

# Housing Improvement - Board Report

January  
2021

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## 1. Background

1.1 The Council identified weaknesses across areas of landlord health and safety compliance in 2019 and brought this to the attention of the Regulator in writing on 24<sup>th</sup> October 2019.

1.2 On 4th November 2019, the Council approved the delivery of the Housing Improvement Plan (HIP). The HIP Plan informs the HRA Business Plan and was to be delivered in conjunction with the HIP Compliance Delivery requirements. The key components of the HIP Programme set out to deliver compliance to H&S Regulation, Recruitment, Training, ICT and all essential works as part of Melton's Landlord responsibilities.

1.3 In addition, the Council in September 2020 adopted a new Corporate Plan with a vision under Priority Two of:

*Providing high quality council homes and landlord services*

With two clear commitments:

- Significant investment in improving landlord and tenancy services
- Significant investment in the asset management of council homes

And the following areas of focus:

- Deliver better temporary accommodation for those who need it
- Engage with tenants to ensure our services meet their needs
- Improve the quality and value-for-money of our repairs and maintenance services
- Ensure our properties meet the Decent Homes Standard
- Provide new high quality council homes.

1.4 Given the considerable progress made over the past year in terms of landlord compliance, it is natural to broaden the Board's previous focus on health and safety into a wider report covering the landlord function as a whole. Accordingly, this report seeks to provide an update on the activities and performance of the Council's Housing function, tested against the HIP Plan and the corporate ambitions detailed above.

## 2. Executive Summary

Since November 2019, the Council's landlord function has seen a period of possibly unprecedented activity and focus. Significant investment has addressed major failings in the compliance function and driven structural change. The Council though of course does not operate in isolation: recent headline developments in terms of the direction of travel of the social housing sector include the Social Housing White Paper and the Regulator's Sector Risk Profile - testing these sector-wide developments against Priority Two of the Council's Corporate Strategy can allow for validation of the Council's approach, albeit with no room for complacency.

### 3. Highlight report

3.1 More than twelve months on from the adoption of the HIP, it is clear that considerable progress has been through the clear focus on health and safety within the housing stock and significant investment of capital resources and officer time. The adoption of the Corporate Strategy has given increased momentum and provided an additional scope and clarity to that direction of travel.

3.2 However, the impact of the Covid 19 pandemic cannot be underestimated, most significantly in the period from March – July 2020, when the national lockdown led to suspension of services across the housing sector; as a consequence, a reduction in both contractor availability and material supplies for all but the most urgent activity impeded planned capital works programmes and non-urgent repairs. The adoption of Covid secure working practices and adjustment to the “new normal” has meant the second and third England-wide lockdowns have had far less impact, although self-isolation and positive testing continues to impact on staffing and contractor resources on a day-to-day basis.

3.3 Clearly, a keen focus remains on compliance activities. Reassurance can be given that the sustained achievement of 100% gas servicing throughout the autumn has continued through to December’s month end. We anticipate the latest lockdown will cause understandable issues obtaining access for asbestos and electrical certification and this is detailed elsewhere on the agenda under the Programme Status Report. It remains the case that all compliance functions have further action plans in place, including the production of an Asbestos Management Plan, sample testing of electrical contractor performance, compartmentation surveys, and significant capital works at both Gretton Court extra care facility and Bentley Street flats in relation to fire safety.

3.4 A further area of focus has been void management. Current void turnaround times are 67.21 days (December 2020), which is an improvement on previous performance but remains unsatisfactory. It is expected that as legacy voids are completed there will be wide variances in the monthly void figure. The number of properties requiring significant capital works continues to impact void turnaround times and this remains a key area of focus, with a draft Void Policy and re-let standard to be considered by Cabinet on 20 January 2021.

3.5 A key component of the relationship between any landlord and tenant is the tenancy agreement. The existing Melton tenancy agreement requires considerable update – a new proposed tenancy agreement has been developed in consultation with the Tenant Forum Executive Committee (TFEC) and has been submitted for Cabinet approval on 20 January 2021, seeking adoption from April 2020. This is a significant piece of work; a major milestone for the Council in redefining and resetting its focus on tenancy management.

