



ADUR & WORTHING
COUNCILS

Joint Audit and Governance Committee
30th May 2023
Adur Joint Strategic Sub-Committee
15 June 2023

Key Decision [No]

Ward(s) Affected: All Adur

Regulatory Compliance Notice for Adur Homes

Report by the Director for Housing and Communities

Executive Summary

1. Purpose

This report updates Members about the Regulatory Compliance Notice issued by the Regulator of Social Housing in relation to Adur Homes. This Notice follows the self referral to the Regulator reported to the Committee on 23rd of March 2023.

Adur Homes has been found to be non compliant with the 'Homes Standard' in relation to the provision of decent homes and in meeting building health and safety requirements.

Adur Council has accepted the findings of the notice issued by the Regulator on the 26th April 2023. This report sets out how the Council will comprehensively respond to the issues to bring the Council back into regulatory compliance and to deliver quality services to the tenants and leaseholders of Adur Homes.

2. Recommendations

2.1 That the Joint Audit and Governance Committee notes the:

- Regulatory Notice issued to Adur Council detailing the failure in regard to meeting the Home Standard
- acceptance by Adur Council of the findings of the Regulatory Notice
- work already underway to remedy relevant areas of non-compliance
- development of a Housing Improvement Plan to ensure that Adur Homes becomes fully compliant with regulatory standards, and that sets out a timetable for this work.

2.2 That the Adur Joint Strategic Sub-Committee notes the:

- Regulatory Notice issued to Adur Council detailing the failure in regard to meeting the Home Standard
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3. Context

3.1 On 22 November 2022, following the death of Awaab Ishak in Rochdale, the Regulator of Social Housing wrote to all registered providers requesting that they identify properties not meeting standards relating to decent homes and repair. The Regulator said that any registered providers not meeting these standards should 'self-refer' immediately.

3.2 Following this communication, the new Director for Housing and Communities undertook a diagnostic review of compliance by Adur Homes with regard to regulatory standards. This review found a number of areas where Adur Homes is not compliant as detailed in the report to the [Joint Audit and Governance Committee on 23 March 2023](#).

3.3 As set out in a previous report to the JACG, Adur Council referred itself to the Regulator on [24 February 2023](#).

3.4 On 10th May 2023, Adur Council received formal notice from the Regulator confirming that the Council is in breach of two sections of the Home Standard. The Home Standard sets expectations for registered providers of social housing to provide tenants with quality accommodation, including the provision of decent homes, effective management of health and safety compliance and the provision of cost effective repairs and maintenance.

3.4 In draft correspondence to Adur Council, the regulator 'concluded that:

- a) Adur District Council (Adur DC) has breached parts 1.1 and 1.2 of the Home Standard; and
- b) As a consequence of this breach, there was the potential for serious detriment to the provider's tenants.' The formal notice also states that the regulator will work with Adur DC as it seeks to remedy this breach. The draft regulator's decision has been accepted in full by the Council.

3.5 In discussions subsequent to the self referral, the Regulator also indicated that Adur Homes performance against other standards is not optimal, and suggested that the response by the Council should be comprehensive and address all areas of underperformance. The Regulator will be seeking information from Adur Council that shows an understanding of how the non-compliance came about, what its root causes are, and how the Council intends to address the issues and transform the way it works to improve housing and services for tenants.

3.6 There are also imminent new requirements for registered providers outlined in the Social Housing (Regulation) Bill currently going through the Parliamentary and Royal Assent process. These include annual mandatory tenant satisfaction measurement, addressing damp and mould in properties, and the need for housing staff to have professional qualifications and accreditation.

4. Issues for consideration

4.1 In response to the issues identified in the audit of performance of Adur Homes, and ahead of the formal response to the self referral by the Regulator, the Director for Housing and Communities has already put in place initiatives to rectify non-compliance.

