

THURSDAY, 19 JUNE 2014

REPORT OF THE PORTFOLIO HOLDER FOR PUBLIC HOUSING AND VULNERABLE PEOPLE**LANDLORD REGULATORY FRAMEWORK UPDATE****EXEMPT INFORMATION****PURPOSE**

The Council's landlord is obliged to follow the Homes & Community Agency (HCA) Landlord Regulatory Framework, updated March 2014. The report sets out the key changes, powers of intervention by the HCA for matters of landlord non-compliance and the requirements for landlords to demonstrate tenants' continued role in influencing, shaping and scrutinising service delivery.

RECOMMENDATIONS Cabinet is recommended to:-

1. Adopt the HCA's updated Regulatory Framework for Social Housing, updated March 2014 shown here
<http://www.homesandcommunities.co.uk/sites/default/files/our-work/regfwk-2012.pdf>
2. Agree the programme of external assessment across the Council's Landlord Service to test and ensure compliance to ensure a quality housing management and maintenance landlord service to minimise the risk of intervention by the Consumer Regulations Panel, detailed in the report.
3. Accept the findings of the HCA's consumer regulation review 2012/13 and note the increased risk of scrutiny and intervention across the 4 national consumer standards (customer involvement; home; tenancy & neighbourhood community) applicable to registered social landlords.

EXECUTIVE SUMMARY

To set out the headline changes to the 'Regulating the Standards' document, proposed under the Homes and Communities Agency. The Homes and Communities Agency (HCA) has published updated guidance outlining its approach to regulation, reflecting the changing environment and increased level of risk that registered providers now face.

OPTIONS CONSIDERED

Options	Advantages	Risk
<p>1. To adopt the HCA's updated Regulatory Framework for Social Housing and agree the programme of external assessment across the Council's Landlord Service.</p>	<p>We remain up to date with our work on regulation, in a rapidly changing housing and landlord environment. Demonstrates tenants continued role to shape, scrutinise and inform future landlord policy. Minimises the risk of intervention by the HCA for matters of landlord non-compliance</p>	<p>Additional resource required from the HRA to undertake peer and/or independent review and assessment.</p>
<p>2. To adopt the HCA's updated Regulatory Framework for Social Housing but to not agree a programme of external assessment.</p>	<p>We remain up to date with our work on regulation, in a rapidly changing environment. Demonstrates tenants continued role to shape, scrutinise and inform future landlord policy. Minimise the risk of intervention by the HCA for matters of landlord non-compliance</p>	<p>No external assessment could increase the risk of intervention by the Consumer Regulations Panel resulting in punitive sanctions to the councils landlord</p> <p>It is considered best practice to subject current polices and practices to external assessment to ensure we remain compliant to deliver high quality, cost effective services</p>
<p>3. To not adopt the HCA's updated Regulatory Framework for Social Housing or to agree a programme of external assessment.</p>		<p>Landlord non-compliance With the statutory code resulting in the potential for legal challenge from customers and/or the HCA</p> <p>No external assessment to test and ensure compliance. Risk of intervention by the Consumer Regulations Panel</p>

RESOURCE IMPLICATIONS

The programme of service reviews will be managed by the Tenant Regulatory & Involvement Team. The costs associated with the review and/or purchase of the self

assessment tools start from £2100¹. Whilst it is estimated that costs for the complete 3-year review programme may be in the region of £20,000 this can be met from overall efficiency savings within existing HRA budgets and will be procured in line with the council's financial regulations to ensure value for money.

There is no direct cost arising from implementing the new framework.

LEGAL/RISK IMPLICATIONS BACKGROUND

As with all directorates, the Councils Landlord Service has a [Business Continuity Plan](#) that is regularly tested to ensure resilience to internal and external factors that would impact on the business. Part of this risk assessment is to ensure that the Council's Landlord Service are subject to internal and external scrutiny to ensure they are fit for purpose, compliant with the national standards and continue to deliver high quality and cost effective outcomes to tenants and leaseholders.

