

Thursday, 10 November 2022

Report of the Portfolio Holder for Homelessness Prevention and Social Housing

Regulation Social Housing for the Council's own stock

Exempt Information

Non-Confidential

1.0. Purpose

- 1.1. To set out the Regulator Social Housing (RSH) revised approach for consumer regulation across its council housing services
- 1.2. To update Cabinet on the proposals within the Government's Social Housing (Regulation) Bill and the Council's preparedness for it across its council housing services
- 1.3. To update Cabinet on discussions arising from the Homelessness Prevention and Social housing Sub-committee specifically in relation to:
 - The Government's proposed rent cap & HRA business planning requirements
 - Tenant representation on the committee

2.0. Recommendations

2.1. Cabinet is recommended to: -

1. **Acknowledge the detail shared with Homeless Prevention and Social Housing Sub-Committee on 12th October 2022, shown in full at Annex 1.**
2. **Endorse the findings from the external Self-Assessment shown at Annex 2**
3. **Delegate authority to the Council's Monitoring Officer to ensure nominated representatives from the Tenants Consultative Group (Chair &/or Vice Chair) form part of the Council's Homelessness Prevention and Social Housing Sub-Committee in compliance with the Council's constitutional & legal framework; noting the Committee fully supported this at their meeting on the 12th of October 2022**
4. **Approve the self-assessment improvement framework shown at Annex 3; referring it to Corporate Scrutiny for further development on 17th November 2022; delegating the SMART¹ detail to the Portfolio Holder for Homelessness Prevention and Social Housing**
5. **Retrospectively approve the response to [DLuCH](#) on the proposed [rent cap](#) shown at Annex 4 and discussed at the Council's Homelessness Prevention and Social Housing Sub-Committee on 12th October 2022**
6. **Delegate authority to the Portfolio Holder Homeless Prevention and Social Housing to agree the consultation arrangements with Tenants and Leaseholders on the HRA business plan arrangements following the Government's announcement on the rent cap and its associated impact on financial planning.**
7. **Delegate approval to the Head of Paid Service and Chief Executive to approve the resourcing arrangements; noting policy changes of £100k are being built into the**

¹ Specific Measurable Achievable Realistic Timed

Council's budget setting processes (subject to approval) to deliver the improvement plan and

- a. ensure the Council complies with the Regulators decision statement on the submission of new [tenant satisfaction measures](#)

3.0. Executive Summary

Regulatory Changes

- 3.1. Homeless Prevention & Social Housing Sub-Committee have continued to receive updates on the Council's preparedness for significant changes in the regulation of social housing; the latest [presented 121022](#). Starting November 2021, the Committee have discussed emerging changes impacting Council housing - set out in the Charter for Social Housing; Reshaping of Consumer regulation; Draft Social Housing (regulation) bill and most recently the new and required tenant satisfaction measures. The latest presentation is shown in full at **annex one**, feedback has been incorporated in the report.

Recap from 2021/2022 - Continuing Conversation...

Event	Details	Zoom in
Social Housing White Paper	Charter for Social Housing Residents updated 2021-11 update to Cabinet October 2021 - endorsing self-assessment	
Commissioning of Self-Assessment for regulation of council Housing	2021 - Savills only expression of interest and invited to develop specification with members to ensure "of council" response and build corporate capacity	
Housing & Homeless Sub Committee	3/11/21; 02/02/22; 15/06/22 - Presentation Shared. Portfolio Holder to support evaluation (with TCG)	
Self-Assessment & Preparations started	18/11/21 - Commissioning of self-assessment -intend link Closing Date Xmas & Evaluation January 2022. Start February 2022 - Key Corporate Project	
Government launched Reshaping consumer regulation principles. First Published 17/11/21	https://www.gov.uk/government/publications/reshaping-consumer-regulation-our-principles/reshaping-consumer-regulation-our-principles-accessible-version	
Tenant Satisfaction Measures built around themes	New RSH direction 220922- collection from April 2023	

Self-Assessment & Tenants consultative group

- 3.2. An external self-assessment was commissioned early 2022 and took place between February-September 2022. The findings are set out at **Annex two** and followed a series of stakeholders' discussions to test compliance with the 4 consumer standards which are: -

1. Home
2. Tenant Involvement & empowerment
3. Tenancy
4. Neighbourhood & Community

The RSH also has three Economic Standards of which only the Rent Standard is applicable to TBC:

- Governance and Financial Viability Standard
- Rent Standard and
- Value for Money Standard.

Tenants have been at the heart of the production of this review and attended the last Homelessness Prevention and Social Housing Sub-Committee to support the discussions. Given the overriding theme of the proposed regulatory changes are to put **tenants at the heart of decision making** it is recommended their role in that committee is assessed by the Council's Monitoring Officer to ensure

constitutional compliance. Details of the Tenant Consultative group and its role are reflected in the presentation shown at annex one.

