

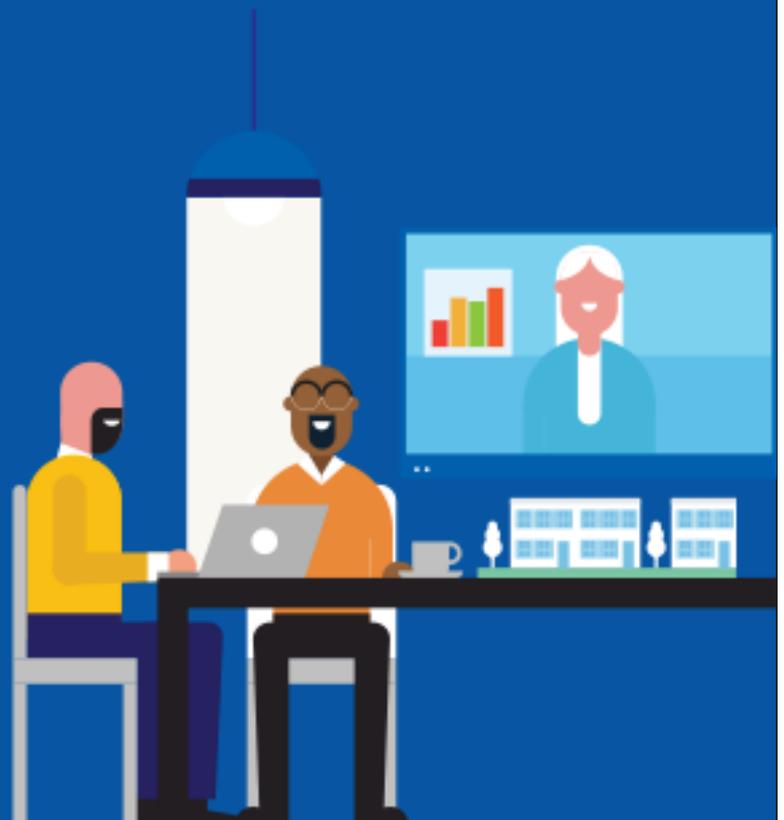
CAMPBELL
TICKELL

CITY OF
WOLVERHAMPTON
COUNCIL

Strategic Housing Review

Final Report

January 2023



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1. EXECUTIVE SUMMARY

Introduction

- 1.1 Wolverhampton Council (CWC) has commissioned Campbell Tickell (CT) to undertake a strategic review of its Housing Revenue Account (HRA) management function, having regard to the existing arrangement between the Council and its Arm's Length Management Organisation (ALMO) Wolverhampton Homes (WH).
- 1.2 The review has four areas of focus, to:
- a) Assess the operating model against performance targets.
 - b) Review the effectiveness of governance in delivering the management agreement.
 - c) Evaluate the ALMO model (the advantages of having a separate organisation) and evaluating whether it provides VFM for council tenants.
 - d) Define the role of housing within the council.

Operational Performance Review

- 1.3 WH is a focused and effective housing manager, maintaining service delivery standards. Tenants generally trust and value the services provided, and WH benchmarks as a solid performer against its peers. Whilst stakeholders view WH as a safe pair of hands, day to day focus is needed to restore performance and satisfaction to pre-pandemic levels, and to ensure services remain fit for purpose in an increasingly challenging operating environment.
- 1.4 Whilst WH is focusing significant effort and resources in delivering digital shift and providing self-service capability, that will drive efficiency and create a frictionless service for the majority, there is a sense that WH must not lose sight of the significant number of vulnerable and excluded residents it serves. There is no substitute for on the ground presence, face to face contact and proactive support, particularly when households are facing considerable pressures on their income and wellbeing, which if left unrecognised will undermine the sustainability of tenancies.
- 1.5 WH receives a relatively small number of complaints but a relatively high number of Councillor enquiries, which calls into question the openness and effectiveness of the complaints process in enabling residents to resolve legitimate concerns. A whole system approach is needed to demonstrate compliance with regulation, by ensuring the complaints process is accessible, transparent, and with complaints used as improvement opportunities.
- 1.6 The current approach to resident engagement feels dated and limited and WH still has some way to go to demonstrate in demonstrating the depth and impact of engagement to comply with new regulatory requirements. In response, CWC has commissioned TPAS to design a consistent approach to engagement and involvement across managing agents and to deliver a Resident Influence and Insight Strategy, which will establish a new scrutiny process, and will increase the base and broaden the diversity of residents facilitating the process.

- 1.7 In addition to the core housing management service originally delegated to WH, it is also responsible for delivering a range of other services on behalf of CWC, including a tenure neutral ASB service, statutory housing advice and homelessness services, allocations and housing register management, management of the Home Improvement Agency, and out of hours services. All these services are delivered under individual service level agreements and clienting arrangements, which would benefit from in-depth review, and to create integrated housing service offers.
- 1.8 In common with other social landlords, WH has faced significant challenges in clearing the backlog of repairs caused by Covid, and residents still face long wait times over the phone in reporting repairs and in getting repairs completed. A third-party contractor has however been procured to provide additional capacity to the in-house team. WH is investing in the modernisation of the service through the deployment of self-service functionality (including appointment booking) and resource scheduling, real-time stock management, and the upskilling of staff handling repair requests.
- 1.9 A significant percentage of WH managed homes are flats and non-traditional properties, making condensation, damp and mould a significant issue to tackle, with lower-than-average SAP ratings largely due to the prevalence of electric storage heaters and no gas central heating provision in high rise blocks. A proactive focus on tackling damp and mould is being adopted, including a trial of digital environmental sensors to detect high levels of humidity, supported by improved information provision, education, and inspection processes.
- 1.10 There is a good rather than strong level of resident satisfaction with the upkeep of communal areas and green spaces, which points to the need for a strong and visible local presence, with a back-to-basics focus on the care and upkeep of shared environments. WH must also re-establish and develop community connections, and fully involve residents in setting local standards and scrutinising performance against them, through walkabouts and inspections, and in promoting the role of estate custodians.
- 1.11 Managing void performance is an ongoing challenge, with 130-140 voids in progress at any one time (a backlog of 400 voids built-up during Covid has been cleared), the average time taken to undertake a void repair is 71 days, with an additional 19 days taken to relet the home. Whilst an enhanced Void Standard is being developed as part of the new Repairs Policy, and whilst voids repair times are now reducing, a 'deep dive' into end-to-end void performance is required, to ensure a fit for purpose homes are delivered in a timely and cost-effective manner, the review should also encompass a review of the lettings process.
- 1.12 WH is able to demonstrate a strong track record in delivering compliance against CWC's landlord health and safety responsibilities with regard to gas, electrical installation, lift and water hygiene safety checks, and fire and building safety risk assessments. Whilst WH can demonstrate compliance with regulations for managing asbestos, an improvement project is underway to ensure effective real-time risk assessment.
- 1.13 WH has been an effective asset manager and CWC stock is 99+% Decent Homes compliant, with stock condition data maintained through a five-year rolling inspection programme. However, an independent review in 2021 found data collection and management processes to be deficient, and a process of migrating data and management processes onto the core

housing management system commenced. WH must ensure that investment plans and delivery programmes are built upon reliable stock data, and that decision making is based on a balanced life-time view of asset performance.

- 1.14 A refreshed Asset Management Strategy is currently being prepared, which should reflect the adoption of an Active Management Approach to stock (re)investment, reflecting the long-term costs/viability of units, and enabling pragmatic decisions to be made about use, re-use, or disposal.
- 1.15 The strategy to decarbonise CWC stock is based on a deep retrofit approach, with some elemental replacement programmes (re-roofing, low-rated boilers replacement, and void works). The programme is currently focused on improving hard-to-treat stock, and CWC has commissioned WH to upgrade over 4,000 non-traditional units, supported by grant funding.
- 1.16 WH has successfully supported CWC in delivering a range of small site development programmes, including converting garage sites and non-traditional stock refurbishments, delivering over a hundred units overall. There are however limited future development opportunities. It has also played a major role in the regeneration of Heath Town, engaging effectively with residents in clienting deep refurbishment, building and community safety, and district heating works.

Governance and Oversight Review

- 1.17 The consensus view amongst senior stakeholders is that the governance and leadership of WH has been effective in ensuring the ALMO operates as an integrated member of the Wolverhampton family. It is viewed as being receptive to the broader Council agenda and making a substantive contribution to Wolverhampton.
- 1.18 The relationship between CWC and WH is clearly mature and constructive, as is the working relationship with Councillors. The strategic relationship with senior CWC Executive is less formally constituted and requires formalising to provide clear direction to the partnership.
- 1.19 The tenant led WH Board¹ has provided effective oversight in steering WH in the right direction, and there is a strong commitment to tenant representation on the Board moving forward. The future appointments into leadership roles does however provide an opportunity to review and strengthen governance arrangements to ensure the Board equal to the challenge that lies ahead, by:
 - a) Undertaking a skills review to identify gaps, particularly relating to finance, asset management and investment planning, and instigating a rolling programme of Board member training, coaching and assessment.
 - b) Co-opting CWC staff or third-party specialists as Council nominated Board members to provide the necessary level of technical challenge and oversight.
 - c) Working to a forward plan that enables effective horizon scanning, and for all strategic issues and key decisions to be fully considered, influenced, and scrutinised.

¹ Angela Davies the chair of the WH Board passed away in December 2022. Her significant contribution to the development of WH and to her community is universally recognised.

- 1.20 The current Management Agreement is broadly fit for purpose, and in tandem with the supported by a Partnership Pledge, provides a strong set of partnership principles that place the relationship well beyond a purely transactional or commercial arrangement. The Agreement should however be strengthened at the point of the break clause to better reflect CWC expectations and the scope of its oversight role, in recruitment of the Chair for example.
- 1.21 For WH to successfully deliver what the Council expects of it over the next five years, its strategic planning cycles must be aligned with those of CWC, with cross-cutting objectives of corporate strategies embedded within the day-to-day activities and deliverables of WH.
- 1.22 Clienting of the relationship has to-date been light touch, but in the light of significantly strengthened Regulatory expectations needs to be refreshed and realigned, to provide CWC with a consolidated view of compliance across its managing agents.
- 1.23 In future, the Regulator of Social Housing and the Housing Ombudsman will work in an increasingly coordinated fashion with the Building Safety Regulator. The respective roles of CWC (as the accountable landlord) and WH must be clear in providing assurance and reassurance of compliance, and in demonstrating that services are responsive to resident input and feedback, achieved by ensuring:
- a) The right interfaces between CWC and WH are in place, with clear reporting structures that remove current duplications and ambiguities, and reporting is robust and fully transparent (particularly financial reporting), based on a single version of the truth.
 - b) A comprehensive performance management framework based on key service indicators, resident feedback and perception, and peer benchmarks, is focused on delivering compliance, sustainability, and consistent levels of resident satisfaction.
 - c) Issues are flagged quickly, to enable appropriate intervention, and source data is shared to enable proactive reassurance achieved through independent challenge.
- 1.24 To underpin the above, consideration should be given to creating an overarching Shareholder Board with terms of reference focused on creating a formal governance bridge between CWC, the Cabinet and the WH Board, which would provide a single point of housing strategy, delivery, and performance oversight, whilst working within the existing schemes of delegation. The Board would be chaired by the portfolio holder, with senior executives from CWC and WH, and the Chair of the WH Board, as permanent members, and with senior staff from CWC and WH in attendance as required and would be integrate with existing scrutiny groups and committees, and other clienting of the other managing agents.

ALMO Model VfM Assessment

- 1.25 The Wolverhampton Housing Revenue Account (HRA) is in a comparatively strong position with a projected balance for 2022/23 of £7.0m, after having made provision for a further £11.2m repayment of debt. Total HRA debt is in the region of £274m. The HRA Business Plan shows a strong position where cashflows are projected to be sufficient to meet the investment needs, with the HRA projected to remain in balance over the 30-year plan and able meet the additional borrowing needed to deliver identified investment programmes.

