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| <b>REPORT TO:</b>                                    | Streets, Environment & Homes Scrutiny Sub-Committee<br>20 July 2022 |
| <b>SUBJECT:</b>                                      | <b>Housing Directorate Overview</b>                                 |
| <b>LEAD OFFICER:</b>                                 | <b><i>Susmita Sen, Corporate Director for Housing</i></b>           |
| <b>CABINET MEMBER:</b>                               | <b><i>Councillor Lynne Hale, Cabinet Member for Homes</i></b>       |
| <b>PERSON LEADING AT SCRUTINY COMMITTEE MEETING:</b> | <b><i>Justin Hunt – Director of Tenancy Services</i></b>            |
| <b>PUBLIC/EXEMPT:</b>                                | Public  |

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| <b>ORIGIN OF ITEM:</b>          | The Scrutiny Sub-Committee will receive an overview of the Housing Directorate to assist in work programming for the rest of the year.   |
| <b>BRIEF FOR THE COMMITTEE:</b> | This report provides an overview of the Housing Directorate to inform the development of the Committee's work programme including: <ul style="list-style-type: none"> <li>• Key priorities for the year</li> <li>• Budget</li> <li>• Performance</li> <li>• Key risks and mitigations</li> </ul> |

## **1. EXECUTIVE SUMMARY**

- 1.1. In May 2021, the Regulator of Social Housing determined that the Council's landlord services were in breach of both the Homes Standard and the Tenant Involvement & Empowerment Standard following the publication of the ARK Consultancy Investigation into conditions at 1-87 Regina Road, South Norwood.
- 1.2. The ARK Consultancy investigation identified a series of failings by our housing service and whilst some progress has been made to address these issues, the housing service must be reshaped and reinvigorated to reflect the views of our residents and address comprehensively the root causes of these failings. The directorate must ensure that these improvements align with the Council's statutory duties under the Fire Safety Act 2021, Building Safety Act 2022, and the Social Housing Regulation Bill.

- 1.3. The Council's existing Housing Improvement Plan is not fit-for-purpose to deliver the transformative change required. The independent Housing Improvement Board's report to the March 2022 Cabinet stated that the existing Plan required "considerable further work" whilst the Executive has been elected with the mandated of "strengthen[ing] the Housing Improvement Plan". Subsequently, the Plan must be strengthened to reflect the call for changes from both the electorate and the Housing Improvement Board.
- 1.4. The challenges the directorate faces are not limited to the Council's landlord services; the directorate faces a demand for homelessness services which is higher than the mean for all London boroughs. The cost-of-living crisis in combination with a high number of households placed in temporary accommodation from outside of the borough has limited the Council's supply of housing to our most vulnerable residents. An improvement plan which spans both the Council's landlord and homelessness services must be developed to enable the directorate to provide assurance to the Department for Levelling Up, Housing & Communities and the Regulator for Social Housing.
- 1.5. The Council recognises that staff have been working hard to deliver the housing service in difficult times. A bespoke culture change plan will be developed for the directorate to align with the Council-wide corporate change plan. The culture change plan will equip, support and engage staff to deliver tenant-centric services and treat residents with empathy and respect. The adoption of the Residents' Chart by the Mayor is an important step towards a genuine partnership with residents on service delivery.

## **2. SETTING THE DIRECTION AND STRATEGIC DEVELOPMENT**

- 2.1. The Council must co-create with residents, staff and Members a shared vision and mission for the directorate with customers at the heart of how services are delivered. The co-creation of a vision and mission will be key to supporting staff by setting a clear direction for the directorate.
- 2.2. The vision and mission will be outlined in the strengthened Housing Improvement Plan which will be reshaped and reinvigorated to reflect the views of our residents and address comprehensively the root causes of service failings.
- 2.3. The vision for the directorate will be co-created with residents through a comprehensive series of engagement sessions to ensure the Council provides housing services that are tailored to our residents. The development of the vision and mission will therefore align with Charter for Social Housing Residents: social housing white paper and Social Housing Regulation Bill.
- 2.4. The vision and mission will reflect the Council's ambition to develop the best landlord services in London, and this cannot be done in isolation

from our stakeholders. The directorate will seek to learn from best practice in the sector to set a strategic direction which has targets and objectives.