SUSTAINABILITY IMPLICATIONS

Delivering high quality services is fundamental to the sustainability of the council's landlord service. Responding to the framework and regulatory code by having a programme of landlord service reviews contributes to demonstrating continued pursuit of achieving strategic aims.

MATTERS FOR CONSIDERATION

The Homes and Communities Agency (HCA) has published [updated guidance](#) outlining its approach to regulation, reflecting the changing environment and increased level of risk that registered providers now face.

Regulating the Standards was first published in May 2012, following the introduction of the revised Regulatory Framework from April 2012 a summary of which is provided below:

Economic standards

These standards apply to all registered providers except for local authorities. Providers' boards are responsible for ensuring their organisation meets the economic standards. The regulator has a proactive role in relation to economic standards and will engage with providers to obtain assurance that they are being met.

The three economic standards are:

- Governance and Financial Viability standard
- Value for Money standard
- Rent standard

The Council remains committed to assessment of core principles contained within these standards and this is assessed through corporate quality assurance audit arrangements.

¹ £2100 is for stage 1 of the Quality Assurance Scrutiny Tool (CIH/TPAS) as at May 2014

Consumer standards

These standards apply to all registered providers. Consumer standards are set so that tenants, landlords and stakeholders know the outcomes that are expected. This is crucial if tenants are to be able to hold landlords to account effectively. These standards therefore support co-regulation. Where necessary, they reflect directions issued to the Regulator by Government.

The Localism Act 2011 specifies the Regulator's role in, and its approach to, regulating the consumer standards. Providers' boards and councilors' are responsible for ensuring their organisation meets the consumer standards. The HCA's role is limited to setting the consumer standards and intervening only where failure of the standard could lead to risk of serious harm to tenants (the [serious detriment](#) test) as described in chapter five of The Regulatory Framework for Social Housing in England from April 2012.

The four consumer standards are:

- Tenant Involvement and Empowerment
- Home
- Tenancy
- Neighbourhood and Community

The standards are set out in [The regulatory framework for social housing in England from April](#)

The updated version of 'Regulating the Standards' 2014 provides more details about how the regulator expects to apply and enforce the standards. It replaces the 2012 document of the same name. The regulator considers that there are three core principles to be applied.

Assurance based regulation

The regulator will seek assurances from the provider as to its ability to meet its objectives and to ensure that it offers value for money. A new "grading under review" system will identify providers which are in danger of having their regulatory judgment downgraded. The regulator will expect to review the financial statements of the provider as part of this process.

Risk based and proportionate regulation

The regulator will identify those providers at greatest risk of failing and intervene in a proportionate manner. Those at greatest risk will be required to report to the regulator more frequently.

Joined up regulation

The regulator will assess a provider as a whole, so that weaknesses in one area are not masked by strengths in another.

Other key changes to the document include:

- Emphasis on providers providing timely and accurate data returns. Where providers fail to do this, the regulator may take this into account in arriving at its published judgements
- An explanation of the regulator's new approach to risk assessment of individual providers. In an increasingly complex sector, the regulator needs to

differentiate its regulatory activity with the 250 large providers and groups of providers in a more nuanced way, ensuring that regulatory activity is focused on the riskiest and most complex providers

- An update to the consumer regulation section, reflecting the experience of the first year's regulation of the consumer standards

Regulatory standards contain the outcomes that providers are expected to achieve and the specific expectations of the HCA as regulator. The standards are classified as either 'economic' or 'consumer'.

[Regulating the Standards 2014 \(PDF, 285KB\)](#) sets out the HCA approach to regulation, including what providers can expect from the HCA as regulator, and an explanation of the questions asked, and why, when seeking assurance that economic standards are being met.