- 1.26 The estimated resource requirement required to reach a sustainable level of decarbonisation (based on current and emerging technologies) for the existing housing stock is in the region of £4.6bn, compared with the current investment requirements of £2.1bn included in the Business Plan. Modelling suggests that the HRA could not afford to meet additional expenditure of this level over the life of the Business Plan without going into a deficit position unless any financial support/funding from the government or other external sources became available.
- 1.27 The Wolverhampton General fund (GF) is under considerable pressure, with savings of £12.6 million required in 2023/24, and a further £25.8 million required by 2025-2026. Whilst a ringfenced account within the GF, there is flexibility within the rules governing the HRA to enable it to make appropriate and legitimate contributions to support certain GF activities, which could help to relieve the pressure on the GF. CWC/WH Service Level Agreements have not been reviewed for some time and would benefit from market testing, to ensure both the GF and HRA are best served by the arrangements in place.
- 1.28 Delivering housing services through a stand-alone and legally constituted delivery vehicle such as WH, naturally results in a layer of additional overheads related to management, governance, audit, and oversight, which would not occur with an in-house model. Through an analysis of roles and functions, CT estimate the level of this overhead to £1.7m p.a. or a little over 3% of the WH operating budget. Peer group benchmarking demonstrates that WH overhead costs (office, finance IT etc.) are well below median, reflecting the economies of scale benefits achieved through sharing corporate services with CWC.
- 1.29 CT estimate that bringing the service in-house and removing the costs inherent in running the ALMO could realise an annual saving in the region of £1.36m. This would be subject to the delivery of the restructure and operational transformation programme, and the mitigation of risks associated with it. The cost of returning the ALMO to the council is estimated as £1.5m, which would be chargeable to the HRA, with WH retained surpluses used to meet these costs.

Defining the Role of Housing within the Council

- 1.30 The provision of a good quality, fit for purpose home is increasingly recognised as the key to providing an environment where individuals and families can recover, respond, and thrive, whether tackling rough sleeping, freeing hospital beds, providing support to people with a learning disability or mental illness, or supporting children outside a formal care setting. Through a detailed understanding of need, the coordinated provision of homes to meet these needs, and the integrated provision of wraparound support, investment in housing can significantly reduce demand-led costs across the whole system.
- 1.31 CWC is developing a whole system approach to levelling-up and tackling all forms of inequality experienced by Wolverhampton residents. Housing has a critical upstream role to play within this model through early intervention and prevention, tenancy sustainment activities, in preventing homelessness, minimising debt, and improving health and wellbeing outcomes. Co-locating service delivery within multi-agency hubs and embedding the Wolverhampton Pound will contribute significantly to meeting corporate objectives.

Conclusions and Recommendations

- 1.32 An ALMO provides focus and expertise in delivering housing management services, and WH has operated effectively at relative arms-length within the terms of its management agreement, delivering high quality services, valued by tenants, and has worked effectively in partnership with CWC. However, within the new operating environment and with raised expectations of wider partnership delivery, it is appropriate for stakeholders to review at this point the overall value and sustainability of delivering housing services under the ALMO model.
- 1.33 For WH to be considered as a fully credible delivery vehicle for the housing service moving forward, a realignment of its remit is required to dovetail with the strategic and operational priorities of the Council, to become fully accountable in providing assurance of Regulatory compliance, and to operate within a whole system approach to service delivery, enabling CWC to realise wider outcomes for Wolverhampton.
- 1.34 This review has considered four questions and based on our findings; CT concludes that:
- a) **Is the service performing as required:** The service delivered by WH has core underlying strengths and is being digitally enabled. However, focus must be maintained on day-to-day customer service and locality-based delivery, to support the most vulnerable, and to restore high levels of resident satisfaction.
 - b) **Are governance and oversight arrangements effective:** A closer realignment of aims and objectives, refreshed governance, clienting and performance arrangements will ensure the partnership remains effective over the next five years, and able to demonstrate compliance to the Regulator.
 - c) **Does the ALMO model deliver value for tenants:** The ALMO model has an inbuilt layer of overhead, but WH is a relatively lean organisation, and shared service relationships work effectively. Returning the ALMO to Council control in the current environment risks a loss of focus when external risks are high.
 - d) **What role should housing play in the Council:** Housing can play a significant role in delivering the levelling-up objectives of Wolverhampton, in reducing inequality and building equity of outcomes for all. WH can play a pivotal role as a significant resource manager, locality-based service provider, resident and community advocate, employer, and service commissioner, working through partnerships within a whole system approach.
- 1.35 On the basis of the documents reviewed, interviews conducted, and financial analysis undertaken, CT concludes that the ALMO model is still a fit for purpose vehicle to deliver the strategic aims of Wolverhampton over the next five years, and that if the recommendations made in this report are implemented, the partnership between CWC and WH can be taken to the next level of effectiveness and can deliver a broader range of outcomes.
- 1.36 A *Partnership Offer* based on the recommendations of this report could be defined within three months and would set out agreed efficiency targets and transformation priorities, with a focus on quick wins and the programme to be delivered within 12 months, with CWC-led governance of the programme, to ensure stakeholder expectations are met.
- 1.37 Recommendation made throughout this report are summarised at the end of Section 10.

2. INTRODUCTION

- 2.1 Wolverhampton Council (CWC) has commissioned Campbell Tickell (CT) to undertake a strategic review of its Housing Revenue Account (HRA) management function, having regard to the existing arrangement between the Council and its Arm's Length Management Organisation (ALMO) Wolverhampton Homes (WH).
- 2.2 WH was created by CWC in 2005, and the current Management Agreement covering the management of 19,608 tenanted homes has been in place since 2013. It will expire in 2028 but has a break clause in 2023. Whilst the management arrangement has operated effectively for the last ten years, both operating and Regulatory environment pressures have increased significantly, and it is sensible for CWC (as the accountable landlord and sole shareholder) to review the arrangement at this point to ensure it still meets the needs of the Council and is structured to deliver agreed outcomes over the remainder of the contract term.
- 2.3 The review covers four areas of focus:
- e) Assessing the operating model against performance targets.
 - f) Reviewing the effectiveness of governance arrangements in delivering the management agreement.
 - g) Evaluating the ALMO model (the advantages of having a separate organisation) and evaluating whether it provides VFM for council tenants.
 - h) Defining the role of housing within the council.

3. METHOD

Objective

- 3.1 The objective of this review is to provide stakeholders with an independent and objective analysis on which to base an informed and considered decision regarding how to ensure the long-term sustainability of delivering high-quality landlord services and wider value-add to the residents of Wolverhampton.

Desktop review

- 3.2 A desktop review has established the strategic context and operational objectives of the service, its tenant focus and delivery performance, and its current and potential contribution to wider strategic goals of CWC. These documents include:
- a) CWC and WH business plans and strategies.
 - b) WH performance reports, tenant surveys and benchmarking comparisons.
 - c) Governance, clienting and service level managements reporting.
 - d) HRA and General Fund Business Plans, annual budgets, and returns.
- 3.3 A full list of the documents reviewed is set out in Appendix 1.

Performance Analysis

- 3.4 A three-fold approach has been used to assess the service currently delivered by WH:
- Firstly**, to assess the quality of service experienced by tenants and their perceptions of it.
- Secondly**, to establish whether the WH management fee represents good value for money and how unit costs compare with peer organisations.
- Thirdly**, to understand how the service works, its strengths and where intervention is needed. How well it is aligned with the objectives of the Council, and how effective is the governance and clienting.

Financial Analysis

- 3.5 An analysis of the current HRA position has been undertaken to validate the assumptions and model for CWC housing stock, to create a baseline model, from which to understand the impact of the investment requirements to deliver existing commitments to maintaining the Decent Homes Standard, in decarbonising the stock, and in making resources available to deliver new affordable rental homes.

Stakeholder Consultation

- 3.6 Views have been sought from a wide range of stakeholders regarding their assessment of the current service model and aspirations for the service moving forward, including Councillors, WH Board members, senior CWC and WH officers, service partners, and WH resident representatives.
- 3.7 A full list of interviewees is set out in Appendix 2.

Presentation of Findings

- 3.8 The report presents an assessment of findings against each of the four questions addressed by the review:
- a) Is the service performing as required?
 - b) Are governance and oversight arrangements effective?
 - c) Does the ALMO model deliver value for tenants?
 - d) What role should housing play within the council?
- 3.9 A series of recommendations is made to support service improvement and to optimise governance and oversight arrangements.

Legal Considerations

- 3.10 The HRA is a highly regulated entity, and WH is a fully constituted legal entity, and consequently there are a number of considerations in completing this business appraisal, whichever option is adopted. Whilst we have highlighted the main legal considerations, this report does not constitute legal advice, and therefore legal advice would have to be sought in making any changes to the current management arrangement.

5. STRATEGIC CONTEXT

- 5.1 In assessing the effectiveness of current management arrangement and in considering future options, it is important to understand the strategic priorities and operating environment challenges of Wolverhampton. Equally, it is important to understand what is driving the investment needs in maintaining homes to a high standard, and the Regulatory environment that governs the way services are delivered. This will ensure that future management arrangements can best respond to need and shape services in the most effective and sustainable way.

Our City: Our Plan

- 5.2 The **Wolverhampton Council Plan - Our City: Our Plan** (2019-24) has at its core a vision for Wulfrunians to live longer, healthier lives, and commits CWC to working with partners and communities to build a more prosperous and inclusive Wolverhampton, where everyone can share in the opportunities and success of the city. It is structured around six interlinked and mutually supporting priorities, to be delivered through a 'one council' and 'one city' approach. The plan will deliver:

Strong families: Where children grow up well and achieve their full potential.

Fulfilled lives for all: With quality care for those that need it.

Healthy, inclusive communities: With inclusive, welcoming communities where people feel safe and look out for each other in, and vulnerable people are protected from risk of harm and exploitation.

Good homes in well-connected neighbourhoods: With access to safe and healthy homes for all, within clean, green neighbourhoods and community space.

More local people into good jobs and training: With partnership working to support local people into work and better jobs.

A thriving economy in all parts of the city: With a low carbon and circular economy, which attracts new investment which brings social and economic benefit to all.

Wolverhampton Housing Strategy

- 5.3 The strategic vision of delivering '*Better Homes for All*' is set out in the **Wolverhampton Housing Strategy** (2019-2024). Its core objectives are to:

Deliver more and better homes to meet the needs of our economy, communities and the growing number of households looking to work, study and settle in the City.

Ensure safe and healthy homes for all by setting excellent levels of housing management and maintenance standards from all our housing management agents and by improving quality and thermal efficiency of homes and reducing fuel poverty cross the City.

Provide access to secure homes for those in vulnerable situations, through homelessness prevention and support and enabling people to sustain accommodation options to meet their housing needs, providing housing options that enable choice, good health and wellbeing and promote independent living.

- 5.4 The strategy sets a specific objective for WH of creating the ‘*Best Service Delivery Arrangements*’ to ensure that the services delivered to tenants are high quality, cost effective and add significant value to their lives, and that the model for delivery of housing management services continues to be of a high quality, fit for purpose and contributes to the wider strategic objectives.

Wolverhampton operating environment challenges

- 5.5 In common with every local authority, the impact of Covid and the ‘cost of living crisis’ has carved out a new operating reality for public services in Wolverhampton, with its impact on people’s lives, in terms of health, wellbeing and prosperity, and consequently the increased demand that this will place on public services will be experienced for many years to come, exacerbating existing levels of demand for social housing and support. In particular:
- a) Wolverhampton is the 24th most deprived authority in England out of 317 local authorities, with 31% of children living in poverty, compared with 17% nationally, and with 21% of residents on Universal Credit compared with 13% nationally².
 - b) Wolverhampton residents experience one of the highest levels of fuel poverty nationally, with 65 per cent of households unable to heat their homes adequately.³
 - c) Wolverhampton is in the top five of authorities for unemployment amongst young people aged 18 – 24 years, and in the top ten for unemployment overall (age 16-64).⁴
 - d) 75% of homeless applicants have additional vulnerabilities other than just a lack of housing, and 21% of residents have disclosed having limitations in their ability to carry out day-to-day activities.⁵
 - e) There is a 7-year gap in healthy life expectancy for males and a 4-years for women when Wolverhampton compared with the national average, the alcohol specific mortality rate of 20.6 per 100,000 is almost double the national rate, and the prevalence of dementia is significantly higher in Wolverhampton than in the rest of England as a whole.⁶

Regulatory Context

- 5.6 A fundamental review and strengthening of the Regulatory environment within which social housing operates has reset levels of expectation and scrutiny placed on landlords, necessitating a refocus of management priorities, working practices and assurance processes.
- 5.7 The ***Charter for Social Housing Residents (2021)*** defines a commitment to raising the standard of social housing and meet the aspirations of residents, and the services they should be able to expect from their landlord. Specifically, to:
- a) Be safe, have a good quality home and neighbourhood, all kept in good repair and in compliant order.