- 2.5. The directorate must be honest and transparent with our stakeholders by setting the expectation for what we want to achieve, and by what timescales. The re-shaping and reinvigoration of the housing directorate is a long-term project which will take place in phases. Timescales will be developed to set the expectation as to what will be achieved at each stage.
- 2.6. A Cabinet paper further detailing the directorate's reinvigoration of the Housing Improvement Plan is available online. An update on the plan, including an update on the vision and mission for the housing directorate, will be presented to Cabinet in November 2022.

### **3. WORKFORCE DEVELOPMENT**

- 3.1. Cultural transformation will be fundamental to ensuring the success of the directorate's improvement plans. Staff have been working hard to deliver the housing service in difficult times, and more must be done to ensure staff are supported and developed to deliver in their roles. As such, central to the transformation of the housing directorate will be the professionalisation of the housing workforce to improve employee capability and retention. The attraction and retention of housing staff presents a risk to the improvements to the housing service, and the directorate's workforce development plans will be key to mitigating this risk.
- 3.2. The directorate will be initiating a bespoke culture change programme, in addition to the Council-wide 'Crossing the Threshold' culture change programme, which will provide a tailored learning and development offer to housing staff. The bespoke culture change plan must create an honest and open culture that ensures that housing staff across the directorate feel empowered to voice their concerns and propose improvements.
- 3.3. A key objective of the culture change programme will be to ensure staff are equipped to treat residents with empathy and respect to ensure compliance with the Regulator of Social Housing's Tenant Involvement & Empowerment Standard Staff. Commitment to treating residents with empathy and respect is detailed in the [Residents' Charter](#) which was adopted by the Executive Mayor at June 2022 Cabinet.

#### **4. CUSTOMER JOURNEY**

- 4.1. To ensure a root and branch transformation of the housing services, a comprehensive review of key touchpoints for customers must be undertaken.
- 4.2. The directorate's priorities for improving customer journey will include an end-to-end review of voids and an end-to-end review of complaints aligned with the Housing Ombudsman's Complaints Handling code.
- 4.3. The re-procurement of our responsive repairs contract will also allow the Council and residents to re-shape the responsive repairs service to ensure customers are treated with respect, and targets for the completion of repairs are met.
- 4.4. Customer journey with regards to the Council's homelessness services must also be considered. A Homelessness Prevention & Rough Sleeping Strategy will be presented to Cabinet in March 2023 which will outline our increased focus on preventing homelessness and will review the routes into and out of our homelessness services. The development of a Temporary Accommodation Strategy will include a review of our current accommodation provision to ensure it meets the needs of our most vulnerable residents.
- 4.5. The review of our customer touchpoints will be founded upon an audit of our service and performance data to enable the directorate to meet demand and forecast residents' needs.

#### **5. REGINA ROAD**

- 5.1. A programme of repairs has been undertaken to improve conditions at the three Regina Road blocks, but progress to improve the blocks needs to accelerate.
- 5.2. All three blocks require significant capital investment. The directorate's priority is to ensure that a decision is made with regards to the future of the blocks that is timely, value-for-money and provides the right housing options for our residents.
- 5.3. The housing directorate will be recruiting a dedicated programme manager to develop an options appraisal for the estate. The programme manager will reinvigorate the existing work on the estate and develop solutions in consultation with residents.

#### **6. ASSET MANAGEMENT**

- 6.1. The Council expects to invest approximately £750m in its housing stock, and an Asset Management Strategy will be required to ensure the investment represents value for money. To develop the strategy, the

Council will need to have confidence in its stock condition data, and its ability to utilise it. The launch of the NEC Housing system in November 2022 will be key to ensuring the directorate is able to collect and share real-time data on asset condition and performance.

- 6.2. The Asset Management Strategy will enable our future procurement needs to be met and will include a review of our contract management processes to ensure our contractors deliver a value-for-money service where performance indicators are met.
- 6.3. The Asset Management Strategy will be presented to full Council in January 2023.

