

## **HOMES & COMMUNITIES COMMITTEE**

**14 MARCH 2022**

### **EMPTY HOME STANDARD PILOT – INTERIM UPDATE**

#### **1.0 Purpose of Report**

1.1 To present Members with an interim update on the empty home standard pilot.

#### **2.0 Background Information**

2.1 A report was presented to SLT and Homes and Communities Committee in May and June 2021 respectively, providing details of the issues with the core letting standard in operation at the time, along with a range of options to consider as part of a six month pilot scheme.

2.2 The core letting standard has been reviewed and improved. The pilot scheme, approved by both SLT and Members included decoration preparation *in addition* to the revised core lettings standard and an additional sum of up to £500 per property to meet individual tenant needs to help them start well in their tenancy.

2.3 It was planned to commence the pilot in July 2021, but the contractor that assisted with major voids works ceased trading. Although the enhanced core lettings standard did commence, the elements listed above at 2.2 were delayed until October to allow time to procure a new contractor to deliver the works, along with the development of a robust policy and process for administering the starting well funding. The data presented within this report covers the first half of the pilot, for the period 1<sup>st</sup> October – 31<sup>st</sup> December 2021.

#### **2.4 Voids works**

During the period, there were 124 voids (compared with 104 voids for the same period of 2020). The table below shows that 39 (31%) of these had decoration preparation works carried out.

<b>Month</b>	<b>Number of Voids</b>	<b>Number of Decoration Preparation</b>
October 2021	37	9
November 2021	44	16
December 2021	43	14
Total	124	39 (31% of total voids)

2.5 During the desktop exercise in February and March 2021, there were 67 void properties during the 2 months and it was calculated that had we been carrying out decoration preparation at that time, 43 (64%) properties would have required these works. Whilst it is recognised that the number of voids requiring works can fluctuate, along with the condition of the properties becoming void, the number of voids requiring works for this period is less than half of what was projected (31% versus 64%). This has a positive implication on projected annual costs and details on this is presented further down in the report.

2.6 The table below shows the additional cost for the decoration preparation works and the average cost per property.

Month	Number of Decoration Preparation	Additional Total Cost for Decoration Preparation	Average Additional Cost Per Property for Decoration Preparation
October 2021	9	£6,700	£744
November 2021	16	£16,200	£1012
December 2021	14	£13,300	£950
Total	39	£36,200	£928

These additional costs when added to the previously reported average standard annual void cost per property of £1,300, bring the total average costs per void to approximately between £2,000 and £2,300.

2.7 The additional works are, expectedly, having an impact on fit to let times. The table below shows the fit to let times during the period, with a comparison against the same period of 2020.

Month	2021 Average FTL Days (excluding major works)	2020 Average FTL Days (excluding major works)	Average FTL Days Increase (excluding major works)
October	14.5	9.1	5.4
November	10.2	8.2	2.0
December	11.9	9.1	2.8

The increase in days has an impact on rent loss for the duration the property is empty, but these increases are within predicted expectations. Additionally, since the works have been delivered by the contractor, rather than a combination of the contractor and the in house team, the average fit to let days increase has halved and is only slightly above the 11 day target.

## 2.8 Starting Well Fund

Of the 93 properties that were let during the period, 48 (52%) new tenants received monies allocated from the starting well fund for carpets, decorating materials or white goods. The table below shows the breakdown of the allocation.

Element	Number of Properties	Total Value	Average Per Property	Percentage of Lettings (Voids)
Carpets	39	£14,795	£379	31%
Decoration Materials	13	£2,745	£211	10%
White Goods	2	£729	£365	2%

Just six properties had more than one element, but the total value of the funding was within the £500 maximum allocation and the overall expenditure was £18,269, which is an average of £380 per property.

Whilst it is noted that the requirement for decoration or carpets within a property and individual tenant circumstances can and will vary, the data from the period is far less than it could have potentially been, i.e. 93 properties at £500 would equate to £46,500. Only 39% of this value has been allocated.

2.9 In terms of the process for administering the starting well fund, carpets are sourced directly with a local provider (H&H Flooring), decoration materials are provided by issuing Wilko vouchers (which can only be used for this purpose) and white goods have been procured directly with Currys, with no cash being issued to the tenant.

## 2.10 Tenant Feedback

As part of this pilot, it was anticipated that it would have an adverse impact on the number of days to complete void works. However, one of the key focusses of the changes was to improve the lettings experience and enhance the standard of a new home for tenants.

2.11 The table below shows the tenant satisfaction levels with lettings for the period, compared with same period of 2020.

Month	2021 Tenant Satisfaction	2020 Tenant Satisfaction	Variance
October	93%	95%	-2%
November	100%	82%	+18%
December	90%	94%	-4%

At the end of December 2021, the year to date satisfaction figure for lettings was 98%, compared with 93% for December 2020, which shows an increase in tenant satisfaction.

2.12 As part of the six week tenancy visit, new tenants have also completed a survey which asks a range of questions regarding satisfaction with certain key aspects of the property, the number of repairs they have reported during that time and how the new pilot measures have impacted their new tenancy.

