



Denbighshire Internal Audit Services
Caledfryn, Smithfield Road, Denbigh LL16 3RJ

Housing Allocations & Voids

November 2016



Assurance Rating (based on areas reviewed)		
	High Assurance	Risks and controls well managed and objectives being achieved.
	Medium Assurance	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives.
	Low Assurance	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk.
	No Assurance	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives.

Purpose & Scope of Review

We undertook a review of Housing Allocations and Voids between June and August 2016 at the request of the Head of Facilities, Assets and Housing, following some concerns raised over the length of time taken to relet void properties. The review also contributes towards the Annual Internal Audit Report.

The processes for managing empty (void) properties need to be effective from the customer point of view, i.e. tenants can move into a house that is suitable and of good quality, which saves time and resources later in revisits to carry out additional work, and also efficient in reletting houses quickly to maximise rental income. With this in mind, our review focused on the following areas:

- Arrangements for identifying what work needs to be done on vacated properties
- Procedures for scheduling and carrying out the work
- Inspection of works and passing of property as 'fit to relet'
- Procedures for reletting the property to new tenants
- Customer satisfaction following relet

Audit Opinion

Our review coincided with a period of significant change within the housing service, caused in the first instance by the adoption of the new relet standards, which seek to raise the standard of the Council's housing stock and support its priority for ensuring access to good quality housing. In addition, the service is in the process of developing and implementing a new housing management software solution, 'Open Housing', in preparation for its adoption of a Single Access Route to Housing (SARTH), which will significantly change how the housing waiting list is managed and how tenants are allocated Council homes.

While our review has identified some weaknesses in the allocations and voids processes, we consider overall that the changes under way at present demonstrate that the service is mostly aware of these risks in the broader sense and is taking action to mitigate them. The current climate of change in the service also provides an ideal opportunity to strengthen controls in certain areas highlighted by our review.

Current processes for administering void properties are overly bureaucratic and paper-intensive in parts, leading to duplication and inefficiency. While we acknowledge that the service is in the process of implementing a new housing management system that could help to remedy this issue, it is important that the new system is sufficiently able to perform the activities required of the allocations and voids function, to eliminate the need for an additional paper and spreadsheet-based system operating concurrently.

Not only has the implementation of the new relet standards required a change in approach to the way in which void properties are managed and refurbished, there is also a change in culture within the service itself, which has previously focused more on speed of turnaround rather than the quality of the home being let. There have also been changes to the way in which the service manages asbestos surveys and removal work. While members of staff are well aware of these changes, some processes and systems have not been updated accordingly, which has contributed to a general lack of clarity within some areas. As well as the inevitable effect on overall efficiency of operations, this also puts at risk the quality of service provided to prospective tenants.

Our review also found that revisits to properties within the first few weeks of a tenancy are high, and the service is not analysing performance in this area. While revisits should in theory be reduced significantly by the introduction of the new relet standards, and those tested that had been refurbished in line with them showed positive results in the main, it is important that the service monitors this in future to ensure continued effectiveness of the new approach.

Despite these weaknesses, overall customer satisfaction, as demonstrated by results of the new tenants survey is good. The majority of new tenants report that they have received a positive experience and praise the allocations and maintenance teams for their work and assistance. A swift resolution of the above issues is therefore advisable, so that success in this area is not compromised.

The service endeavours to ensure value for money in its refurbishment of void properties by obtaining competitive quotations for all works undertaken; however, failure to comply with the Council's Contract Procedure Rules (CPRs) in respect of aggregate spend, puts the Council at risk of being unable to demonstrate value for money in its purchasing arrangements in this area.

The recent implementation of the Well-being of Future Generations (Wales) Act 2015 puts a legal obligation on public bodies to think more about the long term and to work more collaboratively with people, communities and each other, with a view to improving the social, economic, environmental and cultural well-being of Wales. While the new housing relet standard adopted by the service and its recent work on Housing Area Strategies should effectively contribute to the Council achieving its well-being goals, we consider that there is an opportunity for more collaborative working and information sharing arrangements between housing and social services when a tenant requires social care.

We have raised five moderate risk issues, which require management attention, and while they pose a risk to the service's ability to meet its performance targets in this area as well as the wider impact on customer service, we are satisfied that they are containable at service level and work already under way in the service should help to mitigate them. Therefore, we are able to provide a medium assurance rating.