The summary findings from the self-assessment were presented as a SWOT² analysis shown overleaf. Whilst the external feedback was very positive; and key strengths are in the Council recognising its areas for improvement and having a solid basis on which to build improvements; there are a range of actions required to ensure the Council is compliant across all its consumer, council housing services, should it be inspected from 2023 onwards.

The proposed improvement framework is shown at Annex 3. Corporate Scrutiny have requested that they review this on the 17th of November so that it can be developed into a SMART action plan. Officers fully support this as this will contribute to the evidence that there is strong and committed leadership and governance around its production and delivery. It is therefore recommended that the final development of the improvement plan is delegated to the Portfolio Holder for Homeless Prevention and Social Housing to approve.

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Strong & Committed Cabinet / Leadership team • Self Assessment informs legislative preparations • No serious detriment • Nothing we didn't know • Risk based improvement plan • Compliance on tenancy & home standards 	<ul style="list-style-type: none"> • C3/4 rating for Tenant Involvement / Community standards • Service standards inconsistent • TSMs need to link to Councils performance KPI culture • Satisfaction monitoring needs to be across all council housing services - STAR survey 	<ul style="list-style-type: none"> • Strong partners - resilient communities • Compliance on Tenancy & Home standards - key health & safety requirement • Strong commitment to digitalisation • Enthusiastic staff • Housing & Homeless Committee & commitment to link tenants 	<ul style="list-style-type: none"> • Rent cap and ability to invest • Raising income will be unpopular • Representation from tenant hard to reach groups and difficulty engaging • Resource intensive - Policy schedules needs refresh • Readiness for inspection - document library; staff and stakeholder training

Proposed Rent Cap and HRA Business Plan

3.3. Impacting on the self-assessment is the potential for a rent cap being proposed by the Government. The headlines in the table overleaf were shared with the sub-committee and the full response sent in response to the Government's consultation is shown at **Annex four**. A 5% rent cap, together with the additional inflationary & regulatory pressures (such as decarbonisation and building safety) would result in estimated losses of c£42m within the HRA business plan over 30 years: just under £7m over 5 years. This includes additional debt servicing costs at an unlimited and unsustainable level of borrowing to support the capital investment programme and without interventions forecasts a capital funding gap of over 30 years in excess of £200m. Whilst the Council recognises the impact on household affordability it believes a targeted approach to support low-income households would avoid such an impact on its business plan.

The Government have indicated that they will announce their decision on the rent cap by the end of the Calendar year. If the rent cap of 5% is imposed, which appears to be the Government's recommendation, this will require an immediate review of the HRA business plan and consultation with tenants and leaseholders on the ambitions for its management and maintenance options.

It is therefore proposed to delegate authority to the Portfolio Holder Homeless Prevention and Social Housing to agree the consultation arrangements with Tenants and Leaseholders on the HRA business plan arrangements following the Government's announcement on the rent cap and its associated impact on financial planning. In the meantime, the Council will continue to work with the sector to model the impacts and ensure that prudent decisions are built into the medium-term financial planning that remains alive to the potential risks of losses of income.

Rent Cap Consultation - Response due 12/10/22

- ▶ DLUCh questions around 3%;5% or 7% cap
- ▶ HRA Business plan assumed CPI +1%
- ▶ Rent 'Conundrum' - not targeted
- ▶ 50-60% tenants on Housing benefit and not impacted
- ▶ Business planning impacts - rising bad debt; rising construction costs and reductions in planned income
- ▶ Rent Standard requires LAs should have regard for local market conditions
- ▶ Levelling up impact as gap between social and market rents could widen
- ▶ Requirements to be compensated for 4 years rent reductions -1%; Covid pressures; building safety investment and now proposed cap
- ▶ Requirements for support to be targeted through DHP; hardship funding
- ▶ Likely 5% cap from April 2023
- ▶ Context for Self - Assessment & improvement Planning

Impact over 30 years (Compared with Baseline)	Movement in HRA Balance £000	Increase in HRA Debt £000	Combined Impact £000
5% Rent Cap	-£69	£42,195	£42,264
7% Rent Cap	-£53	£32,473	£32,527
3% Rent Cap	-£86	£52,716	£52,802

Impact by 2027/28 (Compared with Baseline)	Movement in HRA Balance £000	Increase in HRA Debt £000	Combined Impact £000
5% Rent Cap	-£6,975	£0	£6,975
7% Rent Cap	-£5,414	£0	£5,414
3% Rent Cap	-£7,222	£1,344	£8,566
Rent Freeze	-£7,240	£3,722	£10,961