3.6 The Board has been aware of the current lack of an effective policy framework for the landlord function. The intention, driven by Corporate Priorities One and Two, is to continue to address areas of weakness based on significant risk of either reputational or financial loss due to a clearly adopted policy position. A suite of policies, developed with TFEC input, has also been submitted for Cabinet consideration at January’s meeting.

3.7 The lack of stock condition information continues to hamstring effective business planning and the development of capital programmes (these are essential to move from a

responsive basis to more cost-effective programmes of work). A timetable for the review of the Housing Revenue Account Business Plan is confirmed in the report.

#### 4. Social Housing White Paper

4.1 In August 2018 government published a social housing green paper 'A New Deal for Social Housing'. This set out principles to underpin safe and decent housing, ensure that residents were treated with dignity and respect and that the country has the social housing needed for the future. Following a number of delays and changes of Housing Minister, Government has published a new social housing white paper - 'The Charter for Social Housing Tenants'. The charter speaks to tenants as a direct response to the shortcomings in safety regulation and treatment of tenants highlighted by the Grenfell Tower fire and the subsequent inquiries.

4.2 Taken together, the measures in the charter aim to create a regime and culture of transparency, accountability and decency backed by a strong regulatory regime to give tenants and residents redress when things do go wrong. Government also accepts that social housing residents sometimes feel stigmatised and that this is unacceptable. Some of the measures set out in the charter will require primary legislation or other action to implement. This will be a mix of amending existing legislation and new legislation. Throughout the charter it is made clear that legislative changes will be made as parliamentary time allows.

4.3 The charter is structured around core areas that set out what every social housing resident should be able to expect and makes some policy proposals. A full analysis is provided at Appendix One to this report; as a summary the actions from the White Paper from a Melton perspective could be taken as follows:

1. As a landlord, our **mission** needs to focus on **building safety, raising standards and tenant satisfaction**.
2. We have to be **honest, self-aware and transparent**, and be **data-driven**
3. Building on the **strategic and operational links** between Housing and other service areas such as Adult Services, Children Services, Health, Education and Law Enforcement will help us connect social housing to the wider community
4. Our **capital programme** needs to focus on building safety, energy efficiency and climate change
5. Our **customer feedback** systems have to follow the Housing Ombudsman's framework
6. Professional **training** for housing staff needs to be a priority.

4.4 Also of note is a shift from the current "light touch" approach: landlords should expect to be regulated more pro-actively and robustly. For landlords over 1,000 units this will mean being subject to an inspection at least once every four years. These inspections are likely to consist of a desktop review and a site visit. Outside these regular visits, consumer regulation will sit alongside the financial regulatory regime and mimic its 'risk-based' approach. There will also be a new set of KPIs that landlords will be required to report against.

4.5 Throughout the charter it is made clear that landlords will be expected to engage much more effectively with tenants and to provide them with the information that they need to hold them to account. This is also reflected in measures set forward in the charter to convene consultation and engagement groups across several of the charter requirements.

Landlords should therefore be prepared to engage much more with tenants and respond to complaints and other matters more pro-actively. The charter makes specific reference to working with tenants experiencing mental health issues.

4.6 Government commits to improving training and development for front line staff in working with tenants and driving changes in the culture of organisations to ensure tenants are treated with the dignity and respect they deserve.

## 5. Regulator for Social Housing Sector Risk Profile 2020

5.1 The Regulator for Social Housing (RSH) published its sector risk profile on 26 November 2020. Although primarily intended to inform the Boards of Private Registered Providers (housing associations), it contains some useful risk summaries in relation to the Council's landlord function. These are summarised below with comments about the Melton perspective.

