

Oxford City Council

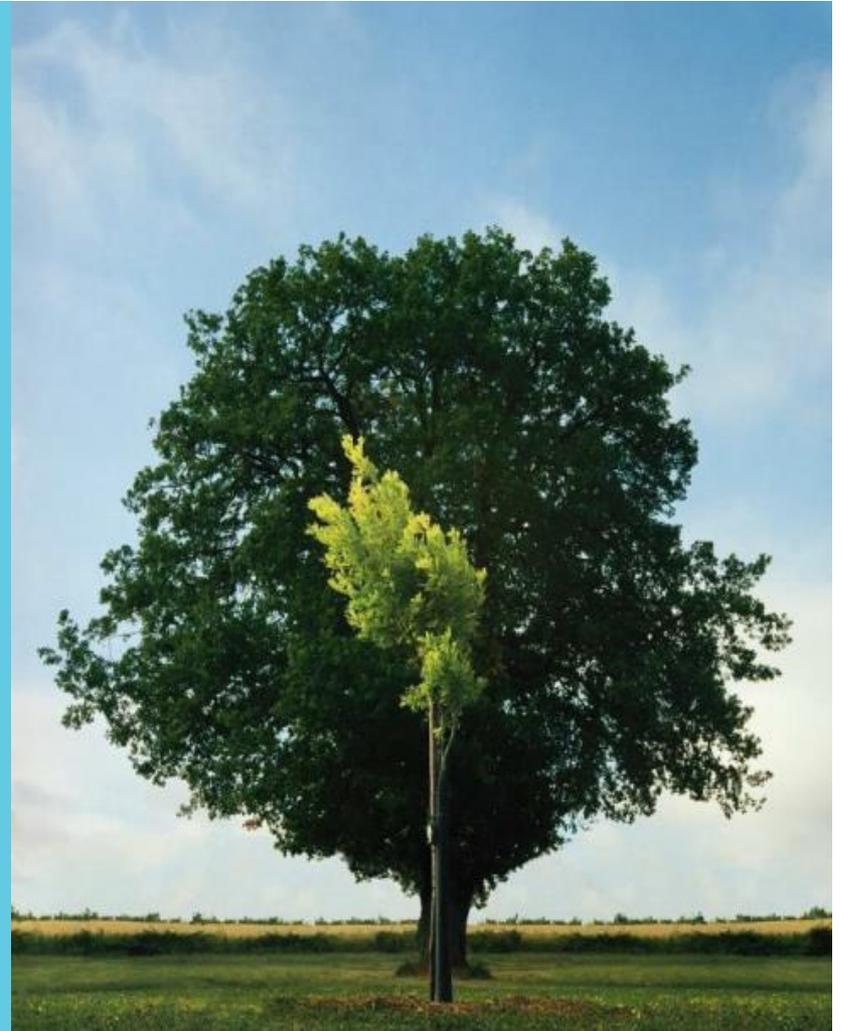
INTERNAL AUDIT REPORT

Audit 2. Empty and Void Property Management

235
June 2016

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Limited

FINAL



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REPORT STATUS	
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Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

EXECUTIVE SUMMARY

OXFORD CITY COUNCIL CORPROATE OBJECTIVE

Meeting Housing Need - Improving Oxford residents' access to affordable high-quality homes in good environments that are close to jobs/facilities

LEVEL OF ASSURANCE (SEE APPENDIX VI FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX VI FOR DEFINITIONS)

High	 1
Medium	 5
Low	 3

Total number of recommendations: 9

OVERVIEW: EMPTY AND VOID PROPERTY MANAGEMENT

Oxford City Council (the Council) seeks to reduce the time that properties remain empty. Whilst properties remain empty, no rental income is received and this impacts on the overall Housing Revenue Account. The Council have c.300-350 empty properties a year out of 7778 properties (as at 22 April 2016). The Council achieve a re-let time of 30 to 35 days however, aim to achieve a target of 18 to 23 days, which is in line with or better than the national average (See Appendix III). The key operations to re-let a property are managed as follows:

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- Tenancy Management Team - Pre-termination visits should be carried out jointly with officers from both the Tenancy Management team and the Voids team. The Tenancy Management team are responsible for ensuring a correct notice is received or served and the tenancy is ended. The team is also responsible for the viewings with applicants, signing of the new tenancy agreement and creation of the new tenancy on the housing system.
- Voids Team - This team ensure the property is refurbished to the correct standard and promptly
- Housing Allocations Team - This team promotes vacancies and vets prospective candidates to ensure they are allocated to a suitable property.