Performance

The Councils landlord provides an annual performance report to its tenants. The detail of this are reported to Cabinet annually for publication. This outcome based assessment is subject to wider benchmarking with organisations such as HouseMark, Rent Income Excellence Network and Chartered Institute of Housing. Comparisons with 'best in class' provide for real time learning and is intrinsic to localised performance management.

The Councils landlord has enjoyed continued and improving performance across all core key performance indicators. Most notable is the increase in overall satisfaction with the councils landlord service from 65% in 2008 to 75% in 2011 and most recently customer intelligence suggests overall performance is 88%. The headlines are shown below and will be subject to more detailed commentary when performance is reported to Cabinet in July 2014.

	2010/11	2011/12	2012/13	2013/14	Estimated Top Quartile*
Overall satisfaction with Landlord Services	75.2%	75.2%	75.2%	To be carried out in 2014/15	86%
Average time between lettings	21 days	16 days	13.58 days	16 days	16 days
Estate Walkabouts	4	4	4	3	Not benchmarked
Satisfaction with cleaning	85%	87%	86%	86%	
Number of tenants on the database of involvement	344	373	348	429	Not benchmarked
% appointments made and kept	98.46%	99.13%	99.56%	97.57%	97.00%
Gas servicing – CP12	99.53%	99.75%	99.9%	100%	100%
Urgent repairs completed on time	100%	100%	95.09	98.53%	99.00%
Arrears as a % of gross debit	1.5%	2.04%	2.37%	2.28%	2.88%
Evictions	15	8	22	22	-

Customer Satisfaction	
Satisfaction with Complaint handling	89%
Overall tenant satisfaction with Landlord Services	75.2%
Customer Satisfaction for responsive repairs	91.2%
Satisfaction with communal cleaning	86%
'Finding a home' satisfaction	86%
Satisfaction with Environmental works	100%
Aggregate	87.9%

Self-Assessment

The latest guidance from the HCA recommends that landlords should be able to demonstrate compliance with the Regulatory Code. In seeking to achieve compliance a core programme of reviews that allows for self-assessment and external accreditation of services will ensure the continued delivery of high quality services .

The Consumer Regulation Panel (CRP) is responsible for considering all statutory referrals, complaints and allegations relating to the consumer standards' which are referred to it by the Regulatory Referrals & Enquiries (RRE) team. There were 8 statutory referrals in 2012/13. The Panel also deals with cases where regulatory intelligence acquired in the course of routine economic regulation leads the regulator to suspect actual or potential serious detriment.

Full details of the Consumer Review (2012/13) can be viewed by clicking on the link , it highlights typical case studies resulting from either tenant trigger or community triggers. http://www.homesandcommunities.co.uk/sites/default/files/our-work/consumer_regulation_publication_full.pdf

