

## APPENDIX 5 – Progress on significant recommendations - Housing Operations Void and Empty Property

Ref	Matters Arising	Risks and Consequences	Priority	Recommended Action & Management Response	Progress
1	<p>There was no single reconciled list of all voids and strategic and day-to-day voids were not viewed and reported together. The majority of strategic voids were not on QL. We found three lists containing strategic voids, all of which had different information / properties.</p> <p>Whilst reports were run on rent loss and Council tax, these were not included on void registers, did not include strategic properties and were not kept in one place, therefore the total associated costs were difficult to establish.</p> <p>There were 49 strategic voids which fell under the responsibility of Housing Services which would be better placed under the responsibility of Housing Operations (Northwards).</p> <p>Council Tax were charging 3x rates for properties that have been empty over 2 years which has greatly increased the costs of long-term voids and could impact any options appraisals.</p> <p>From our testing we found Northwards paid £190k and strategic housing paid £165k in 2020/21 in</p>	<p>The full (corporate) picture and status of voids is not known.</p> <p>Ineffective void services fail to make use of social assets, incur rent losses, Council Tax payments, fail to ensure VFM, incur additional costs through property decline, cause poor reputation and are detrimental to sustainable neighbourhoods.</p>	Significant <6 months	<p><b>Action:</b> There should be comprehensive register of all voids with clear associated costs.</p> <p>Responsibility for all long-term strategic voids should be taken by Housing Operations (Northwards).</p> <p>A full reconciliation should be undertaken for all strategic voids to ensure the correct Council Tax is being paid, and consideration should be given to apply for an exemption for those awaiting demolition.</p> <p>Consideration should be given to adding all void properties onto QL to enable reporting.</p> <p><b>Management Response:</b> Agreed</p> <p>All the above will form a key part of the Strategic Void group. Recovery of void council tax when overcharged to be investigated.</p> <p><b>Lead Officer:</b> Angela Raftery, Assistant Director of Housing Operations</p> <p><b>Planned Completion Date:</b> 30 September 2022</p>	<p>The first meeting of the Strategic Void Group was held on the 23 May 2022 and now meets monthly.</p> <p>The initial meeting agreed the terms of reference of the group and shared the detail of all known voids including what would be classed as strategic voids but also voids which also form part of turnover voids and which should be let as part of the c 550 relets which occur every year.</p> <p>The group were tasked with reviewing all voids and determining the status of voids and the accuracy of the current void reports. The intention to combine reports to ensure 'one version of truth' in terms of numbers for reporting purpose and for prioritising through the group for appraisal and action for decision making where appropriate for bringing back into use where long term void.</p> <p>The financial loss for the majority of the voids has been calculated to provide clear</p>

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	<p>Council Tax for void properties. We found seven properties that were classed as empty, resulting in strategic housing being charged Council Tax, however these had been brought back into use / occupied, and therefore charges of £24.5k were incorrect. There were a further 16 awaiting demolition that could potentially apply for a Council Tax exemption.</p> <p>Rent loss on day-to-day voids from April 21 to January 22 was £569k. Rent loss should be included in any cost/benefit analysis.</p>				<p>oversight of the financial implication of the properties remaining empty and as a measure for reducing void rent loss and void council tax loss.</p> <p>Further work is being undertaken on the long-term voids. A review of these did determine that several empty properties had in fact been knocked into one property and were in fact no longer classed as an empty property.</p> <p>Once the status of all voids is determined where properties are not currently held on QL for reporting purposes, the aim will be for these to be created on to QL for ease of reporting and monitoring. This will enable the Finance team to seek to recover any overpaid council tax or ensure Council Tax have the correct status of the property and are charging correctly.</p>
2	<p>Decision making with regards to long term voids was unclear.</p> <p>There was no governance structure in place and no clear path for decision making for strategic voids at the time</p>	<p>Decisions are not made in a timely manner, increasing void times and monetary loss.</p>	<p>Significant &lt;6 months</p>	<p><b>Action:</b> The new Governance Proposals drafted by the Assistant Director of Housing Operations shall be implemented in full, including:</p> <ul style="list-style-type: none"> <li>• The strategic void meeting group reporting to the Housing Board</li> <li>• Proposed record keeping</li> </ul>	<p>Strategic Void Group established – first meeting 23 May and monthly thereafter.</p> <p>Terms of reference established and actions progressing as detailed above.</p>