	Lost Rent over 5 years £000	Lost Rent over 30 years £000
5% Rent Cap	-£5,426	-£22,489
7% Rent Cap	-£4,220	-£17,491
3% Rent Cap	-£6,632	-£27,487
Rent Freeze	-£8,441	-£34,983

4.0. Resource Implications

- 4.1. The regulation of social housing and the requirements in the proposed legislation and associated standards are significant. This represents a return to a more proactive inspection arrangement and therefore requires a whole council commitment to ensuring it is prepared.
- 4.2. As the Council does not have a single housing team; preferring a **one council approach** to ensure cross collaboration and efficiencies between teams the oversight and delivery of actions in the improvement plan requires programme and project oversight as well as the need to ensure the requisite technical support to deliver step change on key policies and practice to ensure statutory compliance.
- 4.3. A policy change of £100k p.a. for 2 years is being built into the council's budget setting process to resource this work (subject to approval); it is anticipated that under the co-ordination of the Assistant Director Neighbourhoods a Project lead, Tenant & Leaseholder Regulatory Manager and dedicated ICT resources will be required for up to two years. It is recommended that the detail of this is delegated to the Head of Paid Service to review and approve identifying the most cost-effective way to source the support.

4.4. The requirements, identified in the business case are summarised as follows: -

Programme & Project Co-ordination	Tenant & leaseholder Compliance	Dedicated ICT resourcing
<ul style="list-style-type: none"> • Prince style Project management of self assessment improvement plan • Reporting to Cabinet & associated committees on the improvement plan • Risk and resource management • Prioritisation of improvement plan & highlight reports on progress • Co-ordination across all directorates to gather evidence to support improvement plan 	<ul style="list-style-type: none"> • Develop the role of Tenant Consultative group to comply with training and capacity • Capacity building within the TCG to support Homelessness Prevention and Social Housing sub committee as active members • Ensure 22 Tenant Satisfaction measures are produced with tenants • Development of the tenant involvement and empowerment strategy • Tenant profiling and tailored service opportunities • Ensure compliance with the tenant involvement and empowerment standard 	<ul style="list-style-type: none"> • Collation of all 22 Tenant Satisfaction Measures • Submission to the regulator as required of all data • Data validity and creation of KPI data for RSH inspection and review • Live monitoring and alignment with the Councils performance framework

5.0. Legal/Risk Implications Background

5.1. Failure to prepare and ultimately comply with the proposed standards, legislation and directions will result in the following risks: -

Risks	Mitigation
Reputational risk if there is non-compliance	The self-assessment evidences the council preparedness'
Government action if the performance improvement plan is not managed	The improvement plan is informed by a range of committees and will be kept under review via scrutiny and through discussion at H&H subcommittee (of which TCG are represented)
Tenant/Leaseholder dissatisfaction and rise in complaints, if the Council does not deliver housing services to the required standards	Delivery of SMART action plan
Low staff morale and staff retention risk if there aren't sufficient staffing resources available to deliver the proposed standards	Implementation of the proposed resources arrangements

6.0. Equalities Implications

6.1. The development of the tenant and involvement standard requires providers to understand its demographic and tailor services accordingly. The improvement plan identifies specific tasks around this and will therefore contribute to the Council's requirements in this area.

7.0. Environment and Sustainability Implications (including climate change)

7.1. The Home standard covers all related repair and health safety obligations. Integral to this is the Councils commitment to the current Decent Homes Standard whilst at the same time recognising that an enhanced standard is likely to be implemented that will place greater obligations around Building Safety, Energy Efficiency and the drive for Net Zero Carbon. Work is being done to understand the baseline data for energy efficiency across the stock. Some work has commenced that will see a number of hard-to-treat properties being upgraded to meet modern insulation standards, but further work and investment will be needed to upgrade homes and to introduce alternative and renewable heating to homes. It is likely that there will be significant costs to achieving the levels of energy efficient required and whilst there is likely to be some grant funding available the Council will still be required to invest heavily.

8.0. Next Steps

8.1.

Activity	Timescale
Cabinet	10/11/22
Corporate Scrutiny to review improvement plan	17/11/22
Develop & Agree Final SMART improvement Plan with Portfolio Holder	February-March 2023
Subject to resourcing proposals being approved agree arrangements	In readiness for April commencement
Agree Project Initiation Documentation and approach to managing the self-assessment as a corporate programme	March for an April 2023 commencement
Review and prepare for Tenant Satisfaction Measures and data to be collated and/or submitted	November 2022 – April 2023 subject to detailed guidance from RSH

Report Author

Tina Mustafa – Assistant Director Neighbourhoods; ext. 467

Appendices

Annex 1	Presentation Homelessness Prevention and Social Housing Sub-Committee 121022
Annex 2	External Self-Assessment September 2022
Annex 3	Self-Assessment Improvement Framework
Annex 4	Tamworth's response to DLUCh proposed rent cap 121022