



Report to: Cabinet Meeting - 12 July 2022
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Report Summary	
Type of report	Open Key Decision
Report Title	Newark & Sherwood District Council - Lettings Standard Enhancements (HRA) - Recommendations from the Pilot
Purpose of Report	To outline the outcomes of the empty homes standard pilot which took place between 1 October 2021 and 31 March 2022.
Recommendations	To adopt the decoration preparation and starting well fund as part of the Empty Homes Standard. To approve additional funding of £275,000 being transferred to base budgets to facilitate the service improvement from the Efficiency Savings reserve.

1.0 Background

- 1.1 The standard of homes at relet was identified as an area for review and through a desktop review, the Council found property condition featured strongly in complaints and insight feedback. The Empty Home Standard was ready for a review and there was a call from the Council and tenants to make our homes better. There was also an opportunity to set aside efficiency savings from bringing housing back into Council to trial a pilot and adopt some or both elements (if successful).
- 1.2 A report was presented to SLT on 10 May 2022 and a presentation to Policy & Performance Improvement Committee on 13 June 2022 and the recommendations were fully supported and recommended to Cabinet to adopt.
- 1.3 The core lettings standard had been reviewed and improved prior to the pilot. The pilot scheme, approved by both SLT and HCC 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.

1.4 Works Required on Empty Homes

During the period, there were 242 empty homes (compared with 218 empty homes for the same period of 2020/21). The table below shows that 71 (29%) of these had decoration preparation works carried out.

Month	Number of Empty Homes	Number of Decoration Preparations completed
October 2021	37	9
November 2021	44	16
December 2021	43	14
January 2022	33	9
February 2022	45	12
March 2022	40	11
Total	242	71 (29% of total empty homes)

1.5 During the desktop exercise in February and March 2021, there were 67 empty 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 empty homes requiring works can fluctuate, along with the condition of the properties becoming empty, the number of empty properties requiring works for the pilot period is less than half of what was projected (29% versus 64%). This has a positive implication on projected annual costs and details on this is presented further down in the report.

1.6 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
January 2022	9	£12,500	£1,389
February 2022	12	£16,045	£1,337
March 2022	11	£14,100	£1,282
Total	71	£78,845	£1,110

These additional costs when added to the previously reported average standard annual cost per empty property of £1,300, bring the total average costs per empty property to approximately between £2,044 and £2,689.

1.7 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 2020/21.

Month	2021/22 Average FTL Days (excluding major works)	2020/21 Average FTL Days (excluding major works)	Average FTL Days Variance (excluding major works)
October	14.5	9.1	+5.4
November	10.2	8.2	+2.0
December	11.9	9.1	+2.8
January	9.9	12.9	-3.0
February	13.5	13.3	+0.2
March	7.4	14.5	-7.1

When compared to the same period for the previous year, there was an increase in average fit to let days for four of the months and a decrease for two of the months. Three of the months were on or below the 11 day target, same as the previous year. For the two performance quarters that the pilot spanned, the net impact of the pilot was 0.1 between quarter 3 and quarter 4.

1.8 Starting Well Fund

Of the 227 properties that were let during the period, 98 (43%) 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	% of Empty Homes
Carpets	75	£30,995	£413	33%
Decoration Materials	25	£5,710	£228	11%
White Goods	8	£3,076	£384	4%

Just ten properties had more than one element, but the total value of the funding was within the £500 maximum allocation (except one that was slightly over at £507) and the overall expenditure for all elements was £39,781, which is an average of £406 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. 227 properties at £500 would equate to £113,500. Only 35% of this value has been allocated.

1.9 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.

1.10 Tenant Feedback

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

1.11 The table below shows the tenant satisfaction levels with lettings for the period, compared with same period of 2020/21.

Month	2021/22 Tenant Satisfaction	2020/21 Tenant Satisfaction	Variance
October	93%	95%	-2%
November	100%	82%	+18%
December	90%	94%	-4%
January	100%	100%	0%
February	100%	89%	+11%
March	100%	88%	+12%

At the end of March 2022, the year-end satisfaction figure for lettings was 98%, compared with 93% for March year end 2021, which shows an increase in tenant satisfaction.

1.12 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.

53 tenancies have completed a six week visit survey and of those:

- 51 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
- 44 were satisfied with the standard of the decoration preparation
- 45 were satisfied with the standard of the flooring
- 48 were satisfied with the standard of the kitchen and bathroom
- 45 were satisfied with the standard of the outside / garden
- The average number of repairs reported was 2, with 30% not having reported any
- 33 gave qualitative feedback comments in relation to being very happy with the property, settling in well and liking the area.
- 25 said they would have struggled to carpet, decorate or buy an appliance for their home without the additional support.
- 28 said it was worthwhile spending the additional money on decoration preparation (it did not apply to 24 of the 53 tenancies).

1.13 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 2020/21.

Month	2021/22 Complaints	2020/21 Complaints	Variance
October	0	1	-1
November	0	1	-1
December	0	2	-2
January	0	0	0
February	0	0	0
March	0	0	0

During the period, there have been no complaints regarding lettings, compared with four complaints for the same period of the previous year.

1.14 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 empty homes has improved greatly.

1.15 Projections

1.15.1 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 expenditure for the duration of the six month pilot.

	Estimated February and March Data	Actual Expenditure During Pilot	Difference per Unit	Difference Between Predicted and Pilot (based on 400 properties)
Average additional cost per unit decoration preparation	£1,212	£1,110	-£102	-£40,800
Additional cost per unit starting well fund	£500	£406	-£94	-£37,600
Total additional cost per unit	£1,712	£1,516	-£196	-£78,400

1.15.2 It was also estimated that during the period of a year, the inclusion of decoration preparation would increase the overall costs of repairs to empty homes 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 for the duration of the six month 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
Initial estimated annual increase in costs of repairing empty homes	£310k	£200k	£510k
Pilot based estimated annual increase in costs of repairing empty homes	£232k	162k	£394k

1.15.3 The level of empty homes during the six month pilot was higher than average. If this number was repeated over year, this would take the total annual count of empty homes to 484 (which is 12 less than assumptions made at the three month point in the pilot).

1.15.4 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 six month duration of the pilot, the estimated annual cost is £162,400 if allocated to all properties, but it has only been allocated to 43%. This additional cost, albeit only for the pilot exercise, will be funded from the HRA Efficiency Reserve – which was created from savings achieved from bringing the Council’s housing services back in house.

2.0 Proposal/Options Considered and Reasons for Recommendation

2.1 Supports the enhancements to the empty home standard, specifically decoration preparation and allocation of up to £500 per property, becoming permanent features. These enhancements contribute to the Community Plan objective to ‘create more and better quality homes through our roles as landlord, developer and planning authority’.

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3.0 Implications

3.1 Financial Implications - FIN22-23/6524

For the duration of the pilot, the average additional repair cost per property was £1,110, (previously estimated at £1,212). When added to the average annual cost to repair empty homes of £1,300, this gives a total average cost of £2,410 (rather than the estimated £2,512).

As was reported to Policy & Finance Committee in January 2022, part of the identified efficiencies from returning the service provision back to the Council, was to fund the “Starting Well Scheme” with an annual provision of £75,000 and the additional decoration preparation work with an annual provision of £200,000. This £275,000 additional budget in 2022/23, based on the costs from the 6 month pilot period of £118,626, should be sufficient to fund the new Empty Homes initiatives on an ongoing annual basis.

3.2 Equalities Implications

Whilst there are none directly arising from this report, 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.

Background Papers and Published Documents

Policy & Performance Improvement Committee Presentation – Review of Empty Homes Standard Pilot 13 June 2022