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	<p>of our fieldwork and these were not being prioritised.</p>			<ul style="list-style-type: none"> <li>• Category allocation review</li> <li>• Development of options appraisal (to include socio economic considerations), and</li> <li>• Clear timescales and prioritisation.</li> </ul> <p><b>Management Response:</b> Agreed</p> <p><b>Lead Officer:</b> Angela Raftery, Assistant Director of Housing Operations</p> <p><b>Planned Completion Date:</b> 30 September 2022</p>	
3	<p>Options appraisals on long term voids were not being carried out.</p> <p>The Asset Management Strategy contained minimal reference to long term voids and contained outdated references to roles and responsibilities.</p>	<p>The Council are not controlling assets and are incurring costs and loss of income for assets that could be used for homeless and households occupying a high-cost unit of temporary accommodation etc.</p> <p>Underdeveloped void management plan leads to unclear roles and responsibilities, duplication and delays and ultimately financial loss.</p>	Significant <6 months	<p><b>Action:</b> Detailed options appraisal guidance should be developed, and a full options appraisal should be undertaken for all strategic voids including a cost benefit analysis to ensure investment / repair decisions are well informed, and based on future use / strategic plans / community plans etc.</p> <p>The Asset Management strategy should be updated to include proposals for record keeping / assessment / decision making / reporting and Management Information.</p> <p><b>Management Response:</b> Agreed</p>	<p>With clarity on all voids, the next steps for the Strategic Void Group will be to prioritise where action is needed and the relevant appraisal work to be undertaken.</p> <p>Review of the current appraisal process if still to be undertaken and will draw on established processes in place across MCC.</p> <p>The Asset Management Strategy has been updated for 2022-2025 to align to the transition of Northwards Housing into MCC.</p>

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				<p><b>Lead Officer:</b> Karen Newcombe, Head of Investment and Strategic Asset Management</p> <p><b>Planned Completion Date:</b> 30 September 2022</p>	A thorough review of the Strategy will be undertaken during 22/23.
4	<p>There was no performance information for strategic voids and performance reports were mostly run by team managers and not for strategic overview.</p> <p>The average time taken to relet day-to-day void properties in Q3 was 96.4 days (151.39 unadjusted) against a target of 27 days. Rent loss for day-to-day voids was 1.74% against a target of 0.67%. The position indicated the management reports run were not being used to full effect and better oversight is needed by management.</p> <p>Arrangements for monitoring were not included in any policies.</p>	<p>The management information relating to voids is insufficient or not produced on a timely basis.</p> <p>Lack of robust management oversight could lead to an increase in the total period individual properties are void.</p> <p>If the system is not used in full, performance information on achieving voids targets cannot be produced centrally and therefore there is no Council wide overview or comparison of figures.</p>	Significant <6 months	<p><b>Action:</b> Proposals for ownership and oversight of reporting of management/performance information for all void properties should be developed to tie in with the new governance proposals.</p> <p>Arrangements for and frequency of the management monitoring and reporting should be included within the relevant policies.</p> <p><b>Management Response:</b> Agreed</p> <p><b>Lead Officer:</b> Angela Raftery, Assistant Director of Housing Operations.</p> <p><b>Planned Completion Date:</b> 30 September 2022</p>	<p>The tracking of the end-to-end key processes for managing voids has been reviewed and a comprehensive tracking report is nearing completion which will enable oversight and monitoring for all voids. This will be used operationally and to enable the relevant reporting and monitoring by the Strategic Void group and reporting through the HRA Capital Programme group which will be the decision making group for proposals resulting from appraisals.</p> <p>KPI reporting on 'turnover' voids is reported through the Housing Advisory Board.</p> <p>Policies amendments have not yet been made to document all the changes which are ongoing.</p>

**Footnote** – When the limited opinion report was discussed at Audit Committee in April 2022, Members requested further information relating to the management of 'day-to-day' void and empty properties, as opposed to the longer term, strategic voids that were the focus of our recent audit review. Through discussions with the Housing Operations team, we have established the following: -

- The contractor Equans are still experiencing sub-contractor problems and therefore the target recovery to get back to standard working for voids is likely to be July/August.
- MCC Housing Operations have a backlog of voids which are awaiting surveyor specifying the remedial works that are necessary. Additional agency surveyors are currently in place with an aim to clear this backlog by July. These voids will then be passed to Equans, which will initially increase the backlog held with them, but will enable easier monitoring and ensure they are subject to the recovery plan actions.
- There was nothing included in the contract terms which allows recovery of void rent loss due to poor performance by the contractor.
- As the recovery plan target dates are reached and works in progress for both day to day repairs and voids revert to expected standard/throughput levels, we expect to see improvements in KPI performance over Q2 & Q3 (Dec 2022).

Internal audit will complete a follow up review of Void and Empty properties in quarter four, as is standard practice for limited or no assurance opinions. We will cover the "day to day management of voids and empties in the scope to ensure that there is systematic reporting of void rates to the Housing Board and provide an update on progress of the recovery action plan for current void / empty properties.