From our review, we noted the following areas of good practice:

- Prioritisation and assessment of potential tenants by the Allocations Team helps to reduce the voids period
- The Choice Based Letting (CBL) website allows the Council to effectively offer the properties to potential tenants
- Staff do have the training and/or experience to perform the roles in the void process.

However, we also noted the following areas of improvement:

- Pre-termination inspection checks should be done during the notice period and forms should be completed for each property (Finding 1 - Medium)
- The Council Tax Team should notify the Tenancy Management Team of deaths more promptly (Finding 2 - Medium)
- A Voids Satisfaction Survey should be created and implemented with the results analysed and acted upon (Finding 4 - Medium)
- The Tenancy Management Team should agree a protocol with the Voids Team on how keys are given to/collected by each other (Finding 5 - Medium)
- Procedures documents and protocol should be agreed between Tenancy Management, Voids and Housing Allocations Teams (Finding 6 - High)
- As part of the tender specification for the housing software, the Council should request a solution to the Access database (Finding 9 - Medium).

Conclusion

We have issued one high, five medium and three low recommendations. The most significant finding identifies that there is not a Void Management Policy or similar document which may be contributing to the effectiveness of the voids management process. Furthermore, through the review we identified weaknesses in communication around notification of deaths and transfer of keys between teams. We also found that whilst the team structures are designed and in place, these are still embedding following changes to structures in November 2015 and therefore the effectiveness in managing the void process is currently limited as evidenced by current performance.

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Pre-termination inspections are not conducted regularly resulting in delays to the turnaround time on a property

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Ref.	Finding	Sig.	Recommendation
1	<p>When a tenant wants to leave the property, they are required to give a four week notice. During the notice period, the Council should conduct a pre-termination inspection; this is conducted at the property with the tenant, the Tenancy Management Officer (TMO) and a Voids Team officer who is also a Surveyor.</p> <p>The purpose of the inspection is to:</p> <ul style="list-style-type: none"> Identify any alterations made by the outgoing tenant Identify any rechargeable repairs Identify and notify Direct Services of expected volumes of work to assist with forecasting and capacity planning Identify any factors which will be considered as part of offering the property for re-let, such as special adaptations. <p>After the inspection, pre-termination paperwork is filled out with details of the property including: tenants reason for leaving, meter readings, whether the property needs cleaning and repairs required to bring the property's condition to the standards expected. These details are then used for the property advertisement on the Choice Based Lettings (CBL) website to promote it to those on the Council's Housing Register. Furthermore, if any repairs are done on behalf of the tenant after the notice period, the Voids Team fills out a Voids Recharge Form and recharges the tenant for the repairs.</p> <p>A sample of 12 void properties for the period 1 January 2016 to 20 May 2016 were selected for testing (See Appendix I for a table summarising the results of our testing on pre-inspection terminations). The testing concluded:</p> <ul style="list-style-type: none"> For two of the 12, a pre-inspection form was not retained and therefore we conclude this had not been undertaken during the notice period For five of the 12, the pre-inspection termination visit took place after the notice period ceased. 	Med	<ul style="list-style-type: none"> a) Pre-termination inspections should take place during the notice period. If this is not possible, there must be record of the reason why the inspection was not done. b) Pre-termination inspection forms should be filled out and retained for every inspection undertaken. c) Performance against these targets should be measured and reported to senior management

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Pre-termination inspections are not conducted regularly resulting in delays to the turnaround time on a property