Action Plan

Audit Review of: Housing Allocations & Voids

Date: November 2016

Corporate Risk/Issue Severity Key	
0	Critical - Significant issues to be brought to the attention of SLT, CET, Cabinet Lead Members and Corporate Governance Committee
0	Major - Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT and/or CET
5	Moderate - Operational issues that are containable at service level

Risk Issue 1	The majority of allocations and voids processes are overly bureaucratic and paper-intensive, causing duplication and inefficiency for the service. Such practices are not in line with the Council's modernisation agenda.	
Background Detail	<p>Despite having a housing management software system, 'Capita Housing', the service still utilises a partly paper-based, partly electronic spreadsheet system to track the progress of void properties from the point at which they become void to when they are relet. Our review found that there is much duplication in the process, with the Allocation Officers at times having to rewrite simple property details as many as six times to either paper or electronic documents, some of which are contained within the same spreadsheet.</p> <p>A further spreadsheet is kept to track visits made to a newly let property by the Neighbourhood Officers and Assistants, which again takes time to populate.</p> <p>It should be noted that the service is in the process of designing and implementing a new system, 'Open Housing', scheduled for roll-out in June 2017. We consider that there is an opportunity to streamline the voids process by ensuring that the new system is sufficiently capable of performing the key activities in this area, therefore reducing the need for paper and multiple spreadsheets.</p>	
Agreed Action	<i>Service to review process and all forms to avoid duplication. Flowchart to be in place for members of staff. This new process will inform the new Capita Open Housing module that will be in place June 2017.</i>	
Responsibility & Deadline	<i>Lead Officer – Community Housing</i>	<i>31 December 2016</i>

Risk Issue 2	Recent changes to the approach to asbestos surveys and the revised housing letting standard have resulted in a lack of clarity within the allocations and voids process. There is, therefore, a risk to the efficiency of the service as well as to the quality of service provided to its customers.	
Background Detail	<p>Several factors have resulted in a general lack of clarity within the allocations and voids process, as follows:</p> <ul style="list-style-type: none"> • The voids spreadsheet used to calculate property relet target dates is based on a redundant system of classifying refurbishment work required on a property. In addition, it contains some very complicated formulae to calculate the target date and, as they were developed several years ago by a member of staff who no longer works for the Council, nobody currently in the service knows how to change them to reflect the new approach. While we were advised that the target dates generated by the spreadsheet are no longer used, the fact that they are still present in this document could cause confusion and human error when communicating dates to customers. • Officers are working on the assumption that there will not be significant asbestos-related work to carry out on a void property and basing target dates for completion of works on this. This is also then communicated to prospective tenants by the Allocations team. However, in reality, asbestos-related work and the application of the new lettable standard is taking longer than initially targeted, meaning that prospective tenants are repeatedly being advised of changes to the date that their home will be ready, which is not good customer service. • While the Council has adopted a more robust approach to asbestos surveying of Council properties, it has resulted in a lack of clarity around subsequent processes such as initial inspections and the removal of belongings left by a vacating tenant. While it is essential that the Council takes appropriate measures to identify and remove asbestos from its housing stock, and this will invariably prolong the turnaround of void properties, the process in doing so needs to be clear and efficient so as to minimise this delay as much as possible. 	
Agreed Action	<p><i>Voids will now be reclassified into Major and Minor works replacing the current V1 & V2 categories. Customers will not be advised of their estimated move-in date until this has been done and works completion dates established following initial survey.</i></p> <p><i>The process for asbestos work will be clarified and include the requirement for all tenant belongings to be cleared.</i></p>	
Responsibility & Deadline	<i>Property Manager</i>	<i>31 December 2016</i>

