

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 13 September 2016

**BY:** Depute Chief Executive – Resources and People Services

**SUBJECT:** Internal Audit Report – Housing Voids

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**1 PURPOSE**

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Housing Voids.

**2 RECOMMENDATION**

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

**3 BACKGROUND**

- 3.1 A review of Housing Voids was undertaken as part of the audit plan for 2016/17.
- 3.2 The main objective of the audit was to ensure that the internal controls in place were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

**4 POLICY IMPLICATIONS**

- 4.1 None

**5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – None
- 6.2 Personnel – None
- 6.3 Other – None

## **7 BACKGROUND PAPERS**

- 7.1 None

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<b>DATE</b>	1 September 2016

## **EAST LOTHIAN COUNCIL – INTERNAL AUDIT HOUSING VOIDS**

### **1. EXECUTIVE SUMMARY**

#### **1.1 Introduction**

As part of the Audit Plan for 2016/17 a review was undertaken of Housing Voids. A summary of our main findings is outlined below.

#### **1.2 Areas where Expected Controls were Met**

- Detailed process maps are in place to provide guidance to staff with responsibility for the voids management process.
- Adequate arrangements are in place to ensure that inspections are carried out on all void properties.

#### **1.3 Areas with Scope for Improvement**

- The existing Voids Management Policy in place requires review. *Risk – failure to adopt a consistent approach.*
- No clear targets are in place for monitoring key stages in the voids management process. *Risk – failure to identify activities which may contribute to delays in the voids management process.*
- There was a failure to ensure that the 28 days End of Tenancy notice period was used as effectively as possible for the management of voids. *Risk – failure to minimise the void period.*
- At present, key activities including the scheduling of repairs work and the allocation process only commence after the outgoing tenant has vacated the property. *Risk – failure to minimise the void period.*
- The arrangements in place for managing voids in respect of allocations to transfer applicants require review. *Risk – property transfers may create a chain of vacant properties impacting on void property re-let periods.*
- The existing approach adopted for the calculation of performance information in respect of housing voids requires review. *Risk – reported information may not accurately reflect actual void periods.*
- In some cases delays were noted in invoices being issued to outgoing tenants for rechargeable works, while in other cases no invoices had been raised. *Risk – loss of income to the Council.*

#### **1.4 Summary**

Our review of Housing Voids identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

**Mala Garden  
Internal Audit Manager**

**September 2016**

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT  
HOUSING VOIDS**

**ACTION PLAN**

<b>PARA REF</b>	<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED ACTION</b>	<b>RISK ACCEPTED/ MANAGED</b>	<b>AGREED DATE OF COMPLETION</b>
3.1.1	<p>A detailed review of the Voids Management Policy should be undertaken to ensure that it accurately reflects all revisions approved by management.</p> <p>Management should ensure that the revised Policy is available to all relevant members of staff and tenants.</p>	Medium	Service Manager - Community Housing	Agreed. This is a major policy review which will require consultation with our tenants as per Housing (Scotland) Act 2001.		July 2017
3.2.1	Management should ensure that clear targets are in place for each stage of the voids management process.	Medium	Service Manager - Community Housing	Agreed – targets will be developed for inclusion in the PMF during the coming months.		Full implementation and reporting from April 2017.
3.3.1	<p>Management should review the adequacy and effectiveness of the existing voids management processes in place.</p> <p>Management should ensure that the 28 days End of Tenancy notice period is used as effectively as possible to manage the voids process.</p>	Medium	Service Manager - Community Housing	Agreed		March 2017

<b>PARA REF</b>	<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED ACTION</b>	<b>RISK ACCEPTED/ MANAGED</b>	<b>AGREED DATE OF COMPLETION</b>
3.4.1	<p>Management should ensure that the process of identifying a new tenant commences as soon as the Council is made aware that the property is to become vacant.</p> <p>Consideration should be given to undertaking pre-void allocations where appropriate.</p>	Medium	Service Manager - Community Housing	Agreed – to be considered as part of the Policy review.		July 2017
3.5.1	Management should review the impact on void property re-let periods of housing allocations made to transfer applicants.	Medium	Service Manager - Community Housing	Agreed		July 2017
3.6.1	<p>Management should review the current approach adopted for the calculation of performance information in respect of housing voids.</p> <p>Management should ensure that reported performance information is accurate and complete and complies fully with the definition.</p>	Medium	Service Manager - Community Housing	Agreed		September 2016
3.7.1	Management should ensure that invoices are raised timeously for all rechargeable works identified relating to outgoing tenants.	Medium	Service Manager - Property Maintenance	Agreed		September 2016

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3.8.1	Management should ensure that outgoing tenants are informed of the status of their rent account and are encouraged to make payments to clear any outstanding debt before the end of the tenancy – where tenants are unable to clear the full arrears, a payment arrangement should be put in place to clear the outstanding debt.	Medium	Service Manager - Community Housing	Agreed – current process already refers CHO's to invite Rent Officer to arrange a visit in cases with rent arrears.		In Place
3.9.1	<p>Management should ensure that repairs are identified at the pre-void stage to enable these to be prioritised between those repairs that can be carried out before the end of the tenancy and essential repairs that require to be undertaken while the property is empty, including safety checks.</p> <p>Management should ensure that an accurate record is maintained of the actual start and end dates of all repairs work undertaken on void properties.</p>	<p>Medium</p> <p>Medium</p>	<p>Service Manager - Community Housing</p> <p>Service Manager - Property Maintenance / Service Manager - Community Housing / Service Manager - Engineering Services and Building Standards</p>	<p>Agreed – to be considered as part of the Policy review.</p> <p>Agreed</p>		<p>July 2017</p> <p>March 2017</p>

### **Grading of Recommendations**

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>High</b>	Recommendations which are fundamental to the system and upon which Management should take immediate action.
<b>Medium</b>	Recommendations which will improve the efficiency and effectiveness of the existing controls.
<b>Low</b>	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.