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Ref.	Finding	Sig.	Recommendation
1 cont.	<p>This finding should be taken in the context of an internal review conducted assessing the reasons for voids in the period 1 January 2012 to 31 December 2012. This internal review found that the reason for voids were as follows:</p> <ul style="list-style-type: none"> • Void due to deceased tenant - 43% • Void due to transfers - 41% • Voids due to eviction - 5% • Voids due to abandoned properties - 6% • Other - 5%. <p>Whilst the statistics are four year old they represent the current split of reasons. It can be derived that only in 41% of cases can a pre-termination inspection be conducted.</p> <p>The risk here is that where pre-inspections are not conducted the Council:</p> <ul style="list-style-type: none"> • Cannot estimate the level of repairs required • Are unable to request the tenant to repair the property prior to leaving the property. However, do note that in most cases the tenant may not have the skill-set or capability to undertake the work beyond minor decorations • Have incomplete/inaccurate information loaded to the advertisement on the CBL website which could impact the levels of rejections for properties or delay the property being advertised. <p>All of these risks increase the likeliness the property will remain void for a longer period of time which increases the financial cost to the Council.</p>	Med	
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
Agreed.			<p><i>Responsible Officer: Bill Graves</i></p> <p><i>Implementation Date: November 2016</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Processes to obtain notification of empty property are inadequate leading to a delayed turn around time on a property

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Ref.	Finding	Sig.	Recommendation
2	<p>When a tenant leaves a property, the Council issue a four week notice; however if a tenant dies, the Council issues a four week notice once they are notified of the death. The Council is typically notified of the death by the tenant's family, neighbours or via the Council's 'tell us once' system. The Council is also notified of deaths by the Council Tax Team who are emailed a list of the deceased by the Registrar Office.</p> <p>We would expect that the Council Tax Team inform the Tenancy Management Team of the deaths as soon as they are notified. However, we found that the notification system was irregular and inconsistent, resulting in the Tenancy Management Team being notified of deaths up to a month after the Council Tax Team received notification.</p> <p>For the sample tested, three of the 12 properties related to deceased tenants and from our testing we found:</p> <ul style="list-style-type: none"> The notices for these properties were not given by the Council as soon as they were notified of the death. In one case, the Council took 15 days to give notice for a property after they were notified of the deceased tenant Whilst saying this please note that in many cases there may be a good reason not to issue a notice in such circumstances i.e. There may be another occupier living in the property (not a joint tenant) who might be eligible to succeed the property and also delays could be due to applying sensitivity given the reason that it relates to a death. <p>One of the primary reasons for properties becoming void is due to tenant deaths. The risk here is that the property of the deceased tenant remains empty for longer due to late notification to the Tenancy Management Team which results in financial loss due to the property remaining empty and houses not being allocated to those on the Council's Housing Register. However, it should be noted that any liabilities for the property is sought to be recovered from the individuals estate.</p>	Med	<p>a) The Council Tax Team should notify the Tenancy Management Team of deaths no later than the following working day. This could be achieved via improved communication and expectations between the two teams and the Tenancy Management Team being added to the email distribution the Council Tax Team receive their notifications on.</p> <p>b) Performance against these targets should be measured and reported to senior management</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>A) Agreed - an immediate improvement would be for the Corporate scanning team to include the tenancy management team in the circulation list as part of the Tell Us Once project. B) Agreed.</p>			<p><i>Responsible Officers: a) Tanya Bandekar b) Ann Phillips</i></p> <p><i>Implementation Date: September 2016</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Refurbishment of the property is not performed promptly and/or adequately leading to a delayed turn around time on a property