² Wolverhampton Financial Wellbeing Strategy (2022-25)

³ Wolverhampton Financial Wellbeing Strategy (2022-25)

⁴ Wolverhampton Financial Wellbeing Strategy (2022-25)

⁵ Wolverhampton Health Inequalities Strategy (2021-23)

⁶ Wolverhampton Financial Wellbeing Strategy (2022-25)

- b) Have their voice heard, through engagement and scrutiny, to be treated with respect, and have complaints dealt with promptly and fairly with swift redress when needed.
 - c) Be supported to access a ladder of home rental or ownership opportunities.
 - d) Know how their landlord is performing, how it spends its money, and how they can hold it to account, and to feel empowered to ask questions within a culture of transparency.
- 5.8 The role of the **Regulator of Social Housing (RSH)** has been enhanced to create a strong, proactive consumer Regulatory regime, strengthening the formal standards against which landlords are regulated and requiring them to:
- a) Be transparent about their performance and decision-making – so that tenants and the regulator can hold them to account.
 - b) Put things right when they go wrong.
 - c) Listen to tenants through effective engagement.
- 5.9 The RSH is refreshing the Consumer Standards which apply to all registered providers including local authorities. The current consumer standards are:
- a) Home Standard.
 - b) Tenancy Standard.
 - c) Neighbourhood and Community Standard.
 - d) Tenant Involvement and Empowerment Standard.
- 5.10 These Standards will be measured through a set of Tenant Satisfaction Measures (TSMs) being introduced from April 2023 (these are set out in Appendix 3).
- 5.11 The **Fire Safety Act (2021)** introduced regulation to protect anyone sharing a communal entrance or space (defined as two or more domestic premises), through rolling fire risk assessments and remedial action programmes. Housing managers are required to identify fire hazards including doors and windows that may have become compromised over time. Managers must identify residents who would find it particularly difficult to evacuate in the event of fire and maintain Risk Assessments that set-out the response in the event of fire, and to review assessments annually to ensure nothing has changed.
- 5.12 The **Building Safety Act (2022)** places significant duties on those who procure, plan, manage and undertake building work, with safety considered at every stage of a building's lifetime, ensuring that residents are safe and feel safe, with Regulatory powers to act against landlords who are found to be underperforming.
- 5.13 The **Domestic Abuse Act (2021)** requires Local Authorities to assess the need for accommodation-based support for survivors of domestic abuse and their children.
- 5.14 A strengthened **Housing Ombudsman Scheme** and **Complaint Handling Code (2020)**, set out clear expectations for landlords on handling housing complaints, backed by a new power to issue a complaint handling failure order where there is non-compliance. Landlords are

expected to self-assess against the Code to ensure that their complaint handling process is accessible, consistent and enables the timely progression of complaints on behalf of tenants.

Housing Revenue Account

- 5.15 The Housing Revenue Account (HRA) is intended to record expenditure and income on running a council's own housing stock and closely related services or facilities, which are provided primarily for the benefit of the Council's own tenants. HRA resources may be used to fund either revenue or capital activity, with the two provisos that the HRA is not permitted to go into a deficit position, and that once resources have been transferred to capital then they cannot be reverted to revenue. Decisions on spending are a matter for the Council, in conjunction and consultation with residents. It is necessary to balance the needs of the service against desirable, though potentially conflicting, outcomes to best meet the Council's objectives. This could mean that there may be differences of opinion in respect of the priorities of residents versus those of the Council.
- 5.16 Whilst HRA balances are only for HRA use, they are not necessarily solely for the benefit of existing tenants and leaseholders, and it may be desirable to use balances to help fund new affordable housing for the benefit of future tenants. Additionally, there may be instances where expenditure within the HRA on areas such as anti-social behaviour would provide benefits to the wider community rather than just existing tenants and leaseholders. Both examples would still be in line with the concept of the ring-fenced HRA.
- 5.17 The role of the 30-year HRA Business Plan is to identify, estimate and phase investment decisions to reduce risk and ensure affordability, when considered against projected income and access to capital investment.
- 5.18 In 2018 the debt cap on the Housing Revenue Account (HRA) was abolished for local authorities. Prior to this, the total amount of HRA borrowing was capped, in most cases at the amount of the self-financing debt cap, which was deemed to represent the "affordable" amount of debt for each authority. In practice, many HRAs have outperformed the assumptions used to calculate the self-financing debt settlement (introduced in 2012), and as a result are able to service additional borrowing. The removal of the debt cap effectively permits additional borrowing as long as it is on a "prudential" basis, and as a result many authorities are now using or considering using new borrowing to help fund the development of additional affordable or social housing

The ALMO model

- 5.19 The first ALMOs were created in 2002, as a way of achieving social housing investment (Decent Homes funding) without transferring ownership of stock, whilst ensuring higher quality management, more effective investment, and greater involvement of tenants. The rationale for establishing an ALMO is:
- a) The split of strategic and operational roles enables the local authority to focus on strategic direction and the ALMO on operational delivery.
 - b) An independent ALMO Board can enable faster decision-making and a more responsive service.

- c) Residents can participate directly in the governance of an ALMO at the highest level and help set priorities based on direct experience of local need.
 - d) Provide flexible local vehicles that local authorities can use to deliver wider social benefits to their communities.
 - e) As separate trading companies they can provide income-generating services that can reduce the Council's revenue support.
 - f) They can also provide a focal point for community leadership.
- 5.20 Whilst over 40 ALMOs have now been dissolved as their original purpose has been fulfilled, and services rolled-back into their respective councils, as a management model the vehicle still holds appeal for many and currently 25 ALMOs manage over 330,000 homes on behalf of their authorities. Many have had their contracts extended: (Blackpool, Colchester, Barnsley, Six Town, Tower Hamlets), the remit of others has been broadened, and new ones created. Shropshire Towns & Rural Housing (2013) and Northampton Partnership Homes (2015) were both launched with long management agreements.
- 5.21 The broader remit fulfilled by many ALMOs is evidenced by over half of ALMOs managing homes for other social housing landlords and delivering services to wider markets.
- a) 76% of ALMOs deliver money or financial inclusion services.
 - b) 72% of ALMOs deliver lettings, allocations, or housing advice, and 60% deliver homelessness services. 12 ALMOs deliver Housing First services.
 - c) 56% provide emergency out of hours services.
 - d) 48% provide cross-tenure ASB management.
- 5.22 In 2021, ALMOs built 740 homes and acquired a further 761 homes, with a further 2,810 homes scheduled for delivery in 2022, and a development pipeline of around 12,300 homes.
- 5.23 The typical size of an ALMO board is 12 members, and with regard to their composition, the National Federation of ALMOs Annual Report (2021) highlights a trend in recent years away from the original third/third/third split of an allocated number of tenant, councillor, and independent places towards allocating on a purely skills-basis. Seven ALMOs now operate a skills-based board, with others considering the same direction of travel. The move towards appointing more 'Independent' members (39% of all board members), reflects the complexity of the environment that ALMOs operate in and the diverse services many provide.
- 5.24 However, ALMOs continue to maintain a strong resident presence on their boards, with 29% of all board members being tenants or leaseholders, and with only one ALMO not now having tenant representation. On a number of boards, tenants and leaseholders are also represented through the presence of board co-optees.
- 5.25 The majority of ALMOs are chaired by an Independent board member (21 out of 25), with two chaired by a Tenant member and two by a Council nominated member. With respect to the appointment of the Chair, this is undertaken by the Board at twelve ALMOs, with the Chair appointed by the local authority at five ALMOs, and through a joint process at the

other six. It is normal practice for ALMO boards to appoint tenant and independent board members, with the local authority nominating the councillor positions.

- 5.26 Wolverhampton Homes is one of four agents managing CWC stock, the others are:
- a) Bushbury Hill Estate Management Board (EMB).
 - b) Dovecotes Tenant Management Organisation (TMO).
 - c) New Park Village Tenant Management Co-operative (TMC).
- 5.27 For completeness, a brief summary of alternative housing models adopted by other local authorities is set out in Appendix 5.

6. OPERATIONAL PERFORMANCE REVIEW

6.1 This section considers the operational performance of WH over time, in meeting the expectations of tenants, of CWC as landlord, and relative to its peers. The Covid pandemic has obviously had a significant impact on the delivery of services, and in their measurement. What matters now is the speed of recovery and trajectory being followed.

Overall satisfaction with services

6.2 Residents are generally satisfied with the overall quality of services they receive from WH, but the satisfaction level has seen a steady decline. Whilst this trend is mirrored across the social housing sector, reflecting a range of changed perceptions and expectations, the Wolverhampton context needs to be understood, and renewed customer focus placed on every interaction and transaction is key.

Resident Satisfaction: Overall satisfaction with WH Services				
Resident Satisfaction Measure %	2017	2020	Q1 2022/23	Q2 2022/23
Overall satisfaction with Services	83	75	71	67

6.3 Additionally, satisfaction with the overall housing services delivered by WH varies significantly across the City. In Fallings Park, 86% of residents are satisfied, whereas in St Peters and Wednesfield South only 39% and 42% are satisfied. Again, the reasons behind this need to be understood and addressed, and not simply attributed to deep seated issues beyond the reach or remit of the service.

Residents Perspectives

6.4 As part of this review a focus group was held with a small group of residents to understand their experiences of the services provided by WH and their priorities for the service. In summary, their reflections are as follows:

- a) Getting through on the phone is a problem but delivery is good when you do.
- b) There is a long wait time for repairs, but the quality of repairs is good.
- c) Damp and mould can be a reoccurring problem.
- d) WH need to get back to a face-to-face service after Covid, and older people are in danger of becoming digitally excluded with the closure of the One Stop Shops.
- e) Get out in the community through walkabouts and champions.
- f) Local teams need to be more visible - put a face to a voice.
- g) Need to get the network of resident groups working again.
- h) Better communication of events is needed.
- i) Befriending groups are excellent.

Customer Service/Customer Journeys

- 6.5 Residents primarily access WH services via telephone, through the Homes Direct contact centre, which in September 2022 received 14,000 calls (13,000 calls were received in June), handling over 9,000 of them, but resulting in almost 5,000 abandoned calls. This means that tenants are contacting WH on average almost ten times per year, an unsustainable level of contact.
- 6.6 Inevitably, this level of first contact generates a significant level of follow-up and failure driven contact, for example, 65% of repairs calls relate to a chase-up/follow-up on an in-flight repair.
- 6.7 The call handling KPI is to answer 55% of calls received within 80 seconds, however the service has struggled to achieve 15% over the last six months, with an average wait time for a call of 20 minutes.

KPI Performance: Contact handling				
KPI Performance Measure %	March 2022	June 2022	Sept 2022	KPI Target
Calls answered in 80 seconds	13	14	13	55

- 6.8 Homes Direct requires a full staff complement of 24 FTE but has struggled to retain and recruit staff in the post-Covid jobs market, operating with as few as 10 staff during much of 2022 (CWC was however unaware of this). The service has only now reached a full staffing level, so with allowances for bringing new staff up to speed, WH must now start to demonstrate improved response times in 2023. Operating a rolling recruitment programme would help to maintain staffing levels and in so doing protect both service performance and customer satisfaction to a high level, relative to the additional cost incurred.
- 6.9 Resident satisfaction with accessing services has however remained relatively high, and residents also find WH staff relatively easy to deal with. There is a perception within the service that residents are prepared to wait longer to be dealt with if the service they then receive is a good service when they get through.

Resident Satisfaction: Contact handling			
Perception Measure %	2020	Q1 2022/23	Q2 2022/23
WH is easy to deal with	76	73	72

- 6.10 However, the assertion that tenants are not concerned by longer waiting times is not borne out in perceptions surveys, with slow telephone response and the quality of customer service received the main driver of resident dissatisfaction, accounting for 51 out of 90 comments received in response to the September 2022 tenant perception survey.
- 6.11 A Customer Experience leadership role created in March 2021, is overseeing the roll-out of a range of digital initiatives which should make a positive impact in shifting contact to self-service channels, automating processes, and improving customer communications, through:

- a) A newly implemented repairs app. that will support a range of self-managed appointments.
 - b) Account self-service, with residents able to maintain their own contact details and initiated transactional workflows replacing unstructured emails and phone calls.
 - c) Automated communications, responses, notifications, and messaging that will keep residents informed and reminded of appointments (repairs and gas checks for example).
 - d) Automated feedback sought at the end of each telephone contact to drive ongoing improvement.
 - e) Nudge techniques will be adopted to encourage residents to access services on-line, with better use made of social media channels.
- 6.12 Ultimately, Homes Direct can evolve into a multichannel service hub, undertaking straightforward transactional processes on behalf of specialist teams (pre-court arrears actions and change of tenancy requests, for example), freeing up specialist resources to focus on more complex case work. There is also a case for understanding whether economies of scale can be achieved through a single, tenure neutral Service Hub, which can drive digital shift and greater digital inclusion across the council.
- 6.13 In 2021, WH undertook a customer contact and access needs consultation, to understand residents' needs, preferences, and expectations, and which endorsed a city-wide hub approach with services delivered in shared locations, with an improved outreach offer to support more vulnerable residents. As a result, One Stop Shops at Bilston Town Hall, Market Street and Wednesfield were closed. Whilst the new offer makes better use of resources and has the potential to provide a joined-up service to residents, it has yet to be fully rolled out, with the presence in the cross-service hubs not yet in place, leaving residents left feeling that there is nowhere to get face-to-face support, and with homeless applicants presenting at the Civic Centre as a last resort. The role out of a coherent face to face offer therefore needs to be expedited.
- 6.14 The consistent collection and sharing of contact data over time is needed to understand preferences and behaviours, to enable the most appropriate blend of channels to be determined that meets the needs of all Wolverhampton residents is needed, and that ensures no-one is excluded.