Area	Extract	Melton comment
Strategic choices	The sector faces a growing range of competing internal and external pressures which will demand strategic control and decision-making. The needs of current tenants must effectively be balanced with future demands; choices must be made in deploying capital between essential ongoing investment and improvement to the existing housing stock and contributing to new supply	HRA Business Plan to be developed through 2021/22
Reputational risks	Reputational risk is inextricably linked to all risks faced by a registered provider. As organisations with a social purpose, the majority of which have charitable status, providers' actions will continue to be scrutinised by a range of stakeholders such as tenants, local communities, national and local government, lenders, other regulators and the media.	Mitigated through work on the policy framework, asset management strategy and HRA Business Plan
Complaints	It is important that providers have clear standards for handling complaints and whistleblowing reports, ensuring that they use lessons from complaints. The quality of a provider's relationship with its tenants underpins the trust and confidence that tenants and stakeholders have in the organisation. The Housing Ombudsman has published its Complaint Handling Code, with providers expected to self-assess against the Code by the end of the year. The importance of providers delivering effective complaints handling applies to complaints from all tenants, including shared owners.	Internal Review of the Complaint Handling Code will be complete in line with the Ombudsman's requirements

Operational risks – service delivery	Landlords must treat tenants fairly and with respect; consider how they address the diverse needs of different groups; act transparently; and ensure that they are accountable to their tenants for their actions. They also need to ensure that their homes are safe and decent. These are significant responsibilities and how they are delivered speaks to the culture of the provider....with the publication of the Social Housing White Paper, the expectations on landlords have increased and will evolve further over the coming years.	Tenant-wide survey due Summer 2021, to feed into the HRA Business Plan review
Delivering services to tenants	Many of the groups that have been most significantly affected by the pandemic, including those with disabilities, older people, and people from black and minority ethnic backgrounds are disproportionately concentrated in social housing. In addition, as across the whole population, a significant number of tenants will have already experienced unemployment or reductions in income or may do so in future; some will have moved onto Universal Credit for the first time.	Links in with the Scrutiny Committee Task and Finish Groups looking at Covid 19 impacts on the Borough's residents
	The regulator has received increasing numbers of consumer standard referrals, finding a breach of the consumer standard leading to serious detriment in fifteen cases in 2019/20 (compared with six the previous year).	Mitigated through work on the policy framework, asset management strategy and HRA Business Plan
Health and safety risk	Ensuring tenants are safe in their homes is a fundamental responsibility of any social landlord...local authorities must ensure that they comply with statutory health and safety obligations which provide for tenant safety, including gas, electrical and fire safety, asbestos, legionella, and lifts. These requirements apply to both existing, and to new build properties. Providers also have wider responsibilities such as fulfilling their legal duty of care to their staff.	Clearly an existing area of strong focus and significant improvement through the HIP, with oversight provided by the HIP Board (latest reports attached)
	The experience of regulatory engagement underlines the importance of registered providers adequately understanding the legislative requirements relating to health and safety compliance. This includes responsibilities to act on the outcome of	

	checks where actions to prevent risks to tenants have been identified, and responsibilities where housing management services are delivered by a third party. It also highlights the importance of oversight and internal controls.	
Existing stock quality	The sector must have an approach to ensure the quality of its housing stock is maintained at a decent standard.	Stock condition surveys to commence April 2021, tying in with the work on the HRA Business Plan
	Alongside ongoing remediation work to improve safety and stock quality, the government's long-term commitment to achieve net zero carbon emissions by 2050 is likely to require increased energy efficiency standards from provider stock. The government is currently consulting on changes to required energy performance standards. Providers' stock is a long-term asset, and required standards are likely to continue to evolve over its lifetime in response to changing policy requirements and climate change.	The HRA Business Plan takes a 30-year perspective and will make prudent assumptions about the impact of the shift to "zero carbon"
Rental income and arrears	The economic restrictions implemented in response to COVID-19 since March have been associated with a substantial increase in the number of tenants claiming Universal Credit, as well as downward pressure on employment income for many tenants. This in turn put pressure on providers' rent collection early in the year. Quarterly Survey data show average (mean) current tenant arrears increased to 4.0% in Q1 2020/21 and remained at this level in Q2. Rent collection rates reduced to 97.2% in Q1 ( <i>Melton 75.03%</i> ) – the lowest level recorded since income data was first collected in 2013 – before recovering somewhat in Q2 to 98.3% ( <i>Melton 87.48%</i> )	( <i>Melton's figures input in italics into the text in the box to the left</i> ) Links in with the Scrutiny Committee Task and Finish Groups looking at Covid 19 impacts on the Borough's residents. Additionally, the Income Transformation and Improvement Group will be delivering process improvements to the collection of the Council's rental income.

