

Report to Audit and Risk Assurance Committee

18 September 2024

Subject:	Housing Transformation Programme Update
Director:	Alan Lunt Executive Director, Place
Contact Officer:	Alan Lunt Executive Director, Place

1 Recommendation

- 1.1 To consider and comment on the Housing Transformation Programme Update.

2 Reasons for Recommendation

- 2.1 To inform the Committee of the responses to the relevant audit reports and Regulator and to outline the contents and scope of the Housing Transformation Programme, intended to further reinforce effective management and improvement of the councils housing stock.
- 2.2 The update provided on the Housing Transformation Programme highlights actions taken and measures implemented to address issues identified within internal and external auditors reports and by the Regulator of Social Housing (RSH) in relation to regulatory compliance, disrepair and contract overspends.

3 How does this deliver objectives of the Council Plan?

Growing Up in Sandwell	The Audit and Risk Assurance Committee is a key component of the council's governance, risk management and internal control framework.
Living in Sandwell	
Thriving Economy in Sandwell	
Healthy in Sandwell	
One Council One Team	

4 Context and Key Issues

- 4.1 At its meeting, of 18 July 2024, Committee noted several issues of concern in relation to the council's housing service that were raised by both the council internal audit team and external auditors, Grant Thornton.
- 4.2 Specifically, these concerns were related to the content of two Internal Audit reports, providing limited assurance in relation to both Contract Overspends (February 2024) and Housing Disrepair Claims (April 2024). Additional issues were identified by the Council's external auditors Grant Thornton in their Interim Auditors Report on Sandwell Council for 2022/23, issued during February 2024. In their report, Grant Thornton noted that in a hardening regulatory environment, the council's housing services were not adequate and constituted a significant weakness in the arrangements in place to secure value for money. This was largely due to the lack of a fit for purpose asset management system, out of date stock condition surveys and the requirement for self-referral to the RSH in respect of building safety compliance checks.
- 4.3 Several recommendations were made in each of the three reports, The content of audit reports is in addition to the requirements of the RSH who had also established a number of recommendations in response to proactive engagement with them around failing to meet the Quality and Safety consumer standard specifically in relation to some of the six key safety elements of Fire Safety, Gas, Electric, Asbestos, Water and Lifts.
- 4.4 As a result of the issues identified, Committee requested that a further report be submitted to its meeting of September 2024, outlining the councils broader housing transformation programme which, amongst other matters, identifies the means of delivering against the recommendations and actions identified in the above reports.
- 4.5 Committee noted that a new Executive Director of Place had been appointed and had identified the issues highlighted in the audit reports as well as those raised by the Regulator of Social Housing (RSH) as critically important and priority areas for remedial action, and that this work had already commenced.

Service Responses to Audit Reports and Requirements of RSH

- 4.6 The housing service has responded swiftly and positively to the issues identified within audit reports as well as to issues identified by the RSH. Some of these measures are currently being implemented as 'business as usual' initiatives while some projects form part of the current housing

transformation programme The latter currently comprises of the proposed procurement and implementation of new software systems aimed at enhancing data collection and reporting capability while the former seeks to improve operating procedures, accountability, contract management, senior management oversight and governance arrangements.

Current Transformation Programme - Progress

- 4.7 As set out in paragraph 4.6 above, the existing Transformation Programme includes the procurement of three main software systems, aimed at significantly enhancing the services current data quality, data collection and reporting capability. The impetus for this relates to the RSH recommendations, aimed at ensuring that the council complies with the consumer standards outlined in paragraph 4.3 above and in ensuring a comprehensive range of effective asset management and housing management data is available to inform the future management of housing stock. This will also support the requirements from the Building Safety Act, where there is a need to have a 'golden thread' of information throughout the life of an asset.
- 4.8 A cross-council multi-disciplinary Housing Transformation Board has been created to oversee the development of the technical specification and procurement of the software packages. Priority has been given to the procurement and implementation of a compliance management software package, aimed at ensuring that accurate and up to date information is available in relation to the council's compliance with the six major safety factors.
- 4.9 This procurement is currently in progress, with three shortlisted providers invited to tender after the first stage. The intention is to invite those providers submitting a full tender to demonstrate the capabilities of their software, in support of evaluation of the submitted tenders, prior to selection of the successful preferred provider.
- 4.10 At the same time, work is progressing to cleanse and enhance existing data, which is stored on several inadequate paper-based records and spreadsheets, to improve the accuracy and completeness of the data held. Further work is in progress to collect any data that is missing, or which cannot be verified. This will ensure that once commissioned, the new software can be populated with accurate and comprehensive data, capable of real-time updating and providing the basis for accurate and effective reporting of the council's compliance status. The new compliance system be in operational by April 2025.