Complaints handling

- 6.15 WH receives a relatively small number of complaints (31 in June and 17 in September 2022), when compared with the 2.4 formal complaints per 1,000 properties sector average. However, the most recent resident perception survey (September 2022) found that up to a quarter of residents may not know how to make a complaint, flagging the need for greater publicity to ensure accessibility to the process.
- 6.16 Despite the relatively low number of complaints, performance in meeting the KPI performance target of responding to a complaint within 10 working days is inconsistent.

KPI Performance: Complaints handling				
KPI Performance Measure %	March 2022	June 2022	Sept 2022	KPI Target
Complaints responded to within timescales	85	100	62	90

- 6.17 Satisfaction with the complaints process is starting to improve, but as with contact handling, satisfaction differs significantly across these wards, with 75% satisfaction with complaints handling in East Park, compared with 40% in St Peters.

Resident Satisfaction: Complaints handling			
Perception Measure %	2020	Q1 2022/23	Q2 2022/23
Approach to handling complaints	N/A	57	62

- 6.18 It should be noted that a significant proportion of complaints upheld by the Housing Ombudsman relate to a failure of the complaints focus rather than the original service failure. Equally, WH must demonstrate that it is learning from complaints, and that residents have a formal role in scrutinising the process. A whole system approach is needed to ensure complaints are used as learning opportunities and processes are complaint with regulation, covering areas such as:

Customer focus: Services are delivered to clear standards, underpinned by accessible policies and processes, with staff focused on ensuring equality of access and equity of outcomes

Open and accountable, fair, and proportionate: Complaints are dealt with in a transparent, impartial, and evidenced based way, with complainants respected, and responses tailored appropriately to circumstances.

Get it right: Processes and systems provide a real-time status of every interaction and trigger interventions and escalations where service levels are at risk.

Put it right: Everyone is responsible for the quality of customer service and resolving situations as they arise, minimising the necessity for a complaint to be made, or escalated.

No repeat: Complaints are used as a learning opportunity and the impact of changes made evidenced, to build confidence in the complaints process, and to drive a culture of continuous improvement where everyone is accountable for performance.

Oversight and assurance: Robust governance processes are in place that evidence compliance and learning, though internal and external reassurance reviews.

Member enquiries

- 6.19 WH received 116 Councillor enquiries in September 2022, although the number can be well in excess of 200 enquiries per month, with roughly 70% of enquiries relating to lettings. Whilst 70% of enquiries relating to the housing list and lettings, this is an excessive level of enquiries, and raises the question whether residents are by-passing normal services access pathways and complaints processes and going straight to Councillors instead, and if so, why. Is this due to difficulties getting through to the service on the phone, or difficulties in accessing the complaints process.

- 6.20 WH must work closely with Councillors to improve lines of communication, with regular briefings on the performance of the allocations scheme (waiting times per band etc.), to help manage applicant expectation, and to promote consistent messaging, which dampens demand. Equally, to establish strong on the ground connections with Ward Councillors in understanding local needs and solutions, and in particular, helping to narrow the perception gap between Councillor expectations and what the Allocations Policy can achieve.

Listening to residents

- 6.21 Residents are moderately satisfied that WH listens to their views, when surveyed against the new Tenant Satisfaction Measures.

Resident Satisfaction: Engagement and involvement			
Perception Measure %	2022	June 2022	Sept 2022
Landlord listens to tenants' views and acts upon them (TSM6)	70	62	60
Keeps tenants informed (TSM7)	N/A	75	70
Treats tenants fairly and with respect (TSM8)	N/A	79	72

- 6.22 Relative to its peers, WH's performance ranked above the group median for satisfaction in listening to and acting upon residents' views.

Perception Benchmark (2021): Listening to and acting upon views		
Perception Benchmark %	WH	Peer Group Median
Satisfaction with views listened to and acted upon	70	67

- 6.23 In support of the above, external reviews and stakeholder perception of the depth and impact of resident engagement is that WH still has some way to go to demonstrate compliance consistently and comfortably with RSH regulation.
- 6.24 To ensure consistency of approach to engagement and involvement, CWC is working with all managing agents to deliver a Resident Influence and Insight Strategy. This includes the establishment of a new scrutiny processes across all providers, recruiting and supporting residents to facilitate the process, and increasing the number and diversity of tenants engaged in holding providers to account. Resident engagement specialist TPAS has been commissioned to work with the Council and managing agents to deliver a tenant-led scrutiny and engagement service.

Rent Collection

- 6.25 WH demonstrates strong performance in rent collection and maintained collection rates during Covid, with the level of current tenant rent arrears well inside the 3% KPI target set. In parallel with focus on collection, WH also has a strong focus on sustainment, with a low level of eviction for rent arrears, which reduces pressure on homelessness services and helps break the cycle of repeat homelessness.

KPI Performance: Income collection				
Key Performance Measure %	April 2022	June 2022	Sept 2022	KPI Target
Current tenant rent arrears	2.33	2.49	2.63	3.00

- 6.26 When compared with its peers, WH also performs favourably, at or above average across all key comparators.

Rent Collection Benchmark (2020/21)			
Performance Benchmark %	Rent Collected	Current Tenant Arrears	Former Tenant Arrears
Wolverhampton Homes	99.72	2.19	1.2
Peer Group Median	99.72	2.96	1.6

- 6.27 However, WH is comparatively more expensive than its peer group in collecting income, with 2.15 employees per 1,000 properties compared with a median of 1.84 across the peer group. Average annual pay cost per employee is also higher (£35.2k compared with £33.6k). This points towards the need for more early intervention within customer service and housing management processes, process automation and resolution at the first point of contact and working with CWC income collection teams to build a single view of household debt and its resolution.

Tackling anti-social behaviour (ASB)

- 6.28 WH delivers a tenure neutral, cross-Council ASB service, covering noise nuisance, intimidation, and harassment, hate behaviours, and environmental nuisance enforcement (litter, fly tipping). In September 2022 there were 314 live ASB cases, reflecting a spike in reporting following Covid. However, resident satisfaction with the way cases are handled remains high.

Resident Satisfaction: ASB Case Management				
Satisfaction Measure %	April 2022	June 2022	Sept 2022	KPI Target
Tenants satisfied with way their ASB complaint was handled	100	100	92	96

- 6.29 Stakeholders report that the service performs well and has a strong working relationship with the Police. However, the SLA within which the service operates has been in place since 2013 and should be refreshed (even though the ASB policy was updated in 2021), alongside a new offer to residents, to ensure that:
- The service responds appropriately to the challenges of the operating environment across Wolverhampton and is delivered in a flexible way to deter and detect ASB when it is most likely to occur (a 24-hour service offer).
 - The response to low level ASB is proportionate, and makes best use of resources, with the onus placed equally on individual residents and communities to resolve issues.

- c) Tailored approaches to tackling ASB are developed, based on locality-based partnerships, which enable communities to regain control of their local environment, to design out crime, to improve security, and to ensure neighbourhoods are well cared for.
- d) Specialist expertise (within or accessible to the service) is in place to deal with serious ASB, and that enforcement pathways and remedies are clear.
- e) Robust assurance processes and evidence bases underpin compliance with Regulatory reporting standards, and that demonstrate the value-add of the service in keeping residents safe, and that they feel safe.

Statutory Services

- 6.30 **Homelessness triage:** As discussed in relation to the general needs face to face service, the homelessness face to face service also needs review to ensure it can provide some form of support for people in crisis or at risk of homelessness presenting at the Civic Centre.
- 6.31 **Temporary Accommodation (TA):** Pressure on TA resources has intensified in response to a number of factors, including the 'cost of living crisis,' with some families now placed in B&B longer than the permitted 6 weeks, but not to the extent experienced elsewhere in the country, out of borough placements have also increased. Additional HRA stock has been allocated to TA, supporting prevention, alternative and cost-effective TA provision, and supporting move on.
- 6.32 CWC owned TA is managed by WH, who have brought the properties and management offer up to the standard of the general needs stock, through a dedicated TA team, and integration into core voids and health and safety compliance processes.
- 6.33 **Private Rental Sector (PRS):** Whilst there is a vibrant PRS sector in Wolverhampton, affordability of better-quality homes is an issue, and landlords are difficult to engage, there are also a large number of low quality lets.
- 6.34 **Registered Providers (RPs):** CWC has nomination agreements in place with the main providers operating in Wolverhampton (Bromford, WHG, Accord) which are compliance monitored by WH. A Social Housing Providers Platform has recently been reinstated, chaired by WH, as a forum for promoting operational alignment, with respect to homelessness prevention, safeguarding, and the provision of TA.
- 6.35 **Allocations and lettings:** The Wolverhampton Allocations Scheme has moved from being an open register, with 12,000 applicants, to a register focused on housing need, with 4,500 applicants. WH is currently undertaking a review to profile the impact of the change for unintended consequences. However, evidence to-date points to more homes being allocated to homeless families and families need in need, which is a more accurate reflection of the housing needs of Wolverhampton. However, 50% of people applying for housing have no housing need against the new allocations criteria, so WH is working with CWC to developing a housing advice offer (digital and face to face), that will strengthen the front

door of the service, and enable applicants to deselect themselves from applying for social housing.

- 6.36 **Home Improvement Agency:** In taking over the management of the services, WH initially struggled to turn a technically focused service into a customer focused service and clearing a 1,000-case backlog was compounded by Covid. Whilst the service recognises it still has some way to go, it has additional staff and local contractors in place to deliver a responsive service, as the backlog has now been cleared. From utilising only £1.5m of the annual £5m Disabled Facilities Grant available, £4.5m will be allocated in 2022/23 and the full £5m grant available allocated in 2023/24.
- 6.37 **Out of Hours services:** There is scope to create a an integrated out-of-hours Control Room offer, covering CCTV, Telecare, and concierge services, coordinated with the ASB team, the Police, and health and care services.

Repairs

- 6.38 The repairs service is the bellwether of every housing service provider and of the highest importance to tenants, in shaping their view of the service as a whole. The efficiency of a repairs service and its ability to maintain high levels of customer satisfaction is driven by the age, condition and investment profile of the stock, the accessibility of the appointment process and the quality of the repair itself.
- 6.39 The WH repairs service has undertaken an average 5,000 repairs per month in 2021/22, a rolling average of just under three repairs per property per year, reflecting a backlog created by Covid, but still in line with the sector average.
- 6.40 Repairs are delivered through an in-house team, but to eliminate the backlog in repairs (requests are currently running at almost 7,000 per month), and to provide greater capacity and resilience moving forward, a 5-year contract has been signed with Morgan and Bond, who will undertake planned and void repairs, and help clear the backlog of repairs by the end of 2022.
- 6.41 Despite the difficulties in raising a repair experienced by residents, performance in completing a repair is relatively strong, with the KPIs for both appointment keeping and completing repairs with target met throughout 2022/23.

KPI Performance: Repairs				
Key Performance Measure %	April 2022	June 2022	Sept 2022	KPI Target
Appointments made and kept	97	97	97	96
Repairs completed within target	99	99	98	98

- 6.42 WH compares favourably, with respect to the number of repairs per property per year undertaken (2.5 compared with 2.7), the national average is just below 3.0. The average time taken to complete a repair was marginally longer, 9.2 days compared with 9.0 days (a pre-Covid benchmark).

Repairs Benchmark (2020/21)		
Performance Benchmark %	Repairs per Property	Average Days to Complete Repair
Wolverhampton Homes	2.5	9.2
Peer Group Median	2.7	9.0

- 6.43 The average cost of a responsive repair was £197 in 2020/21, compared with a peer group average of £142. The direct cost per property of responsive repairs was £450, above the peer group median of £400, however the corresponding management cost of per property of responsive repairs was £71, below the peer group median of £82.
- 6.44 WH must focus on cost reduction throughout the repairs customer journey, through accelerated self-service and digitisation, reduced waste and rework, and strengthened contract clienting.
- 6.45 Resident satisfaction with the repairs service reflecting the quality of the end-to-end customer experience, rather than the quality of the repair ultimately undertaken.