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Ref.	Finding	Sig.	Recommendation
3	<p>The Council undertakes repairs and refurbishments (known as planned maintenance) in all their properties at certain time intervals. The planned maintenance includes replacing kitchens, bathrooms, windows, etc. and these occur while the tenant is still residing at the property. The purpose of the planned maintenance is to ensure that properties remain in a good state of repair at all times otherwise, the properties may deteriorate to a level which requires more significant repair as it was not updated at a later date.</p> <p>We found that in some instances, when the Council approached the tenant to organise planned maintenance, the tenant refused to let the Council carry out the work.</p> <p>The risk here is that there is increased likelihood that void periods of properties will be longer due to more significant repairs being required on those properties where planned maintenance was not performed. This leads to increased void periods and the repair costs are typically more significant outside a planned programme resulting in financial loss to the Council.</p>	Low	<p>a) Planned maintenance should be undertaken on properties. Where they are not performed, the Council need to record why planned maintenance was not carried out</p> <p>b) If a tenant refuses to allow planned maintenance work to be carried out, this should be escalated to the Tenancy Management Team.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
Agreed.			<p><i>Responsible Officers: Martin Shaw</i></p> <p><i>Implementation Date: September 2016</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Ineffective key performance indicator information is captured, reported and/or acted upon resulting in financial loss

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Ref.	Finding	Sig.	Recommendation
4	<p>Before a property is offered to a bidder, the property must be viewed by the tenant. After the viewing, the bidder can choose to accept or reject the offer. After the viewing, the bidder is asked to fill out a form which confirms whether they accept or refuse the property including the reasons for their decision. The reasons for refusal given are often very high level with narrative such as 'inappropriate location' or 'not near amenities' and therefore limited information can be extracted from this to support the approach to future property repairs and allocation of properties.</p> <p>We understand that previously a more detailed Voids Satisfaction Survey was completed however this ceased to operate and has not been re-implemented. If such a document was established it would contain vital information regarding the repairs undertaken and if feedback is given to confirm properties are rejected due to the state of repair/adaptations, then the Voids Team could take appropriate action.</p> <p>The risk here is that the Voids Team do not receive any feedback on the work done and without feedback, they are unaware if whether there is a correlation between rejected properties and the state of repair. If this correlation is not understood with appropriate action taken this could lead to increased financial cost to the Council.</p>	Med	<p>a) The Voids Satisfaction Survey should be created and implemented</p> <p>b) The Voids Team should analyse the surveys and set an action plan (if necessary) to act upon the feedback.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Agreed. The satisfaction survey will be reintroduced and the responses shared with the Voids Team.</p>			<p>Responsible Officers: (a) Ann Phillips (b) Ian Henwood Implementation Date: (a) September 2016 (b) November 2016</p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Inadequate procedures to transfer keys to tenants results in extended empty and void property times

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Ref.	Finding	Sig.	Recommendation
5	<p>At the end of the tenants four week notice period, the tenant must hand the keys back to the Tenancy Management Team. It is then the duty of the Tenancy Management Team to hand the keys to the Voids Team so that they can begin performing any repairs and maintenance to the property at the earliest opportunity.</p> <p>From our sample tested, we found that the Tenancy Management Team took between 1-5 working days (See Appendix II) to hand the keys to the Voids Team. Please note that this time period does not only include the handing of the keys between different Council teams. This time period also includes undertaking any termination inspections which could not be conducted prior to the tenant leaving the property, the transfer of the electricity to a direct services contract and obtaining up to date information to support the property advertisement for the Choice Based Lettings website. Whilst saying this, it is accepted that the transfer of keys could be improved and consideration of how to manage the logistical challenges of key transfer could be more effective.</p> <p>The risk is that the Voids Team are unable to begin the voids process without the keys hence lengthening the time period and the cost of the total voids period to the Council.</p>	Med	a) The Tenancy Management Team should agree a protocol with the Voids Team which sets out how keys will be given to/collected by the Voids Team no later than the following working day after receipt of the keys. The protocol should then be followed and its effectiveness monitored.
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
Agreed.			<p><i>Responsible Officers: Ann Phillips</i></p> <p><i>Implementation Date: November 2016</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Inadequate management oversight and discussion results in appropriate decisions and actions not being taken to support the effective operation to resolve empty and void properties