17 tenancies have completed a six week visit survey (some are not yet due) and of those;

- 16 were satisfied with the support and advice received prior to moving in
- All were satisfied with information and support received in relation to existing utility providers
- 15 were satisfied with the standard of the decoration preparation
- 13 were satisfied with the standard of the flooring (in reference to no carpets at letting)
- 16 were satisfied with the standard of the kitchen and bathroom
- 14 were satisfied with the standard of the outside / garden
- The average number of repairs reported was 2, with 29% not having reported any
- 14 gave qualitative feedback comments in relation to being very happy with the property, settling in well and liking the area
- 5 said they would have struggled to carpet their home without the additional support
- All said it was worthwhile spending the additional money on decoration preparation

2.13 The table below shows the number of complaints in relation to lettings, specifically the standard of the property for the period, along with a comparison for the same period of 2020.

Month	2021 Complaints	2020 Complaints	Variance
October	0	1	-1
November	0	1	-1
December	0	2	-2

During the period, there have been no complaints regarding lettings.

#### 2.14 Officer Feedback

As part of the pilot, it has also been important to measure the impact on officers who deliver the service and the administering of the starting well fund.

Overall, the feedback has been positive. Some of the qualitative feedback is provided below.

- Process is quite easy and straight forward.
- Lovely to be able to offer something new and more meaningful to tenants.
- H&H Flooring makes it as easy as possible, providing a fantastic service for the tenants and are very accommodating.
- It does add time to the viewing process and increase admin, but it is nice to help people start their tenancy on a positive note.
- Wilko vouchers process is simple and no issues have been reported.
- Standard of voids has improved greatly.

### 3.0 Projections

3.1 The table below shows the previously reported cost assumptions for decoration preparation, based on the desktop exercise carried out in February and March 2021, along with assumptions based on the first three months of the pilot.

	Estimated February and March Data	Actual First 3 Months of Pilot	Difference per Unit	Difference Between Predicted and Pilot (based on 400 properties)
Average additional cost per unit decoration preparation	£1,212	£928	-£284	-£113,600
Additional cost per unit	£500	£380	-£120	-£48,000

starting well fund				
Total additional cost per unit	£1,712	£1,308	-£404	-£161,600

3.2 It was also estimated that during the period of a year, the inclusion of decoration preparation would increase the overall void costs by £310k (to around £910k). The inclusion of the starting well fund, had the potential to increase costs by a further £200k (and take it to £1.1m). Based on the figures in the first three months of the pilot, the table below shows additional estimated annual expenditure as a comparison with the initial estimations.

	Including decoration preparation	Including starting well fund	Total additional estimated cost
<b>Initial estimated annual increase in voids cost</b>	£310k	£200k	£510k
<b>Pilot based estimated annual increase in voids cost</b>	£149k	152k	£301k

3.4 The level of voids in the first three months of the pilot was higher than average. If this number was repeated for each three month period, this would take the total annual voids to 496.

#### **4.0 Equalities Implications**

4.1 There are no equalities implications directly arising from this report although it is anticipated that providing bespoke additional support to new tenants in need will help to them achieve more sustainable tenancies. So far, this has shown a positive impact on the start of a tenancy.

#### **5.0 Digital Implications**

5.1 There are no digital implications directly arising from this report.

#### **6.0 Financial Implications FIN21-22/3368**

6.1 For the duration of the pilot, the average additional cost per property is estimated to be in the region of £928, based on the first three months (previously estimated at £1,212). When added to the average annual void cost of £1,300, this gives a total average void cost of £2,228 (rather than the estimated £2,512).

6.2 The option of a “starting well fund” is a potential additional annual cost of up to £200,000, based on approximately 400 properties at up to £500 per property. Based on the data for the first three months of the pilot, the estimated annual cost is £152,000. This additional cost, albeit only for the pilot exercise, will be funded from the HRA Efficiency Reserve, but there is also potential to recover some costs via an additional rent increase, if approved by Members.

## **7.0 Community Plan – Alignment to Objectives**

7.1 This supports our objective to create more and better quality homes through our role as landlord.

## **8.0 Comments of Housing Advisory Group**

8.1 At HAG on 28<sup>th</sup> February 2022, representatives felt this was a big improvement on the previous standard and the improvements could be seen during several void property inspections recently undertaken by involved tenants.

8.2 Following a question from an involved tenant, officers agreed to check the Council’s approach to brick built outhouses and how these can be addressed whilst empty and report back our approach going forward.

8.3 The group further requested that major works such as electrical rewires were undertaken when empty. Officers confirmed that where major works are due within two years, these are being done when empty.

## **9.0 RECOMMENDATIONS:**

- a. **That Members note the positive outcomes of the pilot to date.**
- b. **That Members endorse the continuation of the pilot and note that a final outturn report will be provided following the closure of the pilot at the end of March 2022.**

### **Reason for Recommendation(s)**

**To ensure the Council delivers an enhanced empty home standard and improves both the lettings experience and tenancy start for new tenants.**

### **Background Papers**

HCC Report Housing Services Customer Journey Feedback – 7<sup>th</sup> June 2021.

For further information please contact

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