Tenant Satisfaction: Repairs			
Satisfaction Measure %	2020	Q1 2022/23	Q2 2022/23
Satisfaction with repairs	76	74	69

- 6.46 As with other services there is a strong disparity of dissatisfaction across Wolverhampton, with residents of St Peters (39% satisfaction) and Wednesfield South (42% satisfaction) expressing significantly lower levels of satisfaction than the WH average. Feedback collated as part of the most recent resident service suggest that focusing on the timescales to complete repairs and dealing with outstanding or forgotten repairs should be top service improvement priorities.

Quality of home

- 6.47 Residents are becoming less satisfied with the quality of their home, driven by its overall condition, its thermal efficiency, the level of reinvestment in it over recent years, the quality of repairs service, and the reoccurrence and tackling of problems such as damp and mould.

Tenant Satisfaction: Quality of home			
Satisfaction Measure &	2020	Q1 2022/23	Q2 2022/23
Home is well maintained	83	73	70

- 6.48 As part of a *Recover and Sustain* plan, the service is focusing on the quality of homes, their condition and ongoing maintenance:
- Clarity of the repairs offer (scope and standards) and resetting expectations, particularly with regard to the types of repairs that can be completed in a single visit.
 - Implementation of a refreshed Repairs and Maintenance policy that places resident engagement and oversight at the heart of the service.

- c) Roll-out the repairs App. with resident bookable appointment slots, and push notification of appointment reminders.
- d) Upskilling staff at the first point of contact (Homes Direct). A new digital offer for customers and contractors is being rolled out,
- e) Implementation of a resource scheduler, mobile working, and contractor management functionality, to streamline end-to-end process delivery.
- f) Roll-out of a real-time interface with Travis Perkins to streamline van stock management and delivering materials to site.
- g) A proactive focus on tackling damp and mould, including a trial of digital environmental sensors in 6 homes to detect high levels of humidity, and supported by improved information provision.
- h) Ensuring an end-to-end performance culture throughout the repairs customer journey.
- i) Improving value for money through improved tracking of estimated costs against actuals, the cost of repairs per property, and benchmarking against comparable services.

Voids Management

6.49 In September 2022, 60 homes became void, with 130 to 140 voids being turned around at any one time. Through Covid a backlog of 400 voids built up, but this has now been cleared.

6.50 The average time taken to undertake a void repair is 71 days, with an additional 19 days taken to relet the home, resulting in a rolling void loss of 1.28% of the rent roll. CWC has a policy of repairing and refurbishing all voids rather than disposing of high-cost voids, resulting in a £50-60k cost if significant works are undertaken.

KPI Performance: Voids				
Performance Measure %	April 2022	June 2022	Sept 2022	KPI Target
Key to key void times (incl. PSA and TA)	97	83	90	90

6.51 When benchmarked in 2021, the average cost of a void repair is £3,738, compared with the peer group median of £3,212. Turnaround time and void loss comparisons were also weak.

Lettings and Voids Benchmarks (2020/21)				
%	Properties Vacant	Tenancy Turnover	Average Relet Days	Void Loss
Wolverhampton Homes	2.06	5.2	119	2.02
Peer Group Median	1.32	5.6	61	1.35

6.52 Key-to-key void turnaround times are extended, highlighting issues in the underlying stock condition and maintenance history of homes, the condition in which they are returned (infestation is an issue in the wake of Covid), a void/lettings pathway that is not fully integrated, and an underdeveloped approach to active asset management, on which to base whole-life value reinvestment decision making.

6.53 An enhanced Void Standard is being developed as part of the new Repairs policy, as the quality of a home provided to a new tenant (particularly a vulnerable one) is critical in helping establish and sustain a tenancy. Whilst voids repair times are now reducing, a ‘deep dive’ into end-to-end void performance is required, to ensure a fit for purpose product is delivered in a timely and cost-effective manner. The lettings process also needs to be sharpened up to reduce key-to-key turnaround time, including the introduction of multiple viewings.

Health and Safety compliance

6.54 WH is increasingly able to demonstrate a strong track record in delivering compliance against CWC’s landlord health and safety responsibilities with regard to gas, electrical installation, lift and water hygiene safety checks, and fire, building and asbestos safety risk assessments.

KPI Performance: Landlord Health and Safety compliance				
KPI Performance %	March 2022	June 2022	Sept 2022	KPI Target
Valid Gas safety record	99.9	99.8	99.8	100
Electrical installation condition report (5 years)	89.8	91.7	95.0	100
Fire risk assessments completed within agreed timescales	100	100	100	100
Passenger lifts serviced within timescale	100	100	100	100
Asbestos containing materials re-inspected within timescales	100	100	100	100
Legionella risk assessments carried out within 2-year period	100	100	100	100

6.55 Whilst the inspection regime is now robust, moving forward, focus must shift to demonstrating effectiveness in delivering follow-up works, the rectification of deficiencies and the mitigation of risks. In support of this, WH are building inhouse H&S management capability, to provide assurance of compliance through rolling self-assessment and a comprehensive and accessible evidence base:

- a) Gas servicing is undertaken by a third-party contractor (Dodds) with rectification work currently undertaken by an in-house team (currently being benchmarked). Gas servicing engineers are increasingly finding homes with the gas supply cut off when they enter. A coordinated approach to identifying and supporting residents in fuel poverty, and whose tenancy might therefore be at risk is therefore required.
- b) WH can demonstrate compliance with Regulation 4 – Duty to manage asbestos (Control of Asbestos Regulations 2012), having introduced best practice challenge and learning processes. Further work is required however to demonstrate Regulation 5 compliance, in providing real-time risk assessment for those undertaking works. An improvement project is in place to ensure WH and CWC management plans are aligned, procedures and processes are compliant, and training refreshed. The availability of data on the stand-alone Asbestos Register has been a problem, and the register is being transferred to the core housing/asset management system (NEC).

- c) WH maintains over 1,000 buildings that require fire and building safety checks. A Building Safety Manager and team are in place to manage inspections, with a higher proportion of inspections to be carried out in-house in future, to ensure consistency. WH believes it is the first ALMO to become BAFF SP205 self-certification compliant. A Fire Safety Committee (formed jointly with CWC), is tasked with overseeing a consistent approach to fire safety and ensuring there are no unintended consequences.
- d) WH Board and CWC client assurance processes have been strengthened following an external review by Savills (2021). Policies, procedures, and processes are reviewed annually with third party re-assurance audits in place. Certification is held centrally on NEC, and performance KPIs are reported monthly to both the WH leadership team and the CWC client team. However, the importance of full transparency in the recording and reporting of processes cannot be understated.

6.56 Residents generally feel safe in their homes, but WH must demonstrate more effectively how the inspection regime and follow-up works keep people safe, in order to build trust and achieve consistently high levels of satisfaction with a safety focused service.

Tenant Satisfaction: Safety of home			
Satisfaction Measure %	2020	Q1 2022/23	Q2 2022/23
Home is safe (TSM5)	N/A	73	70

Asset Management

- 6.57 WH report that CWC stock is 99+% Decent Homes compliant (achieved through a £320m programme) and knowledge of stock condition is perceived by WH to be good, maintained through a five-year rolling inspection programme, undertaken on behalf of WH by Wates and United Living. However, a review by Savills in 2021 found the quality and process of maintaining stock data to be unsound, so survey data is now being maintained on the core NEC housing platform. Transferring and re-validating stock condition data has required considerable effort, and WH still struggles to produce the required returns. Assuring CWC of compliance with the RSH Home Standard will require ongoing WH management focus.
- 6.58 The main focus of the capital delivery programme is now in upgrading fire and building safety management systems (including sprinkler systems being fitted) and improving thermal efficiency, 55% of CWC homes are flats and non-traditional properties, so condensation, damp and mould are a significant issue to tackle. Lower than average SAP ratings (average of 69) and EPC ratings (average of lower end Band C and higher end band D) are largely due to the prevalence of electric storage heaters and no gas central heating provision in high rise blocks. Premature component failure is also becoming an increasing issue (kitchens and bathrooms), with root causes being analysed.
- 6.59 A refreshed Asset Management Strategy is currently being prepared, which should reflect the adoption of an Active Management Approach to stock (re)investment, reflecting the long-term costs/viability of units, and enabling pragmatic decisions to be made about use, re-use, or disposal.

Reaching Net Zero

- 6.60 The CWC decarbonisation strategy is based on a deep retrofit approach, with some elemental replacement programmes (re-roofing, F and G rated boilers replacement, and void works). The programme is currently focused on improving hard-to-treat stock, and CWC has commissioned WH to upgrade around 2,900 non-traditional units, supported by grant funding.
- 6.61 Meeting overall net zero target will be a stretch within HRA resources, with WH estimating that an additional £2.5 billion will be required to supplement the £2.1 billion, 30-year investment programme already modelled. Investment plans are being modelled to reflect CWC priorities for the thermal standards to be achieved, and also the impact of Regulatory requirements, the impact of the 7% rent cap imposed by the Government, and the volatility of market cost inflation.
- 6.62 Consultation with residents and developing a *Decarbonisation Offer* will be key, to promote the benefits of the investment being made, and in undertaking significant levels of retrofit that will cause significant disturbance, without noticeable improvements to the quality of a home.

Development and regeneration

- 6.63 New build and regeneration strategy is determined by CWC based on the housing needs analysis, used to inform the Housing Strategy, and is funded through the capital programme. WV Living is the Council's development company and has delivered a range of housing products, including open market sale, help to buy, and social housing. WH directly purchased 19 units market rent units from WV during the pandemic.
- 6.64 WH has successfully supported CWC in delivering a range of small sites programmes, including converting garage sites and non-traditional stock refurbishments, delivering over a hundred new homes. There are however limited future development opportunities.
- 6.65 WH has played a major role in the £80m Heath Town regeneration, clienting deep refurbishment, building and community safety, and district heating works undertaken by United Living. CWC has commissioned a number of new build infill schemes within the estate, in parallel with the works managed by WH.

Management of Neighbourhoods

- 6.66 There is a good rather than strong level of resident satisfaction with the upkeep of communal areas and green spaces, with up to a third of people not satisfied with the service they receive. This points to a need for increased local presence and quality checking of cleaning service, and for involving residents in these processes, specifically in setting local standards and in scrutinising performance against them, through walkabouts, inspections and promoting the role of estate custodians.

KPI Performance: Management of Neighbourhood			
Satisfaction Measure	June 2022	Sept 2022	KPI Target
Communal areas clean and tidy (TSM10)	73	66	N/A
Grounds maintenance	74	72	N/A

- 6.67 Similarly, resident perception of the contribution that WH makes to their neighbourhood, is generally sound, however with the same degree of variation across the City found with other performance measures, with high levels of satisfaction in Ettingshall (83%) and Wednesfield North (73%), but with significantly lower levels of satisfaction in Fallings Park (46%) and Bilston North (54%). This points to the need for a real back to basics approach in re-establishing service and community connections as part of an ambitious recovery trajectory.

KPI Performance: Landlord makes a Positive Contribution to Neighbourhood			
Satisfaction Measure %	June 2022	Sept 2022	KPI Target
Makes a positive contribution to neighbourhood (TSM11)	71	65	N/A

7. GOVERNANCE AND OVERSIGHT REVIEW

Management Agreement

- 7.1 The fifteen-year Management Agreement (2013-2028) governing the relationship between CWC and WH has enabled WH to operate effectively at arms-length, with CWC respecting the independence of decision making, and allowing the WH Board to direct the day-to-day business, and as a result, WH has been able to successfully fulfil its remit over the last ten years. Key provisions of the agreement include:
- a) The Council will undertake the management of the HRA Business Plan based on information on the best allocation of resources provided by WH.
 - b) The Council retains statutorily responsible for the HRA and for annual rent setting.
 - c) Allowing retention of annual surpluses for reinvestment within WH.
 - d) shall be entitled to pursue and exploit opportunities for income generation with third parties provided they do not compromise the terms of the MA.
 - e) Each year the parties will agree a Delivery Plan in accordance with an Annual Delivery Planning process, the key performance requirements of the services, the financial and staffing resources required.
 - f) WH will use all reasonable endeavours to achieve year-on-year efficiencies by delivering the Services for less than the fee.
 - g) WH will be obliged to use Council business services including legal and ICT support.
 - h) WH will provide access to any information required, with appropriate notice.
 - i) Failure to comply with any KPIs/targets will be subject to a remedial plan supplied by WH within 10 working days.
 - j) Disputes will be resolved through a 4-stage resolution process with access to *Expert* third party adjudication.
- 7.2 The MA is not overly prescriptive in areas such as the how the ALMO is run. There are no clauses in the current agreement stipulating board meeting attendance, setting rates of pay or appointment setting, which can lead to contention between Councils' and their ALMOs. Any ambiguity in the current MA or new requirements CWC may have could be resolved through an updated MA put in place at the approaching break point in the current agreement.