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Ref.	Finding	Sig.	Recommendation
6	<p>The Tenancy Management Team, Voids Team and the Housing Allocations Team work together to reduce the voids period and ensure that properties are not empty for periods in excess of target void time periods set. The three teams are interdependent and therefore it is important that the teams work well together to achieve the objective limiting the time properties are void. It is typically expected a Void Management Policy or similar document is in place to bind the relationships and expectations of the three teams.</p> <p>However, we found that communication between the three teams was ineffective . Whilst testing, we spoke to the three different teams and it was evident that there is limited communication and understanding of the respective duties between the teams. When we discussed cases selected for testing with the three teams it was apparent that this disconnect between the teams led to views being taken that the other teams in the process were the reason why void periods were extended. It should be noted that as the three teams are not located in the same place this could be a contributor to the limited communication.</p> <p>The Council do not have a Voids Management Policy or similar document and the absence of such a document is considered a contributor to the effectiveness of void property management.</p> <p>The risk here is that the teams are not be able to work as effectively to reduce the Voids period due to limited and ineffective communication resulting in extended void periods and financial loss to the Council.</p>	High	<p>a) An over-arching service agreement should be agreed between the Tenancy Management Team, Void Team and Housing Allocations Team setting out responsibilities, expectations, performance to be recorded/reported etc.</p> <p>b) The procedure documents should then be ratified by the Housing Landlord Group.</p> <p>N.B we do not recommend a formal policy be produced at this stage however, any procedure documents created should cover those in the Medway Council Void Management Policy which can be found via the below link, as this is considered a good practice Policy.</p> <p>http://www.medway.gov.uk/pdf/Void%20Management%20Policy%20and%20Procedures.pdf</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
A) Agreed. B) Agreed.			<p><i>Responsible Officers: Bill Graves</i></p> <p><i>Implementation Date: November 2016</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Inadequate management oversight and discussion results in appropriate decisions and actions not being taken to support the effective operation to resolve empty and void properties

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Ref.	Finding	Sig.	Recommendation
7	<p>A practice undertaken by some authorities is to offer an incentive scheme to tenants with the aim of improving the void turnaround time.</p> <p><u>Incentive Scheme example</u> To qualify for any of these payments applicants must have been a council tenant at the property they are leaving for 12 months or more and a valid notice must have been completed to notify the council that the property will be coming vacant. Payments will be offset against any rent arrears owing on the rent account once the tenancy is terminated and all Housing Benefit Payments have been adjusted. Payments could be given as follows:</p> <ul style="list-style-type: none"> • £40.00 4 weeks notice • £60.00 Property left empty, clean and in good decorative order (Gardens have been left manageable were appropriate) • £20.00 All keys returned • £20.00 No debts on electricity and gas meter • £20.00 Pre-termination visit by Housing Officer. <p>The Council currently do not operate an incentive scheme. In March 2016 the average void cost to the Council stood at £4,538.00. An incentive scheme might secure a shorter void period and reduce the average void cost to the Council. If the average void cost to the Council is reduced by a greater value than the incentive given, it could be considered to be a financially beneficial arrangement. This has the additional benefit of getting properties into use at an earlier date which more quickly allocates those on the Council's Housing Register.</p>	Low	<p>a) An analysis of the cost/benefits of an incentive scheme should be performed and assessed as to whether it could be implemented at the Council; this assessment could be performed via a pilot.</p> <p>b) A decision should be made by the Housing Landlord Group (and other approvals required, if necessary) to whether an incentive scheme should be pursued based on the analysis performed.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
Agreed.			<p><i>Responsible Officers: Bill Graves</i></p> <p><i>Implementation Date: November 2016</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Inadequate management oversight and discussion results in appropriate decisions and actions not being taken to support the effective operation to resolve empty and void properties

