

# Audit and Risk Committee

22 July 2019

<b>Report title</b>	Tenancy Management Organisations – Audit Review Update	
<b>Accountable director</b>	Kate Martin, Director of City Housing	
<b>Accountable employee(s)</b>	Mark Lowthian	Service Support Manager
	Tel	01902 558619
	Email	mark.lowthian@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Not applicable	

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## Recommendation for noting:

The Committee is asked to note:

1. An update on the implementation of the recommendations arising from the recent internal audit reviews of the Council's Tenancy Management Organisations.

## **1.0 Purpose**

- 1.1 This report is to update the Committee on the implementation of the recommendations arising from the 2018-2019 internal audit reviews of the Council's Tenancy Management Organisations (TMOs).

## **2.0 Background**

- 2.1 The Council has arrangements with four organisations that manage just over 2,000 properties on the Council's behalf. These are:
- Bushbury Hill Estate Management Board
  - Dovecote Tenant Management Organisation,
  - New Park Tenant Management Co-operative
  - Springfield Tenant Management Co-operative
- 2.2 At its March 2019 meeting, the Audit and Risk Assurance Committee heard that Internal Audit had been commissioned by the Service Director of City Housing to undertake an audit review on each of these four organisations.
- 2.3 These reviews had primarily focussed upon their compliance with regards to meeting the requirements of their respective management arrangements and covered areas such as governance, tenant engagement, housing allocations, housing maintenance, financial control, equalities and performance monitoring.
- 2.4 TMO Audits were undertaken during the period June to December 2018 at:
- Bushbury Hill Estate Management Board (BHEMB) – report issued 6 November 2018.
  - Dovecotes TMO (DTMO) – report issued 21 November 2018.
  - New Park Village Tenant Management Cooperative – report issued 20 December 2018.
  - Springfield Horseshoe Housing Management Cooperative – report issued 20 December 2018.
- 2.5 The audit reviews had identified many areas where there were both significant concerns and considerable scope for improvement, including:
- Recruitment, rotation and training of board members
  - The build-up of large surpluses with no clear plans on how they will be used to benefit the residents
  - Insufficient equalities and anti-social behaviour activities and monitoring
  - Lack of communication with tenants and general tenant engagement
  - Unclear housing allocations
  - Inconsistent dealing with potential tenancy breaches
  - Insufficient right to work checks for employees
  - Not processing complaints adequately

- 2.6 The audit reviews also recognised that there was scope for increasing the support offered from the Council and in the client management and performance monitoring arrangements.
- 2.7 The Committee subsequently asked for an update on the implementation of the recommendations arising from these reviews.

### **3.0 Progress, options, discussion**

- 3.1 Across the four audit reports there were a total of 111 recommendations which were all captured in an Audit Action Plan for each TMO.
- 3.2 The TMOs` Chief Officers responded positively to their Audit Action Plans and worked collaboratively and proactively with Housing Strategy by taking the agreed actions and provided the required evidence. This has enabled many of the actions to be closed off.
- 3.3 As at 30 June 2019 103 actions had been signed off as completed by Housing Strategy with the remaining 8 actions taken forward onto a TMO Workplan for 2019-2020. These reflect cross cutting themes on which we intend to work across the TMOs to action.
- 3.4 The key findings from the audits, were reported to the Council's Strategic Executive Board (SEB) on 12 February 2019 and highlighted a need for the Council to bring resources and expertise to provide a greater level of targeted support for the TMOs to facilitate their organisational development and deliver more consistent services across the city. SEB recognised that the Council needs to better engage with and support the TMOs and become a stronger and more supportive lead partner.
- 3.5 SEB, at its meeting on 7 May 2019 approved an enhanced programme of support for the TMOs. This programme of support is for this financial year and draws on both the audit reports and staff perceptions that have arisen from a more focussed and intensive period of joint working with the TMOs during the last two quarters of 2018-2019.
- 3.6 The programme of support for TMOs 2019-2020 covers 17 areas of support where a cross-directorate approach will provide the Council with a higher level of assurance in the TMOs compliance and organisational development and add significant value to the TMOs. The programme draws on the Council's expertise in the following areas; HR, Legal, Finance, Democratic Services, Health and Safety, Risk Management, Business Continuity and Resilience, Wolverhampton Homes Anti-Social Behaviour Team.
- 3.7 An update report on the TMOs and response to their audit programme was presented to Better Homes Board in April 2019.
- 3.8 During the last 12 months Housing Strategy have worked closely with Internal Audit on the recommendations and in taking forward the associated actions with the TMOs.

### **4.0 Conclusion**

- 4.1 The TMOs have responded positively to the Audit programme of 2018 and have made good progress with their respective action plans. The TMOs` response to their respective

audit reports and delivery against their Audit Action plans addressed immediate concerns and issues.

- 4.2 A resourced programme of support for 2019-2020 provide the platform for longer term sustainable improvement and provide the Council with assurance that the TMOs are providing effective services on our behalf.
- 4.3 A further progress report will be provided to the Audit and Risk Committee before this year-end.

## **5.0 Resources implications**

- 5.1 Resources in the Housing Strategy Team were increased to focus on the work of the TMOs. This has included;
- Interim Service Support Manager from October 2018
  - Client Relationship Manager from December 2018
- 5.2 The TMO programme of support for 2019-2020 approved by SEB included;
- c100 Days of “officer time” across directorates
  - £2,500 External training budget
  - £10,000 Additional HR service cost
  - £78,000 Additional posts of ASB Officer and Health and Safety Officer

## **6.0 Financial Implications**

- 6.1 The staffing costs and costs associated with the package of support for 2019-2020 are fully funded by the Housing Revenue Account (ring fenced account solely for accounting for the management of Council Housing).  
[MH/12072019/W]

## **7.0 Legal Implications**

- 7.1 The Council's legal obligations as a housing authority rest with the City Council. Therefore, it is essential that the Council ensures that functions are effectively and properly discharged through its managing agents. The audits and ensuing actions taken have helped provide assurance to the City Council.  
[JB/12072019/F]

## **8.0 Equalities implications**

- 8.1 Equality and diversity was one of the areas identified as weak and has been included on the work plan with City of Wolverhampton Council support for 2019-2020.

## **9.0 Environmental implications**

- 9.1 There are no environmental implications arising from the recommendation in this report.

## **10.0 Human resources implications**

- 10.1 Additional posts were identified and approved by Strategic Executive Board for 2019-2020.

## **11.0 Corporate landlord implications**

- 11.1 There are no corporate landlord implications arising from the recommendation in this report.

## **12.0 Schedule of background papers**

- 12.1 Strategic Executive Board report - 12 February 2019 - Key findings from Tenant Management Organisations internal audit programme.
- 12.2 Better Homes Board - 3 April 2019 -TMO Update
- 12.3 Strategic Executive Board report - 7 May 2018 - Proposed Programme of Support for Tenant Management Organisations (TMOs) during 2019-2020.