Partnership Pledge

- 7.3 Within the MA there is a Partnership Pledge with the central objective of working in harmony to achieve the best results for residents and a set of demonstrable expectations and behaviours:

Roles: The Council recognises WH is run by a Board of Directors with specific corporate responsibilities, whilst WH recognises the Council has the duty to monitor it in relation to its delivery programme, and as the sole member has ultimate responsibility and control.

Delegation: Establish and maintain clear lines of delegation.

No surprises: Consider each other's views to reach mutually beneficial decisions.

Honesty and transparency: Be open, honest, and transparent in all dealings with each other.

Sharing information: Share information to enable both partners to make better decisions.

- 7.4 This *Pledge* provides a strong basis for partnership working, but it is clearly no longer embedded into the day to day working relationship.

Additional services provided by WH through SLAs

- 7.5 Since 2018 (first break clause in the Management Agreement) WH has been additionally tasked with providing additional services, covered by separate SLAs and clienting arrangements:
- a) Delivering housing advice, homelessness and supported housing services.
 - b) Operating the Home Improvement Agency, which administers cross-tenure Disabled Facility grants, and the Housing Assistance Policy.
 - c) Providing Telecare support, and operating Council's Control Room and out-of-hours support services.

Strategic alignment

- 7.6 WH delivers to a four-year **Business Plan (2019-23)** and an **Annual Delivery Plan** that are aligned to reflect and support the Council's ambitions and objectives. The current plan is focused on delivering extensive service transformation:

Enhance our community and customer focus: By working from community hubs and delivering strong customer centric services; building resilience in our communities and being responsive to the voice of our customers.

Provide safe and secure homes: By managing and maintaining homes to a high standard; looking after our estates and communities; developing new and different types of housing; by adapting and improving the existing housing stock; by actively contributing to the improved supply of sustainable accommodation options across the city.

Support people to sustain their tenancies and homes: Through the provision of effective advice and support services that help residents to live independent, prosperous, and fulfilling lives; by working collaboratively with other stakeholders to promote independence and individual and community resilience and continuing to provide excellent housing services.

- 7.7 However, stakeholder interviews have highlighted that this does not fully translate into alignment on the ground:

- a) Strategic and business planning processes are viewed as being out of step and that WH objectives and plans should be set in response to corporate objectives, establishing a clear *golden thread* that can be woven into frontline service delivery.
- b) WH need to be more proactive in demonstrating synergy and in contributing to creating a *housing offer* as part of a whole system approach, with a closer level of alignment is needed to enable a fuller contribution to meeting overarching strategic objectives.

- c) WH has yet to develop a coherent localities-based approach to dovetail with the hub-based model being rolled-out by the rest of the Council.
- d) Equally however, it is also recognised that the strategic planning and oversight of housing and related services (ASB, homelessness, supply, investment, and regeneration etc.) is fragmented within the Council and could inhibit the development of a joined-up approach.

7.8 Moving forward, a refreshed approach is required to translate the Council's vision and strategic ambitions into a new Business Plan for WH reflecting a shared response to the challenges of the operating environment, with aligned operational models that optimise the use of resources, with aligned planning processes and governance models.

Governance arrangements

7.9 WH operates through a single main Board structure, with four *tenant* members (appointed by the WH Board), four *Council* nominated members, and four *independent* members (appointed by the WH Board); they are not remunerated.

7.10 The Board has been successfully tenant-led⁷ for a number of years. It is supported by an Audit and Business Assurance committee, focused on risk and resourcing, and a Communities and Service Delivery committee focused on service scrutiny and resident outcomes.

7.11 Whilst no Board or Committee meeting was observed as part of this review, from the desktop review of Board papers, and interviews with Board members and senior stakeholders, the picture of Board effectiveness that emerges is that:

- a) The Board works well as a team within a supportive environment. There is a high degree of respect between tenant, independent and council representatives, and there is consensus that being tenant-led has worked well.
- b) It is diverse and reflects the characteristics of the Wolverhampton community served. Board members have a strong sense of the need to address equality and equity imbalances across Wolverhampton, and within and WH.
- c) The Board has a good relationship with CWC members and the Cabinet Portfolio Holder for Housing has attended the Board. However, the CWC Executive is less well sighted on the role and impact of the WH Board, and there is no formal engagement mechanism in place for them to do so.
- d) Board members hold an Away Day prior to each quarterly Board meeting to better understand strategic issues (business planning for example) that they are about to make decisions regarding, undertake deep dives of service performance issues (call waiting times) and horizon scanning area of focus and concern (impact of Ukraine war on supply chain costs, and the impact of fuel poverty and the cost-of-living crisis).
- e) Whilst Board members bring a diverse range of skills to the boardroom, it is recognised that the continual development of skills needed was impacted during Covid, and a full

⁷ Angela Davies the chair of the WH Board passed away in December 2022. Her significant contribution to the development of WH and to her community is universally recognised.

skills review is needed. Also, that there is a need to build capacity in strategic decision making in complex areas such as financial and asset investment planning, to equip the Board to meet the challenges ahead.

- f) Board members assert that the committee structure is effective in delivering detailed scrutiny of services and cite the improvements made in health and safety compliance as evidence of this. They also scrutinise business processes such as rent debt write-off against the Financial Scheme of Delegation.
- g) Members specifically welcome interaction with service leads in digging into the detail. There is also a strong relationship with the Council's internal audit function, who meet with committee members without WH officers present, to create an additional layer of assurance.
- h) Challenge is not, however, always effective as the Board is on occasion not involved early enough in a decision-making process to provide guidance or challenge, potentially leading to inappropriate decisions being made. The quality of financial planning and outcomes reporting presented to Board can also fall short of the standard needed to make informed, evidence-based judgements.
- i) The WH Corporate Risk Register is reviewed at every Audit and Business Assurance committee and by the Board twice a year.

7.12 The increased level of scrutiny imposed by the Regulator, the increasing complexity of the operating environment, and the scale of investment decisions ahead means that Boards are under scrutiny as never before. Future appointments into leadership roles provide an opportunity to strengthen Board governance arrangements to make the WH Board equal to the challenge ahead, through:

- a) Building a clear understanding of the core capabilities required encompassing strategy, leadership, governance, and assurance.
- b) Understanding a skills audit against the above capabilities to drive recruitment and capacity building of all Board members.
- c) Reinforcing the strong resident focus of the Board by recruiting, supplementing or co-opting specialist knowledge and technical skillsets to provide the necessary level of assurance and depth of challenge.
- d) By making involvement as attractive as possible, by considering Board remuneration and the timing of Board meetings, to attract the most able candidates.
- e) Undertaking a rolling programme of Board member training and development, coaching, and assessment, with a clear succession plan.
- f) Working to a forward plan that enables effective horizon scanning, and for all strategic issues and key decisions to be fully considered, influenced, and scrutinised.
- g) Creating an engagement framework that enables the Board to form effective partnerships with all key stakeholders.

Clienting

- 7.13 Oversight of the clienting framework is the responsibility of the Wolverhampton Homes Delivery Plan Quarterly Monitoring Group (WHDPQMG), supported by specialist groups covering finance and asset management. Progress in meeting the WH Annual Delivery Plan is reported quarterly to WHDPQMG and presented annually to Cabinet Resources Panel.
- 7.14 Neither the Delivery Plan or reports from WHDPQMG go to Scrutiny however, as there is no defined path at present for routine or exception reporting, potentially leaving the stakeholders directly responsible for compliance with RSH standards unsighted with respect to issues that could compromise compliance.
- 7.15 Progress against Savills Review of Consumer Standards is presented bi-annually at Scrutiny and until recently, quarterly reporting KPIs of all Managing Agents fed into Cabinet Resources Panel, and it is the intention of CWC to re-instate this level of oversight across all aspects of delivery moving forward.
- 7.16 The WH CEO has an occasional informal meeting with the CWC Chief Executive and Deputy Chief Executive. The WH CEO also meets with the Portfolio Holder and separately with the Deputy Leader every two months.
- 7.17 For most of its existence, CWC clienting of the management agreement with WH has been light touch and WH has been largely self-policing. However, in response to the seismic shift in the Regulatory landscape the Council has significantly strengthened its strategic housing and clienting functions, with a necessarily more proactive and robust approach to clienting to ensure ongoing compliance.
- 7.18 There is a strong consensus amongst stakeholders that the current clienting framework which has evolved over time will not meet future needs, for a number of reasons highlighted below:
- a) Roles and responsibilities are not fully clear, there is overlap of reporting and review functions, with new risks and accountabilities not embedded within the framework.
 - b) The information flow needed to drive intelligent business decision making is lacking, with gaps in quarterly reporting to Cabinet Resource Panel.
 - c) There is not a readily accessible, hard-edged evidence base to back-up the positive narrative delivered to stakeholders. Requests for data made by the client function are often slow to materialise, not available, or presented in an appropriate form.
 - d) Performance issues are not always clearly reported, escalated, or resolved successfully through intervention. The Council is receiving an increasing number of complaints directly relating to dissatisfaction with the service, and the number of disrepair claims is also rising.
 - e) The client has limited access to WH Board meetings (only attend open sections of each meeting), and paperwork is not always accessible (e.g. internal audit reports), creating a sense of lack of transparency.
 - f) Meetings between senior stakeholders are informal and often not minuted which can lead to difficulties for staff interpreting and following-up actions.

- g) There is inconsistency of reporting across CWC managing agents, which makes collation of a single view of Wolverhampton's Regulatory compliance position more complex and time consuming than it need be.
- 7.19 If left unresolved, these issues will erode trust and leave Wolverhampton exposed in front of the Regulator. To ensure this does not happen, the fundamental nature of the relationship between CWC and WH needs to be restated and fully understood by all stakeholders.
- 7.20 The Council is the accountable landlord in the eyes of the Regulator and is the sole shareholder of WH. As such, it is entitled to detailed assurance of service performance as and when required, and to test through its own - or third-party - re-assurance that every aspect of service delivery is compliant, and that the best outcomes are being made for its residents and housing assets.
- 7.21 Moving forward the clienting relationship must be recast through an *intelligent clienting* approach to enable a more dynamic, open relationship to flourish, and whilst rooted in the contractual relationship between Council and ALMO, it must nurture innovation and a more effective response to the rapidly changing operating environment and most of all underpin Regulatory compliance. This will require both parties to:
- a) Restate and embed the principles of *Partnership Pledge* within fully transparent and open processes, based on a no surprise culture, which is more reflective of a shared narrative, can highlight risks and opportunities equally, and that highlights shared success.
 - b) Define the scope and demarcation of roles and responsibilities for service delivery, performance management and assurance thereof, and the roles and responsibilities for reassurance and evidencing compliance with Consumer Standards.
 - c) Agree common methods and timetabling for providing service assurance, testing for reassurance (audit, deep-dive, impact of engagement and feedback), the reporting and evidence base required to support compliance of every element of service.
 - d) Review the reporting structure to optimise the scope of each element, provide clear terms of reference for each, to ensure that the right attendees are round the table, and that reporting hierarchies and required information flows are clear.
 - e) Enable effective cross-working at strategic and operational levels, to resolve issues and improve service coordination.
 - f) Support the sharing of source information (financial, service performance etc.), to provide full transparency, build trust, and enable the independent reassurance of services and their compliance with standards.
 - g) Define a comprehensive performance management framework (based on a consistent and integrated set of Key Performance Indicators, feedback mechanisms and perception surveys, and benchmarks), focused on delivering and demonstrating RSH compliance, financial sustainability, and high levels of resident satisfaction, with supporting processes that can trigger timely intervention by stakeholders, based on a shared view of the service.

- h) Develop a shared evidence base, analytical toolset, and expertise, to provide a fully accessible single view of services, to enable drill down and testing of assurance and the impact of tenant involvement, robust enough to deal with a query from the Regulator.
- i) Consider creating an overarching Shareholder Board with terms of reference focused on creating a formal governance bridge between CWC, the Cabinet and the WH Board. It could:
 - I. Provide a single point of strategic oversight, operating within existing schemes of delegation, and with the role of making joint recommendations to Cabinet and the WH Board.
 - II. Be chaired by the portfolio holder, with senior executives from CWC and WH, and the Chair of the WH Board, as permanent members, and with senior staff from CWC and WH in attendance as required.
 - III. Structured as to integrate with existing scrutiny groups and committees, and other clienting of the other managing agents.
 - IV. Coordinate strategy development and align corporate planning cycles and delivery plans, and ensure transparency of performance oversight, whilst providing a forum for driving innovation and wider cross-working approaches.