## 6. Staffing and Structures

Through the corporate restructure confirmed by full Council in November 2020, within the Housing and Communities Directorate an Assistant Director for Housing Management has been created to assist with the intensive and significant change programme currently underway. Alongside this, a permanent Tenancy Services Manager post to support the Housing Improvement Plan, and the creation of a Housing Development Manager post to deliver against the Corporate Strategy ambition to provide new high quality council homes have been confirmed.

The Council has successfully recruited to the interim Senior Housing Officer post and all current tenant income collection (including arrears management) has been focussed under the Tenancy Services function. The Assistant Director post has been advertised and the recruitment process is planned to conclude by the end of January 2021 with the successful candidate in post as soon as possible.

## **7. Policy Framework**

### **7.1 Policy development**

Priority has been given to the following policies:

- Void Policy (and re-let standard);
- Tenancy Management (Legal Action) Policy;
- Right to Buy;
- Aids and Adaptation; and
- Domestic Abuse.

The Policies were presented to Scrutiny Committee, who provided helpful question and feedback in the meeting of 03 November 2020, with an invitation for additional comment by the end of November. All Policies have been submitted to Cabinet for consideration at the meeting on 20 January 2021. All Policies have been discussed with Tenant Forum Executive Committee (TFEC), for comment and amendment as necessary. Additionally, all Policies have been subject to a full peer-challenge Equality Impact Assessment

The Domestic Abuse Policy has been shared with and welcomed by the Community Safety Partnership; its adoption will allow the Council to become a signatory of the Chartered institute of Housing's "Stamp it Out" campaign, aimed at improving the housing sector's response to domestic abuse issues.

### **7.2 Tenancy Agreement and Tenant Handbook**

The tenancy agreement is the single most important document defining the relationship between the Council and its tenants. The current tenancy agreement has been in place for a number of years and does not reflect current legislation, or give the Council as landlord to ability to properly manage its properties – for example, to be able to gain access to carry out inspections. The new agreement is intended to resolve these issues and has been developed using good practice examples from other authorities, together with input from Officers and the Tenant Forum Executive Committee to give it a real "Melton" perspective. The Preliminary Notice of Variation and a copy of the proposed tenancy agreement was served on all tenants to advise of the formal consultation period, which closed on 08 November.

The new tenancy agreement is also to be considered by Cabinet in January 2021. If adopted, the new tenancy will take affect from 05 April 2021, allowing the formal notice to be given to all Council tenants. There must be at least four weeks between the date the Notice of Variation is served and the date on which the Tenancy Agreement will be varied. Existing tenants will not be required to sign a new agreement. After the Notice of Variation has taken effect all Council tenants will be bound by the terms of the new Tenancy

Agreement. Tenants whose tenancies started or will start before the expiry of the formal Notice will be provided with a copy of the new tenancy in advance of it taking effect.

## **8. Income Management**

8.1 In December 2020, an Income Transformation and Improvement Group was created. This cross-directorate group has representatives from all areas with involvement in the collection of current and former tenant income and management of arrears. Taking into account sector good practice, best value, and continuous improvement this group will lead on the review of:

- a) Support and Prevention
- b) Policy and Practice
- c) Process and System Improvement
- d) Performance Indicators and Reporting

8.2 Accurate reporting and an appropriate group of service-level indicators are critical and are the first key task of the group. A more detailed update on the work of this group, including the suite of indicators, will be provided to the next Board meeting.

## **9. Void Management**

9.1 Since June 2020 a weekly Void Working Group, chaired by the Director of Housing and Communities and with representatives from Housing Options, Housing Management, and Housing Asset Management, has been created to drive change to the void function with all teams involved in changes to the void process.

9.2 The proposed Void Policy gives a clear statement of the Council's intent in relation to void management, balancing cost, time and quality, seeking to minimise loss to the Council through the efficient letting of homes at the right time to the required standard. The policy commits to undertaking major capital works during the void period, and commits to a Melton Void Quality Standard (MVQS) – this is detailed in Appendix Two to this report.