- 4.11 The second priority relates to the need for a new housing management software package to replace the current 'Open Housing' system, provided by Capita. Open Housing is now outdated, with the current service and support contract due to expire at end of March 2025. The technical specification for the new housing management software is in the process of being developed, with the system expected to be operational late-2027. Negotiations are currently taking place to reach agreement with Capita on an extension to the expiring contract, this will ensure that the existing system is sufficiently supported until the new software package is implemented.
- 4.12 Thirdly, a broader Asset Management software package will be implemented. This will provide comprehensive detail regarding the condition of the council's housing stock, assisting to ensure that future maintenance and improvement programmes are developed and implemented to ensure the most effective use of Housing Revenue Account resources and to sustain the quality of the council's housing stock.

'Business As Usual' Activity

- 4.13 In addition to the transformation programme, a range of projects is in the process of being implemented as part of normal business activity to address a range of broader issues identified by the new management team within the housing service and these are summarised below.

Contract overspends – Major Projects

- 4.14 A Major Capital Projects Board (MCPB) has been established, chaired by the Assistant Director, Asset Management and attended by the Assistant Director Property and Assets. The Board contains representation from Housing, Urban Design Building Services (UDBS), finance and legal services. The Board is responsible for overseeing all aspects of project development, from initiation, through to approval, procurement, implementation and completion. The procedure ensures that all budget / funding decisions are taken in accordance with the council's constitution and contract standing orders. Expenditure and cost control are of critical importance and contract management and financial reporting processes have been reviewed to prevent overspends and address unavoidable cost overruns where they occur. Ultimate oversight is provided by the Executive Director of Place.
- 4.15 A detailed Standard Operating Process has been developed which details officers' roles and responsibilities alongside their relevant governance requirements. All stages of each project will have a clearly

defined, 'responsible officer' who will be accountable for their role in the project.

- 4.16 Before each new scheme is agreed to be included in the investment programme, there will be a detailed options appraisal carried out, inclusive of cost benefit analysis based on a 30 year 'whole life' basis to ensure best value is achieved.
- 4.17 The options appraisal will be scrutinised by the MCPB and confirmed prior to seeking formal approval from Cabinet to progress.
- 4.18 Following the Tender process, the MCPB will confirm the preferred tender and value and at that stage review project specification and budget to confirm that the project remains within affordable parameters.
- 4.19 During the project, the Lead Client Officer from Housing will attend monthly contract meetings with contractors and report progress through to MCPB. Any additional works arising from any unforeseen issues during the life of the project will be approved by the MCPB before contractors are instructed.
- 4.20 UDBS act as the principal designer and carry out the day-to-day contract management functions, ensuring contractual obligations are fulfilled.
- 4.21 On Project Completion, final total costs will be assessed, and the project signed off prior to the payment of any retention to the contractor.

Contract overspends – Repairs, Maintenance & Capital Investment

- 4.22 The Interim Head of Contract Procurement has reviewed all contracts to review compliance and sought correct approvals to ensure compliance with contract procedure rules. Due to the large volumes of contracts (90+) there is an ongoing requirement to seek approvals for short term contracts whilst a longer-term strategic approach is being developed.
- 4.23 A Procurement and Supplier Management Oversight Board (PSMOB) convenes monthly, chaired by the Assistant Director Asset Management, and attended by the relevant Contract Managers and the Commercial Team to monitor contract procurement, performance and spend. This is the forum where approaches for mitigating actions are agreed where there is forecast overspend. This group also informs the approach for future contract provision.
- 4.24 Reports to show spend information in a meaningful manner are being developed, which will provide contract managers better information to

support them to be able to effectively manage budgets. Where possible contractual performance is also being developed to provide information to support contract management. Any new contracts are being robustly reviewed to ensure that there are appropriate contractual clauses to support effective contract management.

- 4.25 A SOP is being developed to define the roles and responsibilities between the Housing team and Corporate Procurement Services and to support the delivery of more effective contracts, that provide more value for money by amalgamating contracts, and utilise different methods of accessing the market, such as frameworks and Dynamic Purchasing Systems (DPS).
- 4.26 Both the MCPB and the PSMOB report, by exception, into the monthly Housing Revenue Account (HRA) Meeting that is chaired by The Executive Director of Place.

Housing Disrepair

- 4.27 New processes have been developed which seek to expedite responses to potential housing disrepair. The processes improve the ability to determine the extent and form of remedial works and how this is prioritised to ensure compliance with regulatory standards, while adequately addressing disrepair and ensuring a safe living environment for tenants.
- 4.28 A Housing Disrepair Manager has been recruited within the repairs team. A dedicated team of trade operatives, supervisors and administrative support has been created working collaboratively with dedicated resources within legal services. A robust recording method has been developed to track claims and ensure that critical timeframes are met. The collation of costs is also being captured to help understand the financial impact.
- 4.29 Regular reporting is being developed to ensure progress is monitored by the Assistant Director, Asset Management. A Standard Operating procedure (SOP) is also being reviewed to ensure that the process is effective and to define roles, responsibilities, and timeframes for relevant officers to ensure effective accountability and how lessons are learned to mitigate the need for customers to escalate their disrepair through this route.