Regulatory Assurance and Performance Management

- 7.22 Pro-active co-regulation of the new Consumer Standards will require CWC (and WH as its managing agent) to publish data pertaining to performance, respond to follow-up questions posed by the Regulator along the lines of 'How is CWC assured that...' and be prepared to produce a Performance Improvement Plan as required. In response, CWC must have in place:
- a) Approaches to management and governance of service delivery which are proportionate to and capable of managing the key risks pertinent to the service.
 - b) A transparent assurance framework which enables all interested parties to understand what level of assurance can be taken that buildings and services are safe and of appropriate quality.
- 7.23 The standards will support pro-active co-regulation in respect of:
- a) Keeping properties in good repair.
 - b) Maintaining building safety.
 - c) Respectful and helpful engagement.
 - d) Effective handling of complaints.
 - e) Responsible neighbourhood management.
- 7.24 The standards focus on the relevant factors that most frequently cause non-compliance: data quality, health and safety compliance, high stock investment needs, poor risk management, poor internal controls and assurance, poor performance management, poor quality of reporting in governance.

- 7.25 The Regulator is specifically interested in how (and how effectively) CWC hears the voices of its customers, and in response, CWC must therefore:
- a) Actively consider how well it currently does in relation to the issues outlined above and making plans to deal with current areas of poor performance.
 - b) Develop a definition of how CWC will hear customer voices. The definition spanning methods of formal and informal engagement and data points that will be used to understand what matters to customers.
- 7.26 Data to support the Twenty-two TSMs (10 internal data points and 12 tenant perception scores) must be collated from April 2023. In response, CWC must therefore:
- a) Prepare, implementing and testing a methodology for the compilation of the full range of TSMs.
 - b) Establish where the performance data will be considered within governance.
 - c) Review what the data tells CWC about performance and acting on the basis of this learning where necessary.
- 7.27 The new coregulation methodology will be strategic in nature, with a potentially deeper interaction on one or more key issues of focus or concern. In preparation, CWC must:
- a) Establish an approach to service governance that is transparent, proportionate, and effective.
 - b) Create an assurance framework that manages key risks appropriately.
 - c) Gain an understanding of assurance levels in respect of the most likely causes of non-compliance:
 - I. Data integrity.
 - II. Health and safety compliance.
 - III. Poor performance.
- 7.28 Additionally, the Housing Ombudsman (HO) will work in an increasingly coordinated fashion with the RSH and the Building Safety Regulator. Where one agency engages with a case which has implications for another agency then information will move between the parties. In preparation, CWC must therefore:
- a) Ensure that the approach to complaint management is compliant with the HO's Complaints Code.
 - b) Ensure that the complaints process is being delivered in ways compliant with the code.
 - c) Evidence that learning is being taken from complaints and that the learning is being acted upon in terms of changes to working methods.
- 7.29 Considerable progress has already been made to put in place the necessary framework outlined above:

- a) Self-assessment, more frequent reporting, data collection and quality improvements and procedural refreshes are being made in response to a Consumer Standards readiness review undertaken by Savills in 2021 on behalf of WH.
- b) A Resident Influence and Insight strategy (2022) will be produced by CWC, and a review of resident participation and engagement is being undertaken by TPAS.
- c) An external partner (Acuity) has been engaged by WH to undertake rolling resident perception surveys against the TSMs, and automated transactional satisfaction surveys have been introduced at the end of service contacts. The intention is for this process to be transferred to CWC as part of a single re-assurance process across all managing agents.
- d) Progress against TSMs is now reported in WH quarterly performance packs.

7.30 However, from discussions with stakeholders and from observations made, it doesn't feel at present that a well-coordinated approach is being followed to what is an equally shared and *mission critical* challenge, which has the potential for inflicting reputational damage and financial sanction, starting in the relatively near future. A partnership approach is needed, particularly in respect to:

- a) Improving data quality, drill-down and reporting.
- b) Reporting and tackling poor performance.
- c) Demonstrating the impact of resident engagement and feedback.
- d) Minimising the scope for complaint escalation and Ombudsman referrals, and for disrepair claims.

7.31 The effectiveness of the current Performance Management Framework, the quality of performance data and supporting analysis presented to stakeholders (and to this review) falls well short of being *best-in-class* and what will be required to satisfy the Regulator moving forward. Most performance measures focus on service inputs rather than outputs and outcomes, and there is little reporting context presented as to relative levels of demand, and what is driving or inhibiting performance. Equally, the flatlining of performance in many areas highlighted in the operational review section above, demonstrates the need for a real focus on performance culture and embedding effective intervention and assurance processes.

7.32 A rethought and refreshed approach to performance is needed, supported by a management framework that can:

- a) Demonstrate the impact and outcomes of service delivery, rather than just activity undertaken in delivering them, ensuring that the performance is presented within the context that shapes it.
- b) Select a critical set of overarching performance measures based on the above and a more detailed set that measure the success of the operation in delivering end-to-end customer journeys and experience.

- c) Set out any responsibilities and accountabilities for performance oversight.
- d) Embed a performance driven culture and empower staff whereby everyone takes equal responsibility for quality-of-service delivery and customer experience.
- e) Enable operational performance issues to be highlighted quickly through real-time dashboards that enable early intervention and escalation before service issues become complaints.
- f) Ensure that the effectiveness of remedial actions is tracked and to demonstrate that the service is continually learning from experience.
- g) Demonstrate the balance of cost, quality and contentment achieved for each service.
- h) Embed third party audit and scrutiny of performance and satisfaction monitoring.
- i) Demonstrate the impact of resident engagement, feedback, and scrutiny in shaping, and scrutinising services.
- j) Tailor information for presentation to specific stakeholder groups and align reporting against WH Business Plan objectives and strategic Council outcomes.

8. ALMO MODEL VFM ASSESSMENT

Wolverhampton Housing Revenue Account

8.1 The Wolverhampton HRA currently has debt in the region of £274m. Under the self-financing agreement, CWC received a payment of £47.7m from Secretary of State to be used to repay a proportion of its existing debt to reduce it to the level of the self-financing valuation. Since that time, the council has had a policy of repaying debt as funds permit, and consequently now has an HRA debt some £80m less than the original debt cap. The HRA is in a comparatively strong position and having absorbed the impact of the Welfare Reform and Work Act (2016) which required social landlords to reduce their rents by 1% each year for four years, the projected HRA balance for 2022/23 is £7.0m, after having made provision for a further £11.2m repayment of debt.

HRA investment requirements

8.2 CT has reviewed the HRA Business Plan, and the potential impact of delivering the affordable homes programme and becoming carbon neutral, and how the adverse implications could potentially be mitigated.

8.3 The HRA Business Plan provided shows a strong position where HRA cashflows are projected to be sufficient to meet the investment needs of the existing stock as currently projected, as well as to support the delivery of a programme of additional new homes over the life of the plan in addition to those already in development.

8.4 The HRA is projected to remain in balance over the 30-year plan and can meet the additional borrowing costs associated with the delivery of the current investment and development programme. At present the HRA projections assume that any surpluses on the account are set aside to provide for the repayment of debt, with balances being maintained at a steady level representing 5% of total annual income.

8.5 The figures include substantial provision for repayment of HRA debt, though the projections may well need to change to reflect the level of investment necessary to achieve net zero carbon.

HRA balances (£000k)							
£000	2022-23	2026-27	2031-32	2036-37	2041-42	2046-47	2051-52
	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
HRA balance	7,000	7,000	7,000	7,000	8,000	9,000	10,000

8.6 As discussed above, the resource requirement required to reach a sustainable level of decarbonisation has been assessed by WH, against current and emerging technologies. Based on this work, the full estimated investment requirements of the existing housing stock are in the region of £4.6bn, compared with the current investment requirements of £2.1bn included in the Business Plan. Our modelling suggests that the HRA could not afford to meet additional expenditure of this level over the life of the Business Plan without going into a deficit position unless any financial support/funding from the government or other external sources became available.

- 8.7 The additional expenditure would also use up any capacity within the HRA for supporting new development, meaning that any new development proposals would need to be self-financing. This could typically be achieved by using sales cross subsidy, at an obvious cost of the delivery of fewer affordable properties.

Wolverhampton General Fund

- 8.8 The Wolverhampton General fund (GF) is under considerable pressure, having made budget reductions of £239 million over the last 12 years. The Covid-19 pandemic has significantly distorted budgets, the current Medium Term Financial Strategy (MTFS) 2022/23 to 2025/26 estimates that a saving of £12.6 million will be needed in 2023/24, rising to £25.8 million over the medium term to 2025-2026 in order to address the projected budget deficit. The GF Balance stands at £13.7 million (5% of net budget).
- 8.9 Whilst a ringfenced account within the GF, there is flexibility within the rules governing the HRA to enable it to make appropriate and legitimate contributions to support certain GF activities, which could help to relieve the pressure on the GF.

WH Cost Efficiency

- 8.10 Delivering housing services through a stand-alone and legally constituted delivery vehicle, naturally results in a layer of additional overheads related to management, governance, audit, and oversight, which would not occur with an in-house model. Through an analysis of roles and functions, CT estimate the level of this overhead to £1.7m p.a. or a little over 3% of the WH operating budget.
- 8.11 However, the economies of scale impact of the shared service arrangements in place between CWC and WH covering IT and Finance arrangements in particular, mean that when benchmarked, overall overheads for WH (6.5%) benchmark favourably against its peer group (9.2% median), with only HR costs benchmarking below median peer group performance.

Value for Money Benchmark (2020/21)						
Overheads as % of Turnover	Overall	Office	ICT	Finance	HR	Central
Wolverhampton Homes	6.5	0.74	1.82	0.48	1.41	2.06
Peer Group Median	9.2	1.21	2.62	1.24	0.86	3.32

- 8.12 These benchmarks translate into top quartile performance when expressed as an overall cost per property, the WH costs of £311 per property comparing favourably with the peer group median of £363 per property.
- 8.13 CWC/WH Service Level Agreements have not been reviewed for some time and would benefit from market testing, to ensure both the GF and HRA are best served by the arrangements in place.

Process of returning the ALMO to Council control

- 8.14 The process for terminating the management agreement with WH, winding-up the company and returning the housing service to direct control and management by the Council is set out below.

Offer to tenants

- 8.15 If the Council's is minded to taking back control of housing management services, it must be linked to a clear and coherent *offer* to tenants. Tenants will want to know how they will be impacted, how their voice will be heard in future, how the service will operate and whether any material changes will be made to terms and conditions of tenancy. The Council must be prepared to engage effectively with well organised tenant groups. An *Offer to Tenants* must therefore address:
- a) The rationale for the change and its timing.
 - b) The advantages of returning the service to the Council for tenants and the quality and cost effectiveness gains that will be delivered to them.
 - c) Any changes to service structure or access pathways.
- 8.16 With the removal of the WH Board, consideration should be given to an alternative structure that maximises the depth and diversity of tenant engagement at a meaningful level, in setting direction, agreeing operational priorities and in the scrutiny of the service.

Tenant consultation

- 8.17 CWC must determine the type and level of consultation with their residents on any reintegration proposal. Under section 105 of the Housing Act 1985, a Council will be required to consult where, in the opinion of the Council, so as to determine whether:
- *It is a matter relating to the housing management of properties let by the Council on secure tenancies. Such a matter would include the management, maintenance and provision of services or amenities:*
 - *A new programme of maintenance, improvement, or demolition; or*
 - *A change in the practice or policy of the local authority.*
 - *The proposed change is likely to affect either all or a distinct group of secure tenants.*

Target organisational design

- 8.18 CWC has choices as to how WH would be integrated back into the Council, and of the phasing of that change. Whether it slots back in as an integrated function within the existing directorate structure, or whether its return would function as a catalyst to wider organisational and operation redesign.
- 8.19 A key consideration is whether the service would lose operational focus if it were reconfigured between directorates and process efficiencies driven by co-location of teams delivering aligned services lost. There is also a danger that tenants experience or perceive a diminution in the service they receive, as the response provided becomes more generic. This is probably unavoidable in the long run, but expectations need to be managed.

Savings realisation

- 8.20 The savings that could be realised by bringing the service in-house and simply removing the costs inherent in running the ALMO are in the region of £1.7m, of which £1.3m relates to savings from staffing costs and the remainder from savings on governance costs. The management savings allow for a new senior management structure within CWC, which will be required to ensure effective transition and ongoing management of the housing stock. Allowing a 20% margin for cost growth, a net annual saving of £1.36m could be realised. This would be subject to the delivery of the restructure and operational transformation programme, and the mitigation of risks associated with it.

Return WH to Council Control: Indicative financial savings	
Annual Saving	£000
Management savings	1,700
Allowance for cost growth 20%	340
Return: savings estimate	1,360

- 8.21 The cost of returning the ALMO to the council is estimated as £1,500k, covering the legal costs of closing the ALMO, administering TUPE and pension arrangements, and management of change costs, which would be chargeable to the HRA, with retained surpluses used to meet these costs.