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Ref.	Finding	Sig.	Recommendation
8	<p>Key Performance Indicator (KPI) information is reported to the monthly Housing Management Group meeting. In Appendix IV we set out those KPIs which the Council currently report alongside suggestion for further KPIs which could be captured and reported.</p> <p>From our review it is felt that the KPIs currently not captured in this monthly reporting which should be are:</p> <ul style="list-style-type: none"> • Number of working days taken to transfer keys from Housing Tenancy Management to Voids Teams (this could be broken down and monitored for the various steps in the process from receiving the keys, conducting termination inspections, transferring electricity and obtaining information for the Choice Based Lettings website) • Average number of working days to undertake repairs • If implemented as per Detailed Finding 5 - The total number of Voids Satisfaction Surveys received out of those eligible to complete one. • The areas suggested in Detailed Finding 1 and 2. <p>Please note that via the Council's central performance monitoring system, CORVU, there is a measure in place to monitor the time the void repair is with the Voids Team; which has a target of 20 days.</p> <p>If the Council do not capture all relevant KPIs there is a risk that under performance may not be identified to then allow appropriate action to be taken.</p>	Low	The Housing Management Group should consider the additional KPIs and then ensure these are captured and reported on a monthly basis to the meeting.
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
Agreed.			<p><i>Responsible Officers: Bill Graves</i></p> <p><i>Implementation Date: August 2016</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Inadequate management oversight and discussion results in appropriate decisions and actions not being taken to support the effective operation to resolve empty and void properties

Ref.	Finding	Sig.	Recommendation
9	<p>The voids process is managed through a Microsoft Access database. Whilst information is held on the Council’s housing system, Northgate, the module within the software has not been purchased and used by the Voids Team. Therefore the Voids Team capture critical elements of the voids process on the Access database.</p> <p>The Access database was created in-house and therefore lacks the support a software would have in terms of managing corrupt elements of data and recovery of data when it crashes. The reliance on the Access database therefore could be considered a risk and it is a single point of failure.</p> <p>We are aware the Council are putting out for tender their housing software in 2016.</p>	Med	As part of the tender specification for the housing software, the Council should request that a solution is found for the Access database single point of failure.
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
247 Agreed.		<p><i>Responsible Officers: Paul Fleming</i></p> <p><i>Implementation Date: November 2016</i></p>	

OBSERVATIONS

Here we list any observations we have noted which are not sufficiently significant to warrant being identified as a Detailed Finding.

1. Rents Team 'Cradle to Grave' review

The Rents Team has facilitated a working party from cross departmental representatives within Finance, Customer Services and Housing. The aim has been to look at ways to improve working practices across all the service areas, remove any duplication, and see where joined- up working can improve the customer journey and increase income to the Council. This work is still on-going with a further review of the action plan due to take place on the 14 July 2016. Some of the actions have been pending awaiting the finalisation of the Housing restructure.

248 It is considered unlikely that the impact of this review will impact the Voids and Empty Property process however, has been placed here for your information.

APPENDIX I - PRE-TERMINATION INSPECTIONS

SAMPLE DATA

A sample of 12 void properties for the period 1 January 2016 to 20 May 2016 were selected for testing. The table below gives details on the notice period in addition to data on the pre-termination inspections undertaken for each property. See Detailed Finding and Recommendation 1 which summarises our findings for the sample tested.

Full Address	Notice Received	End of Notice Period	Date of pre -term inspection	Was inspection during notice period?
Abingdon Road, Oxford, OX1 4XG	Not known	Not known	13.1.2016	Not known
Aldrich Road, Oxford, OX2 7SU	11.1.2016	8.2.2016	14.2.2016	No
Brome Place, Oxford, OX3 9LR	16.12.2016	13.1.2016	18.1.2016	No
Brook View, Oxford, OX4 7UR	3.12.2015	31.12.2015	11.1.2016	No
Buckler Road, Oxford, OX2 7TE	5.1.2016	2.2.2016	25.1.2016	Yes
Butterwyke Place, Oxford, OX1 1TT	26.11.2015	24.12.2015	25.1.2016	No
Butterwyke Place, Oxford, OX1 1TT	24.2.2016	23.3.2016	Not known	Not known
Cranley Road, Oxford, OX3 8BP	11.12.2015	8.1.2016	12.1.2016	No
Faulkner Street, Oxford, OX1 1UA	5.1.2016	2.2.2016	14.1.2016	Yes
Hockmore Tower, Pound Way, Oxford, OX4 3YG	N/A	N/A	Not known	Not known
Pegasus Road, Oxford, OX4 6SZ	Not known	Not known	24.2.2016	Not known
Tilehouse Close, Oxford, OX3 8AU	Not known	Not known	Not known	Not known