In Summary during 2012/13 CRP met 41 times:-

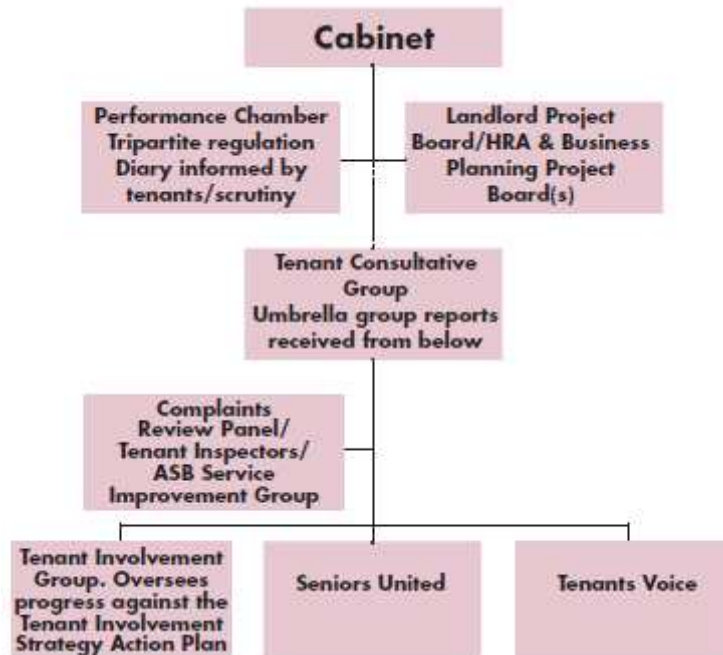
- 60% of the cases considered concerned health and safety matters relating to the Home Standard. The majority of these cases concerned gas and electrical safety in individual properties. A number of cases also concerned issues raised about other aspects of the condition of the property felt to be impacting on tenants' health, e.g. mould and damp.
- 18% related to alleged breaches of the Tenant Involvement & Empowerment Standard. They included issues around the efficacy of providers complaints' processes and perceived failure to involve tenants' in key decisions'. Half of these cases related to alleged discrimination.
- 12% of cases concerned potential breach of the Neighbourhood & Community standard and concerned anti social behaviour. In most cases the landlord was alleged to have not fully dealt with anti social behaviour causing harassment, alarm or distress to vulnerable tenants
- 9% of cases referred to breaches of the tenancy standard and concerned landlords' alleged failure to implement allocations policies and demonstrate transparency in doing so.

Having gone through the HCA review in detail, officers believe the Councils landlord

has robust policies and practices in place that satisfy the regulatory code. It is however prudent and good practice to subject this to regular internal and external assessment.

As part of the existing co-regulatory structure, the Tenant Consultative Group (TCG) has recommended the areas of the service identified under the heading **Landlord Review Programme** below for self assessment and an independent health check against the national standards.

The below co-regulatory framework was developed with tenants to clearly illustrate customer involvement in shaping, influencing and scrutinising services



Given the range of services, this programme will run over the next 3 years and form part of the overall performance management cycle. Cabinet should note some of the landlord services have already been subjected to external assessment and this has been reflected in the timing of future reviews. The leading benchmarking clubs now offer self-assessment tools and guidance to support organisations in ensuring compliance with the standards. If Cabinet approve the programme of reviews then details of will be reported to the Portfolio Holder for Public Housing & Vulnerable People, unless there is a material issue which requires referral back to Cabinet for a key decision.

Landlord Review Programme

Standard	Type of Assessment	Timescale	Impact – current position
Tenant Involvement & Empowerment	TPAS Health Check (Quality Assurance & Scrutiny Accreditation)	2014/15	Stage 1 consists of a Health Check & Improvement Plan.
Involvement & Scrutiny	CIH Self Assessment for	2015/16	TPAS will provide a full accreditation framework and conduct a health

Complaints & Equality & Diversity	Customer Excellence		check against the key critical success factors. Based on the outcomes of the health check TPAS will provide a detailed improvement plan
Health & Well-being of tenants	Service Quality Tool with CIH and review for sheltered and supported housing services	2014/15	CHS Accreditation in place for Sheltered Housing 2014
Home			
Health & Safety	ROSPA accredited Audit already undertaken	2014/15	Action Plan in Place (2014-2017)
Decent Homes Standard	HQN – Repairs Accreditation	2015/16	
Gas Compliance	Contract Arrangements already in place with third party auditor - ML	2014/15	
Tenancy			
Allocations	Independent review undertaken of strategic housing in 2013/14		Action Plan in Place (2014-2017)
Tenancy Agreement (linked to Income Management)	Reviewed 2012	2015/16	
	RIEN Accreditation for Income Management	2017/2018	
Neighbourhood & community	Respect Accreditation already achieved in 2012 and being re-assessed in 2015	2015/16	We are currently working to the Respect Accreditation Action Plan to be independantly re-assessed 2015/16

The service review programme will be considered annually as part of the performance report to members and adjusted to take account of the changing and emerging housing landscape.

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LIST OF BACKGROUND PAPERS

Relevant links are included within this report

APPENDICES

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