4.2 These actions include:

- Working with and securing advice from Runnymede Borough Council, which also self referred to the Regulator and redressed its compliance issues
- Reviewing the terms of reference for the Adur Homes Management Board and membership to refocus this on the provision of an advisory role for the development of Adur Homes
- Implementation of a new internal Housing Improvement Board to drive forward and oversee the implementation of the Housing Improvement Plan
- Review and development of a number of (interim) health and safety asset-related policies
- A new Head of Property Services created to lead the work around our Adur Homes assets
- A new Interim Head of Housing in place to lead our work on tenancy services
- Partnering with Runnymede Council on a contract to deliver the new mandatory tenant satisfaction requirements
- Developing new posts and a new support team to provide important infrastructure for Adur Homes, including a Tenant Engagement Lead, a Strategy and Policy Manager and a Performance and Data Officer (under development)

- Scoping the requirement for effective systems to better enable the work of Adur Homes with a view to upgrading or purchasing new systems to support asset and tenancy management functions
- Development of a comprehensive draft Housing Improvement Plan to bring Adur Homes back to regulatory compliance
- Drafting a new HRA Business Plan setting out investment priorities for Adur Homes, including a 30-year forecast
- Developing a new reporting and governance framework, including new KPIs and clarifying governance accountabilities
- Commencing work on a new Strategic Asset Management Plan for the housing portfolio
- Engaging external housing expertise to provide additional support and guidance
- Engagement work with tenants and Leaseholders started including a new tenant newsletter.

4.2 The Housing Improvement Plan seeks to address the full range of areas where Adur Homes has been internally assessed as requiring reform and improvement. As well as a focus on the assets, and health and safety compliance issues, the Plan includes reforms to tenancy management, tenant engagement, and complaints management. Work has already begun to address several of the items listed in the Housing Improvement Plan.

4.3 The Housing Improvement Plan is phased initially over a 24-month period and assigns ownership of specific reforms to the relevant senior housing leader. This is necessarily a high level Plan and specific reforms will require more detailed project implementation plans to be developed by the senior housing leader responsible for the initiative. It is important to note that initial work will significantly focus on safety and compliance, with a more comprehensive piece of work in the longer term to bring homes to the Decent Homes Standard.

4.4 The Housing Improvement Plan also has a risk assessment that sets out the high level risks associated with not resolving or mitigating the issue, and an Environment Scan highlighting issues on the horizon that could impact on implementation.

4.5 The Plan also tracks across to issues previously identified by the JAGC Committee and to outstanding FOIs, to ensure that these long-standing areas of underperformance are addressed.

4.6 To monitor progress towards regulatory compliance the Regulator has stipulated that there will be 'intensive engagement' until Adur Homes is compliant.

The Regulator will review the Housing Improvement Plan developed by Adur Council and monthly meetings based on detailed diagnostic analysis will be used to track progress against the Plan.

4.7 The Regulator has also advised that they will want to receive third party assurance of rectification through an external consultant audit.

5. Engagement and Communication

5.1 Adur Homes tenants and leaseholders have all been informed about the decision to refer to the Regulator, including the reasons why and an outline of next steps.

5.2 A Communication and Engagement Plan is being developed and there is additional support for this through some additional funded capacity in the Communication Team. The Communication Plan will also include key stakeholders in the broader Adur and Worthing communities who need to be kept informed.

5.3 Engagement has already begun with Tenants and Leaseholders including the development of a new monthly newsletter and engagement sessions. Two have been held to date in Fishersgate and Southwick and others are being planned for other places

5.4 Members of Adur Council are being briefed, and regular meetings are in place with the Adur Cabinet Member for Customer Services and Housing and the Cabinet Member for Health and Wellbeing.

6. Financial Implications

6.1 The resources to ensure compliance with the Regulator's Standards must be found within the Adur HRA which is a ring-fenced account. Overall, the HRA has a significant budget available to it (£14.8m) and every endeavour will be made regarding best use of this existing resource to deliver the improvement plan.

6.2 However, to improve financial capacity to deliver any additional requirements arising which cannot be accommodated with the existing approved revenue budget two projects are underway:

1. A capitalisation direction has been sought from the Secretary of State for DLUCH to enable the council to access the Major Repairs Allowance which stood at £9.4m as at 31/3/2022. This reserve can currently only be used to

fund capital expenditure and the repayment of any debt under legislation. Members are reminded that there is no guarantee that a direction will be given and that there will be revenue consequences in utilising this reserve as it was planned to be used to finance the capital programme.