APPENDIX II - KEY HANDOVER SAMPLE DATA

A sample of 12 void properties for the period 1 January 2016 to 20 May 2016 were selected for testing. The table below shows when the keys for the property were handed to the Tenancy Management Officer (TMO) and how long they took to hand over the key to the Voids Team. See Detailed Finding and Recommendation 1 which summarises our findings for the sample tested.

Keys with TMO	Date Voids Received Keys	Days taken for voids to receive keys from TMO	Days taken for voids to receive keys from TMO including weekends
11.1.2016	14.1.2016	3	3
15.2.2016	17.2.2016	2	2
18.1.2016	18.1.2016	0	
7.1.2016	12.1.2016	5	3
25.1.2016	25.1.2016	0	0
21.1.2016	25.1.2016	4	2
29.3.2016	5.4.2016	7	5
11.1.2016	12.1.2016	1	1
11.1.2016	14.1.2016	3	3
20.1.2016	25.1.2016	5	3
22.2.2016	24.2.2016	2	2
31.12.2015	6.1.2016	6	2

APPENDIX III - HOUSE MARK AVERAGE RE-LET DATA

The table below summarises the findings from House Mark in their 'Voids and lettings analysis 2015' report analysis re-let times for the period 2012/13 to 2014/15. The Council have between 5-10,000 properties and as at March 2016 the re-let time was 40.1 days with the average for 2015/16 at 34.3 days. The table below demonstrates that the Council are performing below the average.

Financial year	2012-13	2013-14	2014-15	
Measure	Average re-let time in days (standard re-lets)	Average re-let time in days (standard re-lets)	Average re-let time in days (standard re-lets)	Number of landlords
Housing Association	25.59	27.14	24.60	132
LA/ALMO	26.00	30.38	28.75	46
<5,000 properties	24.61	24.07	23.05	64
5-10,000 properties	25.90	28.00	25.25	57
10,000+ properties	27.49	32.24	29.00	57
Central	24.00	24.39	24.74	51
London	26.27	30.65	27.13	27
North	26.91	32.28	29.00	63
South	23.48	22.84	22.28	33
ALL	25.70	27.92	25.70	178

APPENDIX IV - KEY PERFORMANCE INDICATOR ANALYSIS

The below table (left) summarise those Key Performance Indicators (KPIs) that the Council report to the Housing Management Group on a monthly basis. The below table (right) sets out further KPIs which should be considered as part of the monthly reporting as it may identify trends in areas where performance standards are not being met.

Oxford City Council KPIs currently in use
Total re-let time (HouseMark definition)
Percentage appointments kept
Percentage post-inspections
Percentage of post inspections passing inspection
Percentage of Right to Repair completed on time
% Emergency Responsive Repairs completed on time (Category E)
% Urgent Responsive Repairs completed on time (Category A)
% Routine Responsive Repairs completed on time
Number of repairs jobs completed
Percentage of gas services in date
Percentage of emergency gas repairs completed on time (Category E)
Percentage of urgent gas repairs completed on time (Category A)
Percentage of routine gas repairs completed on time
Average cost per void
Satisfaction with repairs

Other KPIs for consideration
Number of refusals and reasons for refusal
Number of working days taken to transfer keys from Housing Tenancy Management to Voids Teams
Average number of working days to undertake repairs
The total number of Voids Satisfaction Surveys received out of those eligible to complete one

APPENDIX V - STAFF INTERVIEWED

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

NAME	JOB TITLE
Ann Phillips	Tenancy Management Manager
Tom Porter	Allocations Manager
Ian Henwood	Responsive Repairs and Voids Manager
Bill Graves	Landlord Services Manager

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APPENDIX VI - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

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Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX VII - TERMS OF REFERENCE

BACKGROUND

Empty Homes is the term used to describe properties that have become void or vacant. There are a number of ways that properties can become void:

- Council tenants transferring to other void properties with a housing priority
- Council tenants moving to other tenures such as Housing Associations, Home Ownership schemes or elderly/vulnerable residential accommodation such as nursing homes
- Council tenants that have breached their tenancy conditions by non-payment of the rent, anti-social/unacceptable behaviour and being evicted with a court order for possession of the tenancy
- Council tenants that have died without leaving a successor that has a legal right to occupy the property
- Council tenants that have abandoned their tenancy without informing the Council that they intend to move out.