## **10. Tenant Engagement**

10.1 Naturally lockdown continues to impact severely on TFEC's activities, as has the secondment of the Resident Engagement Officer to support the Choice Based Letting module development as part of the Northgate Project. Weekly meetings have been held between TFEC and the interim Tenancy Services Manager, and these meetings have been attended by the Housing Asset Manager as required. The return of the Resident Engagement Officer from the secondment from January 2021 will allow a review of tenant engagement to be undertaken – naturally, TFEC will be heavily engaged in this review and the key points from the Social Housing White Paper will be taken on board through this review.

10.2 It is understood the Council had never provided an Annual Report to its tenants and leaseholders; this is a regulatory requirement. The interim Tenancy Services Manager led

on the production of the first Annual Report (which will cover 2019/20) – this was issued to all tenants and leaseholders in December 2020.

## 11. Finance and Housing Revenue Account Business Plan review

11.1 Financial forecasting continues to be hampered by the lack of stock condition information and the associated spend forecasting that this makes possible. The HRA Business Plan ties together forecasts in terms of income (mainly rents) and likely expenditure, not only day-to-day but the capital investment needed to maintain and improve the stock (replacement of boilers, kitchens etc).

11.2 As the Board will be aware, Council in November 2019 authorised expenditure in relation to the Housing Improvement Programme. There was an acknowledgement about the stock condition information (data quality issues and lack of records) and this meant the Council is at present working with an interim HRA Business Plan. There is a considerable legacy issue with the lack of stock condition information that is up-to-date, accurate, and reportable. A small trial of 30 properties was undertaken and data is being kept up to date from current works (e.g. rewiring, kitchen replacements etc) and through void inspections and a small number of inspections are being within existing resources.

11.3 Work is underway to procure an external contractor to complete stock surveys (all major property components, e.g. bathrooms, kitchens) on 1600 properties, commencing April 2021 and finishing October 2021 – to tie in with the HRA Business Plan review and a complete tenant survey on their homes and aspirations (indicative timetable below).

	Stock condition survey	HRA Business Plan	Tenant Survey
Now	Procurement off framework		
April 21	Surveys start – monthly returns	Start procurement of consultant –	
July 21			Start survey all tenants/leaseholders
August 21		Initial work – 4x months data	Tenant survey complete
Oct 21	Surveys complete	Detailed work on BP	
Jan 22		Consultation on draft BP	
April 2022		HRA BP in place	

This means the Council will have a clear picture from April 2022 on what is needed to maintain the stock. Given the increased requirements for “zero carbon” and the new Decent Homes Standard (referred to in the White Paper), the Council will be able to develop long-term programmes to meet Priority Two of the Corporate Strategy.

## 12. Risks

12.1 The landlord function is a high risk service, both in terms of the functions it delivers and the financial risks it is exposed to. The Council has a duty under the Local Government and Housing Act 1989 to ensure that it avoids the Housing Revenue Account being in a deficit position. The key strategic and operational risks are tabulated below.

12.2 As detailed in above, the lack of stock condition information is a significant strategic and operational risk.

Risk No	Risk Description	Likelihood	Impact	Risk	Mitigation
1	Repairs to overspend against budget in this and future years, due to low spend in previous years	Significant	Critical	Medium Risk	Budget monitoring and business planning
2	Economic climate, Covid-19 and welfare reform changes cause hardship on tenants causing higher levels of rent arrears and reduced collection performance	High	Critical	High Risk	Creation of Income Collection Improvement Group; continued offer of support and advice/assistance to tenants in financial hardship
3	Budgets are insufficient including costs associated with delivering improvements	Significant	Critical	Medium Risk	Budget monitoring and business planning
4	Increasing Right to Buy sales over those budgeted for cause reductions to rent income streams	High	Marginal	Medium Risk	Budget monitoring and business planning
5	Ability to cleanse repairs commitments from Northgate housing system	Significant	Critical	Medium Risk	Priority work for the Asset Team
6	Lack of accurate, reportable and up-to-date stock condition information	Very High	Critical	High Risk	Prioritising stock condition and asset database development
7	Lack of skills and capacity to deliver improvements	High	Critical	Medium Risk	Restructures; training and development

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