2. A review of the depreciation calculation for Adur Homes is underway. The annual depreciation charge is transferred to the Major Repairs Reserve. This follows some benchmarking which identified that our depreciation charge per dwelling was significantly higher than other similarly sized Councils. This is under discussion with our auditors, and if successful will build capacity in the revenue budget to take forward further improvements. It should be noted that this effectively reduces the capital resources available to fund the programme which will need to be replaced.

Any capital resources used to support the revenue budget would need to be replaced by borrowing at an estimated revenue impact of £45,000 per £1m additional borrowing in a full year.

6.3 Development of a new Housing Revenue Account Business Plan is currently underway and this will enable the service to track the management of resources to deliver against the government's Decent Homes Standard and to ensure compliance in all other service areas.

Finance Officer: Sarah Gobey

Date: 18th May 2023

7. Legal Implications

7. Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.

7.2 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

7.3 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

7.4 Section 8 of the Housing Act 1985 continues to place a duty on every local housing authority to consider housing conditions in their district and the needs

of the district with respect to the provision of further housing accommodation.

Legal Officer: Joanne Lee

Date: 18/05/2023

Background Papers

The Joint Audit and Governance Committee report 23 March 2023 [here](#).

The formal notification of the breach [here](#).

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Sustainability & Risk Assessment

Economic

1.1 Thriving Economy is one of the four Missions identified in Our Plan and will therefore become one of the key documents informing the direction and prioritisation of the council's work with regard to Adur Homes.

1.2 Providing a decent home that is secure, affordable, warm and modern, supports the wellbeing of our residents, enabling those who are able to work and to sustain employment and contribute to economic activity.

2. Social

2.1 Social Value

2.1.1 Residents and communities are central to Our Plan and 'Thriving People' is one of the four Missions identified in Our Plan. This mission aims to ensure people are healthy, resilient and resourceful, that they can access the right help when they need it and everyone has a safe, secure and sustainable home.

2.1.2 One of the three overarching Principles in Our Plan is Participative, which is based on the explicit intention to work more closely with citizens to involve them in deeper and more meaningful conversations about service design and delivery. Our work to meet decent homes and the other housing standards will be linked to our tenant participation activity therefore forms a central part of the council's commitments.

2.2 Equality Issues

2.2.1 The council is subject to the general equality duty set out in section 149 of the Equality Act 2010. This duty covers the following protected characteristics: age, gender, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation.

2.2.2 In delivering housing services the council must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between different groups
- Foster good relations between different groups

2.2.3 The participative principle in Our Plan describes the council's commitment to providing truly inclusive services by listening to underrepresented voices, creating equal access and meeting our equality duties.

2.2.4 The council's legal duties (Equality Act 2010) will inform the development and delivery of the improvement plan, in relation to eliminating discrimination, advancing equality of opportunity and fostering good relations.

2.2.5 Decisions, actions and areas of investment relating to implementation of the improvement plan, may require Equality Impact Assessments.

2.3 Community Safety Issues (Section 17)

2.3.1 The council is committed to the promotion of communities as safe places. Our Plan seeks to progress delivery of the councils' community safety commitments by strengthening working partnerships with the Police, communities, businesses and multidisciplinary teams across the council.

2.3.2 As part of our ongoing work to meet the Neighbourhood and Community Housing Standard will be to keep the neighbourhood and communal areas associated with the Adur Homes clean and safe, co-operate with relevant partners to promote tenant and community wellbeing, and help prevent and tackle anti-social behaviour.

2.4 Human Rights Issues

2.4.1 The actions set out in the report will enable the council to identify solutions that will enable our residents, communities and neighbourhoods to flourish.

3. Environmental

3.1 Thriving Environment is one of the four Missions identified in Our Plan and key actions include achieving net zero carbon, resilience to climate change and increased biodiversity by restoring natural habitats and minimising waste.

3.2 The improvement plan, as part of the wider work plan for Adur Homes, will as part of these commitments actively contribute to carbon reduction, waste minimisation and biodiversity improvement objectives.

4. Governance

4.1 In line with the constitution this report is being taken to the Joint Audit and Governance Committee and the Adur Joint Strategic Sub Committee to note and comment. Additional engagement has been undertaken with the Adur Cabinet members for Housing and Communities.

4.2 Further updates, including the improvement plan will be brought to the JAGC and other relevant committees on a quarterly basis.