The main objective is to reduce the time that Council properties remain empty. Whilst properties remain empty, no rental income is received and this impacts on the overall Housing Revenue Account that is used to provide essential housing services.

Oxford City Council have c.300-350 empty properties a year out of 7778 properties (as at 22 April 2016). The Council achieve a re-let time of 30 to 35 days however, aim to achieve a target around 18 to 23 days. The key operations to re-let a property are managed as follows:

- Tenancy Management Team - This team become aware of notifications and then ensure pre-termination inspections are performed and any aspects impacting the outgoing or incoming tenant are managed
- Responsive and Void Property Team - This team ensure the property is refurbished to the correct standard and promptly
- Housing Allocations Team - This team promotes vacancies and vets prospective candidates to ensure they are allocated to a suitable property.

These activities are reported at the Housing Management Team meetings and overseen by the Head of Housing and Property Services.

SCOPE OF REVIEW

The scope will cover the Key Risks set out overleaf.

PURPOSE OF REVIEW

Review the arrangements to manage empty and void properties to ensure they are promptly and effectively brought into use. This will include ensuring the reporting of data is accurate and sufficiently scrutinised.

APPENDIX VII - TERMS OF REFERENCE

EXCLUSIONS

This review will not consider the Sheltered Housing Scheme at Bradlands.

APPROACH

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks. Any opportunities identified to improve arrangements will be offered for consideration alongside recommendations to resolve any weakness in controls.

KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding, the key risks associated with the area under review are:

- Processes to obtain notification of empty property are inadequate leading to a delayed turn around time on a property
- Refurbishment of the property is not performed promptly and/or adequately leading to a delayed turn around time on a property
- Procedures to promote empty properties are insufficient and unduly increase the turn around time on a property
- Pre-termination inspections are not conducted regularly resulting in delays to the turnaround time on a property
- Inadequate prioritisation and assessment of the potential tenant results in the property remaining empty resulting in financial loss
- Staff do not possess the training and/or experience to ensure empty and void properties are let effectively and efficiently
- Inadequate procedures to transfer keys to tenants results in extended empty and void property times
- Ineffective key performance indicator information is captured, reported and/or acted upon resulting in financial loss
- Inadequate management oversight and discussion results in appropriate decisions and actions not being taken to support the effective operation to resolve empty and void properties.

DOCUMENTATION REQUEST

Please provide the following documents in advance of our review (where possible):

- Minutes from monthly Housing Management Team meeting from 1 April 2016 to date
- Minutes from monthly Housing Landlord Group meeting from 1 April 2016 to date
- Listing of voids for the period 1 January 2016 to date (received).

Any documents provided will assist the timely completion of our fieldwork, however we may need to request further documentation and evidence as we progress through the review process.

APPENDIX VII - TERMS OF REFERENCE

TIMETABLE

Audit Stage	Date
Commence fieldwork	23 May 2016
Number of audit days planned	12
Planned date for closing meeting	30 May 2016
Planned date for issue of the draft report	1 June 2016
Planned date for receipt of management responses	8 June 2016
Planned date for issue of proposed final report	10 June 2016
Planned Audit Committee date for presentation of report	29 June 2016

KEY CONTACTS

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SIGN OFF

On behalf of BDO LLP:		On behalf of Oxford City Council:	
Signature:		Signature:	Stephen Clarke
Title:	HEAD OF INTERNAL AUDIT	Title:	Head of Housing and Property Services
Date:	16 May 2016	Date:	16 May 2017

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