Risk Issue 3	The percentage of revisits that the Council has to make to properties within the first few weeks of being relet is high. The service does not monitor performance in this area.	
Background Detail	<p>Our sample testing in this area found that 65% of void properties let require further refurbishment work within the first six weeks of a new tenancy.</p> <p>While the Council has always had a defined quality standard that all properties should meet before they are let, our testing showed that this has not always been applied. Some of the recent revisit work related to items clearly defined in the Council's 2012 letting standards, such as water leaks, roof tiles and window mechanisms. We also identified an example where a property had undergone significant refurbishment works to its kitchen, yet still had to be revisited shortly after the tenant moved in for further repairs to this room.</p> <p>At the time of our review, the service had very recently revised and improved its relet standards, particularly in relation to internal decoration and gardens. It is worthy of note that none of our sample that had undergone refurbishment to the new standards had had any revisits at the time of testing; however, these were very recently let properties, less than a month into the new tenancy, so it is difficult to definitively conclude that no revisit would have been required shortly after our testing concluded.</p> <p>While we were advised that the maintenance team completes post-work inspections to confirm that the property is fit to let, in line with the relevant relet standards, we were unable to confirm this, as inspection checklists are not completed and retained. It is therefore advisable that a checklist of this nature be developed and utilised in line with the new relet standard.</p> <p>At present the service does not analyse data on post-tenancy revisits within the first few months; however, in light of the recent changes, we consider that management information of this nature would prove a useful gauge of the effectiveness of the new approach in the context of improving Council property standards, and also on whether the service is implementing the standard appropriately.</p>	
Agreed Action	<i>As part of the new voids letting standard, a nominated Voids Officer will sign off the works completion before the tenant moves in. Performance will be measured at six weeks to compare with historical revisit requirement. This post-void analysis will be measured via the Property 'dashboard', which is reviewed by the Lead Officer Group.</i>	
Responsibility & Deadline	<i>Property Manager</i>	<i>31 December 2016</i>

Risk Issue 4	Purchasing arrangements in relation to void properties are not always compliant with the Council's CPRs, with regards to aggregated spend.	
Background Detail	<p>There have been no formal tendering exercises or contracts set up for some void refurbishment expenditure, despite the fact that aggregate spend has significantly exceeded the £10K threshold with several suppliers.</p> <p>While quotations for individual jobs are routinely sought to help ensure that the Council receives value for money in its procurement activity in this area, the aggregated value of expenditure over a three-year period with some suppliers is not currently calculated or considered. In so doing, the service is failing to adhere to the Council's CPRs in this area.</p> <p>The Property Manager advised us that he has been in discussion with the Collaborative Procurement Service regarding the development of a framework agreement for housing refurbishments. An effective framework agreement of this nature would help to ensure that the Council achieves and is able to demonstrate value for money in its procurement activity in this area.</p>	
Agreed Action	<i>A more robust monitoring of spend will be introduced to ensure that CPR limits are not exceeded, with the use of Exemption Forms where appropriate. Longer term, a framework is being developed and will be in place later in 2017.</i>	
Responsibility & Deadline	<i>Property Manager</i>	<i>30 November 2016</i>

Risk Issue 5	<p>In light of the new Well-being of Future Generations Act and the Council’s well-being objectives, there is opportunity for the housing team to work more collaboratively with social services in relation to Council tenants who require social or nursing care and therefore have to leave their Council property and end their tenancy.</p>	
Background Detail	<p>When a housing tenant has to be taken into social care, there are several implications for the housing team, such as:</p> <ul style="list-style-type: none"> • potential accumulated rent arrears if housing is not aware of the tenant’s situation; • obtaining authorisation to end the tenancy and take possession of the property; • co-ordinating with the tenant’s next of kin to empty the property and return their possessions; and • processing the void property and reletting it to a new tenant. <p>Nevertheless, there are no formal communication or information sharing arrangements in place between housing and social services, despite their respective roles and the cross-service nature of this activity.</p> <p>Giving consideration to the Council’s well-being objectives and that collaborative working of this nature for the long-term benefit of its communities is now a legal requirement, we consider that there is an opportunity to develop a more joined-up approach in this area.</p>	
Agreed Action	<p><i>Service to investigate with Community Support Services and develop an information pack for tenants and their families.</i></p>	
Responsibility & Deadline	<p><i>Lead Officer – Community Housing</i></p>	<p><i>31 March 2017</i></p>

Report Recipients

- Head of Facilities, Assets & Housing
- Lead Officer – Community Housing
- Property Manager
- Lead Officer – Business & Performance
- Programme Manager – Business Change
- Chief Executive Officer
- Scrutiny Co-Ordinator
- Lead Member for Modernisation & Housing
- Chair – Performance Scrutiny Committee
- Lead Member for Finance, Corporate Plan & Performance
- Corporate Governance Committee

Internal Audit Team

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Key Dates

Review commenced	June 2016
Review completed	September 2016
Reported to Corporate Governance Committee	23 November 2016
Proposed date for 1st follow up review	January 2017