2025

	<p>voids are prioritised through the process,</p> <p>b) All new voids should be assessed for whether they should be worked on, ringfenced, subcontracted, or sold based on its expected cost of repairs.</p>	Housing Operations	
8.8	<p>Void process design, with data visibility of outflow:</p> <p>a) gaining control and visibility of incoming voids to prevent a future backlog,</p> <p>b) optimising process routes for properties based on their categorisation.</p> <p>c) Driving down existing WIP is reliant on effective resource allocation, alongside making strategic stock decisions based on ability to relet a given property.</p>	Housing Management & Housing Operations & Corporate Estates and Assets	March 2025
8.9	<p>Parallel processes:</p> <p>a) Process stages for a void property to happen in parallel, rather than sequentially.</p> <p>b) A single system that allows for visibility of void progress, and which activities can be progressed across teams without dependencies, would enable this,</p> <p>c) Including initial void clearances and inspection before a tenant moves out,</p> <p>d) Advertising and offers whilst works are being finalised.</p>	Housing Management & Housing Operations & Digital Transformation	March 2025
8.10	<p>Tenant management:</p> <p>a) setting expectations for property standard at point of return of property to the council, and</p> <p>b) ensuring the recharge policy functions effectively,</p> <p>c) considering limits on offers made, and the impact of state of property at vacation on internal transfers.</p>	Housing Management, Allocations & Housing Operations	March 2025

		d) Automated tenant communications that nudge residents for tenant-dependent stages.		
8.11	Wider housing management processes:	<p>a) a forum that considers joint metrics across the interfacing teams involved in voids (including e.g., redevelopment, LHO, trades, transfers, etc.) to make informed decisions about turnarounds and priority voids, and to root cause and action any blockages faced.</p> <p>b) This forum should be used to deep-dive properties stuck for extended periods of time and all teams should be working towards and accountable for the same voids KPIs.</p>	Housing Management, Allocations & Housing Operations	March 2025
9.	<u>Audit Actions:</u>	<p>The audit originally identified four key actions to address the limited assurance and drive forward improvements. These actions and progress made is set out in detail in Appendix 1.</p> <p>The supporting Void Project Improvement Plan is attached at Appendix 2.</p>		
RESOURCE IMPLICATIONS				
<u>Capital/Revenue</u>				
10	Impact on the HRA set out in the report. Any void property will not have rent paid and delays in reletting have a direct impact on the income of the HRA.			
<u>Property/Other</u>				
11.	None			
LEGAL IMPLICATIONS				
<u>Statutory power to undertake proposals in the report:</u>				
12	None			
<u>Other Legal Implications:</u>				
13	None			

RISK MANAGEMENT IMPLICATIONS	
14	None
POLICY FRAMEWORK IMPLICATIONS	
15	This report is for information only , no decision is required

KEY DECISION?	No
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Void Audit Action plan progress
3.	Void Project Improvement Plan

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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