Repairs Policy

- 4.30 Significant work has been carried out throughout the repairs service with the intended outcomes to provide a consistent and efficient repairs service for the residents of SMBC. This includes staffing realignment, the introduction of new ways of working, maximising the use of existing IT software and introducing performance measures for operatives, such as 'right first time' to improve the customer experience.
- 4.31 Plans are under way to develop a Repairs Policy, where one hasn't existed at SMBC previously. This will be done collaboratively with both tenants and leaseholders. This will review:
- the relevant service standards including target timeframes and priority categories, taking into account legislative requirements, such as Awaab's law to ensure we are compliant with new timeframes.
 - The Tenant's handbook including what works are SMBC responsibility and what works are tenants' responsibility.
 - The lettable standard to ensure that there is a consistent standard of repairs expected when a property is let and the standard to what it will be maintained during the life of the tenancy.

Aids and Adaptations

- 4.32 The operational delivery of aids and adaptations has been reviewed and an improvement plan developed to ensure that one of the most vulnerable customer groups are receiving a good quality, efficient service.

Compliance and Building Safety

- 4.33 Third-party consultants have been engaged as a 'critical friend' to support a variety of areas of work. These include:
- reviewing the self-assessment against the Consumer Standards
 - supporting with a mock inspection
 - reviewing the content and format of the Safety Case files that are mandated under the Building Safety Act.
 - Reviewing areas of compliance and providing an improvement plan that is currently being delivered.

Stock Condition Data

- 4.34 Having accurate and up to date stock condition data is critical to target financial resources effectively to ensure that the councils housing stock

remains fit for purpose. Current stock condition data is inaccurate and outdated. Stock condition surveys have been commissioned and work is currently underway on the first tranche of surveys. This will provide the first, statistically reliable tranche of data which will assist to give a true picture of the condition of the council's stock and subsequent investment needs.

- 4.35 The initial data will be enhanced by a rolling programme of stock condition survey work, to include garages, to build a comprehensive and reliable picture of the true condition of the councils housing stock and broader assets. In accordance with best practice, this information will be updated every five years to maintain the quality of data available.

Asset Management Strategy

- 4.36 The asset management strategy is being refreshed to set the goals and priorities for housing investment over the next five years. This will set out the legislative framework that the council needs to operate in and advise how these objectives can be met. Once the strategy has been adopted by Cabinet, the detail of how we will deliver these outcomes will be developed using the data collated through knowing our stock and will help to identify the level of investment required.

Housing Management

- 4.37 Achieving compliance with the consumer standards set by the RSH requires the Council to maintain its housing stock to a good standard but also requires it to put tenants at the heart of its decision making.
- 4.38 We continue to develop and improve our Tenant Engagement model, increasing opportunities for tenant engagement and co-production. This has included over the last 12 months the roll out of resident engagement strategies to our High-Rise blocks of flats and a Tenant Conference with the focus on repairs and maintenance.
- 4.39 Tenancy & Estate Management Teams are making good progress against a target of completing Home Checks to all tenancies on a rolling 3-year programme with 34.9% of current tenancies with a live home check. These checks ensure we understand our customers needs as well as an opportunity to identify any risk or hazards at the property.
- 4.40 A new Housing Resolution Team has been established in the last 12 months to provide a better customer experience when they make a complaint. The initial focus of this team has been addressing complaints

about repairs and maintenance, but the intention is the team will handle all complaints made to the Council about our landlord services.

5 Alternative Options

- 5.1 The purpose of the report is to inform the Audit and Risk Assurance Committee of the progress on the Housing transformation programme. As such, there is no alternative option.

6 Implications

Resources:	There are no direct resource implications arising from this report.
Legal and Governance:	Failure to meet the required consumer standards or investigate and resolve tenant issues within the required timeframes set out, may result in enforcement action from the RSH, legal action from the tenant or a finding of maladministration by the Housing Ombudsman. Such actions puts the council at risk both reputationally and financially as remedies include unlimited fines and compensation.
Risk:	Issues within the council's Housing service have been identified and recorded on the council's strategic risk register.
Equality:	It was not necessary to undertake an Equality Impact Assessment.
Health and Wellbeing:	The Housing Transformation and other service improvements within the Councils Landlord function will reduce the risk of harm to tenants health and wellbeing arising from disrepair of their home.
Social Value:	There are no direct social value implications from this report.
Climate Change:	There are no direct climate change implications in relation to this report.
Corporate Parenting:	There are no direct corporate parenting implications in relation to this report.

7. Appendices

None.

8. Background Papers

None.