

Meeting of the Cabinet – 28th June 2023

Report of the Director of Housing and Communities

Housing and Communities Governance

Purpose of report

1. To seek approval to establish a dedicated 'Housing Assurance Board', in response to the Social Housing Regulation Bill, and considering the additional Corporate Risk associated with the Regulator for Social Housing's oversight of the Housing Compliance Recovery Programme.

Recommendations

2. That the Housing and Communities Directorate create a 'Housing Assurance Board' in preparation for forthcoming changes to the law (once the Social Housing Regulation Bill reaches Royal Assent). The Bill aims to strengthen the regulatory regime and places a deal of importance on good governance.

Background

3. Within housing services, potential issues with data quality and performance reporting were identified relating to property checks and efficiency data. An internal review found that the core datasets being used to provide performance information had not been reconciled or validated for a significant period of time.
4. A self-referral was made to Regulator of Social Housing (RoSH). On 27th April, 2023 the regulator published a notice which concluded that:
 - a. Dudley Metropolitan Borough Council (DMBC) has breached the Home Standard; and
 - b. As a consequence of this breach, there was the potential for serious detriment to DMBC's tenants.

5. The RoSH expects longer-term strategic change to tackle the root causes of non-compliance. There is evidence that Building Safety non-compliance is a symptom of a lack of control and governance of performance data and adherence to regulatory standards.
6. As well as moving towards the aims of the Social Housing Regulation Bill, creating a dedicated board will provide independent oversight and governance of the DMBC recovery programme, providing much needed assurance to the regulator, our Ward Members and our customers that identified issues will be rectified and robust arrangements will be put into place to prevent any similar concerns in the future.

The role of the Housing Assurance Board

7. The proposed Housing Assurance Board membership and draft Terms of Reference (attached at Appendix 1) mirrors a Board in a Regulated Provider, given the Bill will also bring regulatory standards for council housing in line with independent regulated providers.
8. The Housing Assurance Board would oversee the strategic direction and performance of Dudley Council's Housing and Communities Directorate, with delegated authority to deliver the Housing Compliance Recovery Programme, and would provide significant assurance to both Full Council and the Regulator of Social Housing that the recovery is well managed and well governed.
9. The Board would oversee reporting to the Housing and Safer Communities Select Committee, adding value to scrutiny work programmes and actions arising out of committee meetings through ongoing and in-depth assurance, and would report and make recommendations to Cabinet in accordance with the Council's Standing Orders.
10. The proposed Housing Assurance Board would consist of:
 - Deputy Chief Executive
 - Director of Housing and Communities
 - Cabinet Member for Housing and Safer Communities
 - Shadow Cabinet Member for Housing
 - Director of Finance and Legal Services
 - Chair of Housing and Safer Communities Select Committee
 - Chair of Audit and Standards Committee
 - Chair of Dudley's Customer Engagement Committee (currently being formed)

- 2 x Independent Non-Executive Directors, who are remunerated in line with sector averages.

Finance

11. The Inbucon Social Housing Non-Executive Directors' Survey 2023 found that the average fee for all Board Members in the report is £6,942. It is recommended that 2 NEDs are recruited and remunerated for an initial term of two-years in line with these rates.

Law

12. The Social Housing Regulation Bill is in the final stages of parliamentary amendments.
13. The Bill aims to strengthen the regulatory regime, focus landlords on their tenants' needs, and ensure landlords are held to account for their performance.
14. The core objectives of the Bill are to:
 - Facilitate a new, proactive consumer focused regulation regime for example, and in response to Grenfell, making safety and transparency part of the Social Housing Regulator's fundamental objectives.
 - Refine the existing economic regulatory regime ensuring that providers are well governed and financially viable to protect homes and investment in new supply.
 - Strengthen the Regulator's powers to enforce the consumer and economic regimes.
15. It will also bring regulatory standards for council housing in line with independent regulated providers.

Risk Management

16. The proposal to establish a Housing Assurance Board is in response to the additional Corporate Regulatory Risk of scrutiny from the Regulator of Social Housing due to a) the expectation of strengthened regulatory regime and b) the published Regulatory Notice following DMBC's self-referral for non-compliance with the Homes Standard.
17. The Housing Compliance Recovery Programme exists to reduce DMBC exposure to the following Strategic Departmental risks:

- Failure to meet and evidence statutory building safety and compliance responsibilities.
- Failure to maintain the quality of existing housing stock through planned, cyclical and responsive maintenance services, impacting on the viability of the Housing Revenue Account.

Equality Impact

18. The 100% Stock Condition Survey includes tenant validation data collection. More accurate data will enable Housing and Communities to better understand the diversity of tenants and improve the equality, diversity and inclusion of our services
19. Strong governance and assurance, in the context of an updated regulatory regime focused on the tenant's needs, should drive improvements to EDI performance.
20. There is no specific impact on children and young people.

Human Resources/Organisational Development

21. Management of Housing Assurance Board, and its interface with Corporate Governance will be managed by temporary programme structures/resources, in line with best practice programme management.
22. The programme will also define and implement a Target Operating Model which will identify the appropriate long-term arrangements to ensure assurance of Housing performance, within the Corporate Governance framework.

Commercial/Procurement

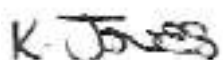
23. The strengthened regulatory regime is concerned with the financial viability of Social Housing providers. One of the identified themes within the Housing Compliance Recovery Programme is procurement of contractors, and the Programme has identified significant efficiencies which can self-fund the recovery and deliver year-on-year savings after the recovery works are complete.

Environment/Climate Change

24. The Stock Condition Survey will also deliver EPCs for 100% of stock, driving efficiency savings over the next 10 years, and enabling effective investment plans into the energy efficiency of DMBC assets.

Council Priorities and Projects

25. The contents of this report relate to Corporate Planning and Performance Management. By ensuring appropriate governance, Housing and Communities can offer assurance of the appropriate controls of data validation, reporting, performance and management of risk.
26. Effective governance of the Housing Compliance Recovery Programme is fundamental to realising the benefits for Asset and Property Management and the impact on our customer base.



Director of Housing and Communities

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Appendices

- Appendix 1 – Housing Assurance Board – draft terms of reference

List of Background Documents

None