## **7. BUDGET**

- 7.1. The housing directorate has an £8m net General Fund (GF) budget. Total expenditure of £48m consists mainly of:
  - £35.7m of rental payments and temporary housing charges
  - £8m employee costs
  - £4.3m made up of third-party payments; bad debt provision, legal fees, and other supplies and services.
- 7.2. Income of £40m is made up of:
  - £28m of housing benefit receipts
  - £7.4m government grant for homelessness
  - £4.4m of recharges to other departments, including HRA, capital and supporting adults.
- 7.3. The net controllable GF budget of £8m has received growth in the 2022-2023 budget of £2.1m in recognition of the requirement to right size the emergency and temporary accommodation budgets. However, there is also a requirement for the directorate to make £2.6m of savings. The net £0.5m of savings is therefore required for a balanced budget to be achieved.
- 7.4. The forecast outturn at period 2 2022- 2023 has identified £661k of pressure. This is predominately driven from the increasing demand within the emergency and temporary accommodation service area.
- 7.5. A reserve of £1.3m was established in 2021- 2022 to carry out targeted preventative work. £0.7m has been drawn down and used to pay deposits and incentives to private landlords. It has been recognised by the Department for Levelling Up, Housing & Communities that this type of bespoke working is effective, and they have recommended that the Homelessness Prevention Grant should be used to supplement prevention work.

- 7.6. The Housing Revenue Account (HRA) budget is made up of total expenditure of £49.8m and consists of:
- £18.6m of responsive repairs and other planned maintenance costs
  - £17.6m employee costs
  - £8.7m of recharges from other departments
  - £4.9m made up of third-party payments; bad debt provision, legal fees, and other supplies and services
- 7.7. The forecast outturn at period 2 2022- 2023 has a minor £46k pressure, however, a balanced budget is forecast.
- 7.8. Increased demand and costs within responsive repairs have been identified as a potential pressure in the current year. Where mitigation in year cannot be found to meet any additional spend, a draw down from reserves will be made. The reserve forecast as at 31 March 2021 was £27.6m with the final adjustment for the 2021- 2022 year end account transactions yet to be completed.

## **8. MEDIUM TERM FINANCIAL STRATEGY 2021- 2025**

- 8.1. The MTFFS net savings target over the period 2021- 2025 totals £2.291m.
- 8.2. The savings are reliant on the successful embedding of the cultural change that is required within the housing directorate including an emphasis on prevention.
- 8.3. Monitoring of the savings and progress in achieving them form part of the monthly MTFFS assurance meetings which are chaired by the Chief Executive and the Corporate Director of Finance.

## **9. PERFORMANCE**

- 9.1. A collated set of housing directorate key performance indicators for financial year 2022- 2023 are not yet available. The Corporate Director for Housing does not, at present, have assurance that the available service and performance data is accurate. The [latest key performance indicators for the housing directorate](#) were presented to Cabinet in March 2022.
- 9.2. Improving our collection and use of service and performance information is a priority of the directorate and will be key to a number of transformation projects. The existing set of key performance indicators will be revised to ensure that they enable sufficient scrutiny from our stakeholders.
- 9.3. Enabling scrutiny from our stakeholders will require identifying sets of indicators for each of our stakeholder groups, and providing training to these groups, where necessary. The provision of key performance

indicators to residents will be co-designed with the Tenant & Leaseholder Panel and will contribute to the Council's fulfilment of its duties under the Social Housing Regulation Bill.

## **10. KEY RISKS AND MITIGATIONS**

- 10.1. Key to the transformation of the housing directorate will be improvements to risk management. The bespoke culture change plan must create an honest and open culture that ensures that housing staff across the directorate feel empowered to escalate risks upwards. Effective risk management will be key to enabling the Council to provide assurance to both the Department for Levelling Up, Housing & Communities and the Improvement & Assurance Panel.
- 10.2. The transformation of the housing directorate will create a framework for the management of risks at all levels. Effective project and programme management of the projects detailed in this report will be key to the transformation of the housing directorate and the management of risk. Key directorate-level risks are detailed.
- 10.3. Resourcing remains a key risk to the transformation of the housing directorate with regards to both operational and change-delivery staff. Whilst Housing Revenue Account funding is available to enable recruitment, the combination of a challenging labour market and difficulties attracting staff to the borough represents a risk. The bespoke culture change plan will target the Employee Value Proposition aimed at boosting employee engagement and satisfaction, thereby attracting and retaining high quality professionals to the organisation. The professionalisation of the workforce, through the provision of training and support to our staff, will also improve employee capability and retention.
- 10.4. As outlined above, the council is currently in breach of the Regulator for Social Housing's Homes Standard and Tenant Involvement & Empowerment Standard which presents a significant risk to the directorate ahead of the enforcement of the Social Housing Regulation Bill.

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**CONTACT OFFICER:** Susmita Sen, Corporate Director for Housing

**BACKGROUND DOCUMENTS:** None