Return WH to Council Control: Indicative transition costs	
Cost	£000
Legal advice and transfer of assets	500
Management of change	1,000
Total cost estimate	1,500

- 8.22 The indicative savings over the length of the HRA Business Plan could be £37.9m at current prices and net of the assumed transitional costs. In practice the savings are likely to be greater than this due to the impact of inflation and interest savings on the Business Plan.

Transition considerations

- 8.23 A detailed *Transition Plan* with rationale, target operating model and the change plan required to embed WH back into the Council, could be prepared within three months. It would comprise:
- a) A *Blueprint* and fully costed *Business Case* to articulate the vision, objectives, and anticipated outcomes of the change.
 - b) A *Transformation Plan* and *Benefits Realisation Plan* to ensure the change is delivered and that benefits are fully realised.
 - c) A project *Governance Framework* to represent the interests of all stakeholders, with mechanisms in-place to involve tenants from the outset in reshaping the service.
 - d) An *Offer* to tenants prepared in advance of a *Test of Opinion* through a tenant ballot.

e) *A Change Management Plan* to guide staff, both (WH and CWC) through the change, which could largely be delivered in 12-18 months of a tenant ballot supporting the change, although any commercial aspects may require a longer implementation period.

8.24 The key consideration in delivering this option is as to how the organisational change would be delivered relative to the transformational change needed, and how that might impact the timing of savings realisation. Stakeholder priorities would determine the level of savings to be realised and how they would be distributed.

Legal considerations

8.25 The primary legal considerations in winding up WH are set out in Appendix 3. Please note, this does not constitute legal advice and further due diligence would be required to establish the full scope of legal considerations.

9. DEFINING THE ROLE OF HOUSING WITHIN THE COUNCIL

Rethinking service provision

- 9.1 In common with every local authority, CWC is continually re-evaluating its operating model to ensure it can deliver a sustainable level of service. Increasingly difficult choices must be made in directing a wholesale shift away from a one-size fits all, passive consumption of services, towards a model based on increased personal and community resilience, with community-based interventions reducing demand upstream of high-cost interventions delivered at a point of crisis.
- 9.2 This approach in turn will require a shift in the way services are organised and delivered, away from who they work for and how they are organised, to who they deliver to and how they deliver. To remain sustainable, service models must become focused, tailored, owned, and built around the strengths of the communities they serve:
- 9.3 **Insight and evidence:** Using demographic data, deficit and inequality mapping, and an understanding of crisis intervention and service demand drivers, complemented by community engagement, and the lived experiences of residents, service users and frontline service, to inform decisions regarding the shaping of services where they need to be focused.
- 9.4 **Whole life impact:** Understanding the whole life cost and impact of not acting or intervening, or correspondingly the long-term benefits of intervention and sustainment activity, whether funding ablement or re-ablement, preventing homelessness, or staying an eviction, to target resource allocation more effectively across the public purse.
- 9.5 **Shared expectations and behaviours:** Through necessity, shifting the relationship between individuals and communities with core service provision, from one of consumption to co-production, based on partnership, trust and shared expectations, and in so doing, reducing the impact of negative behaviours on communities, and reducing unsustainable service demand.
- 9.6 **Inclusion focused:** Understanding different community needs, to act to tackle inequality, discrimination, and disparities, to delivery equality access and equity of outcomes.
- 9.7 **Asset based:** Enabling individuals and communities to develop solutions based on their own strengths, resources, and relationships, to shape neighbourhood solutions, lead decision making and resources prioritisation, and to take ownership and build a sense of pride in the place where they live.
- 9.8 The provision of a good quality, fit for purpose home is increasingly recognised as the key to providing an environment where individuals and families can recover, respond, and thrive, whether tackling rough sleeping, freeing hospital beds, providing support to people with a learning disability or mental illness, or supporting children outside a formal care setting. Through a detailed understanding of need, the coordinated provision of homes to meet these needs, and the integrated provision of wraparound support, investment in housing can significantly reduce demand-led costs across the whole system.

Working within a Whole System approach

- 9.9 CWC is developing a whole system approach based on a localities-based model, focused on reducing inequalities, and targeting those most in need. Within this model, WH has a critical role to play through early intervention and prevention, and tenancy sustainment activities, in preventing homelessness, minimising debt, and improving health and wellbeing outcomes.
- 9.10 A set of cross-cutting strategies has been published by Wolverhampton over the last year that set the scene in which the housing service can step-up and deliver as part of a whole system approach to delivering key corporate objectives:

Delivering financial inclusion

- 9.11 The **Wolverhampton Financial Wellbeing Strategy (2022-25)** sets out a long-term vision based on a partnership model for tackling poverty and improving financial wellbeing, supporting households to move away from a position of high levels of dependence on public services towards one of maximising their financial wellbeing and self-sufficiency. WH is already part of the *One Council* approach to providing financial support, but there is scope for delivering as part of a broader, tenure neutral service focused on early intervention and sustainment, by:
- a) Delivering pre-tenancy training focused on basic money skills building, with onboarding processes that ensure benefits are in place, and that the home provided is as energy efficient as possible, with utilities connected, and energy advice and guidance provided to reduce the risk of fuel poverty.
 - b) Ensuring the effective establishment of tenancies by building financial understanding, promoting positive behaviours, and maximising money and employment opportunities.
 - c) Embedding triggers within operational processes and using data insight to identify residents at risk of or starting to fall into debt, enabling a proactive provision of advice and assessment.
 - d) Partnering with CWC and specialist agencies to provide a single front door, multi-agency offer with access to other advice services so residents facing financial hardship are supported at the earliest opportunity.
 - e) Utilising matrix working across CWC and external partners to align strategies and policies, to create a single view of debt, with joined-up case management that can quickly prioritise the fair and effective use of hardship funds.

Delivering health equality

- 9.12 The primary goal of the **Wolverhampton Health Inequalities Strategy (2021-23)** is to eliminate the systematic health inequalities that result in unfair and preventable differences in health across Wolverhampton, between different groups and communities. The strategy highlights that the quality of housing and the local environment is a key wider determinant of the quality of health outcomes experienced by individuals, and, that a joined-up approach to health and housing is needed, within which WH can play a significant role:
- a) As a significant resource manager, WH has the ability to allocate resources and leverage wider opportunities for those most in need.

- b) As a major employer, WH can ensure parity of recruitment, promotion, and employment, with a commitment to building a workforce representative of the local community, and to embed workforce wellbeing initiatives to promote work-life balance.
- c) Supporting career opportunities for local residents and underrepresented groups including through the use of apprenticeships, and as an advocate for accessing wider training and life-skills building opportunities.
- d) As an embedded community partner, WH has the opportunity to create cultures that promote and enable communities to be actively involved in shaping and co-producing solutions to reduce health inequalities.
- e) As an environmental manager, making the best use of assets and green space and provision of facilities for usage by community groups.
- f) As a digitally enabled service provider, working collaboratively to promote and enhance digital inclusion, through training, access provision and inclusive service design.
- g) As a significant procurer of services and materials, WH has the opportunity to re-shape procurement frameworks aligned to the *Wolverhampton Pound*, through *supplier multipliers* (local suppliers spend locally), *employee multipliers* (local employees spend locally) and *social value* (community benefit additionality within contracts).
- h) As a service partner, sharing data to understand and improve address equity of access to services and outcomes.

Ensuring equality diversity and inclusion

- 9.13 The aim of the **Wolverhampton Equality, Diversity and Inclusion Strategy (2022-24)** is to deliver a fairer, inclusive and a more equal city – where no-one is left behind, by:
- a) Providing inclusive services, value and respect diversity and ensure fairness for both employees and communities.
 - b) Removing inequalities in the provision of services and employment.
 - c) Listening to residents and communities.
- 9.14 Within its service offers and customer journeys, WH must demonstrate that it is delivering inclusive, responsive, and accessible services:
- a) Understand the barriers to equality, experienced in Wolverhampton and act to remove them, by understanding the lived experience of residents combined with data insight to redesign service access and responses to remove any inequality.
 - b) Bridging the gap between the levels of deprivation and prosperity in the borough. By focusing services and resources where they are most needed.
 - c) Provide more accessible, responsive and inclusive services, that can be demonstrated as such through feedback and perception survey responses.
- 9.15 Within its workforce plans and staff offer, WH must demonstrate that it is an inclusive employer with a workforce reflective of the City, with a visible leadership and strong organisational culture:

- a) Develop an organisational culture where everyone is valued, respected, and treated fairly.
- b) Push hard to employ staff that reflect the boroughs diversity.
- c) Improve the diversity of the workforce at senior levels.
- d) Take action that supports career progression for employees from diverse backgrounds.
- e) Actively promote staff development opportunities targeting under-representative groups.

Developing a locality-based approach

- 9.16 Whilst Covid interrupted the normal flow of on the ground services, speed of recovery is critical in re-establishing on the ground presence, rebuilding trust, and rebuilding levels of satisfaction. There is also a strong sense amongst stakeholders that WH must connect with residents in a more focused, coordinated, and proactive way, as part of a locality-based approach connecting all public services across Wolverhampton.
- 9.17 WH has rightly focused on scaling-up its digital presence, to handle transactional demand more efficiently, and to focus service delivery through the access channel of resident choice (70% of residents prefer telephone access), closing over time a network of local offices and one-stop shops. The service now offers very limited face to face access, at a time when the impact of vulnerability is particularly acute, compounded by factors such as isolation and fuel poverty. Whilst *See It - Report It* is an effective tool; it is not a coherent offer to support the most vulnerable in sustaining their tenancies.
- 9.18 A strong locality-based offer is now needed, with capacity freed-up across WH from a one-size fits all approach, to tailor and embed services within communities based on increased insight and awareness of what is going on within each community, through place-shaping and co-produced action plans, the prioritisation of resources, and shared oversight of neighbourhoods through networks of estate champions/custodians.
- 9.19 Through this approach, WH should seek to maximise the visibility of its local presence, and provide flexible service access, and proactive support to the most vulnerable, with frontline staff backed by comprehensive mobile working capability and supported though an appropriate health and welfare offer.
- 9.20 Whilst WH has strong working relationships across CWC, this must be taken to the next level, with coordinated services, tailored to meet specific needs, delivered by multidisciplinary teams from across adult and family services, environment, and public health, along with key partners such as the Police and DWP, with third-sector service networks and community groups. Delivering services from multiagency hubs will provide flexible and accessible responses, and make best use of local assets, such as the two Health and Wellbeing hubs and the network of Strengthening Families hubs, libraries and community halls and rooms.

10. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Strategic context

- 10.1 Covid and the 'cost of living crisis' has compounded a stark operating reality for Wolverhampton, exacerbated demands placed on stretched housing and support services, driven by increased homelessness, growing complexity of support needs, low skills and underemployment, indebtedness, and fuel poverty.
- 10.2 Existing operating models are no longer sustainable, and Wolverhampton must evolve to meet demand in different ways, with a sustainable level of service, targeting resources to enable and support those most in need.
- 10.3 Additionally, as the accountable landlord for 22,000 homes, CWC will be subjected to additional levels of Regulatory scrutiny and must demonstrate that it is listening to and responding to the aspirations of residents. It is therefore timely to ask whether the ALMO delivery model delivered through WH is still fit for purpose and able to respond to the challenge.

Current service assessment

- 10.4 WH is a focused and effective housing manager, maintaining service delivery standards. Tenants generally trust and value the services provided, and WH benchmarks as a solid performer against its peers. CWC stakeholders regard WH as a safe pair of hands but day to day operational focus is needed in restoring performance and satisfaction to pre-pandemic levels, and to ensure services remain fit for purpose in an increasingly challenging operating environment.
- 10.5 Whilst WH is focusing significant effort and resources in delivering digital shift and providing self-service capability, that will drive efficiency and create a frictionless service for the majority, there is a sense that WH must not lose sight of the significant number of vulnerable and excluded residents it serves. There is no substitute for on the ground presence, face to face contact and proactive support, particularly when households are facing considerable pressures on their income and wellbeing, which if left unrecognised will undermine the sustainability of tenancies.
- 10.6 WH is also an effective asset manager, particularly in ensuring tenant safety. However, it must ensure that investment plans and delivery programmes are built upon reliable stock data, and that decision making is based on a balanced life-time view of asset performance.
- 10.7 Residents spoken to are reasonably happy with the quality-of-service delivery but would like to see more focus on improved customer service performance, increased local presence and restoring the breadth of engagement in place before Covid.

Governance and oversight

- 10.8 The current Management Agreement is broadly fit for purpose, and in tandem with the supported by a Partnership Pledge, provides a strong set of partnership principles that place the relationship well beyond a purely transactional or commercial arrangement. The Agreement should however be strengthened at the break clause to better reflect CWC

expectations and the scope of its oversight role, in recruitment of the Chair, or CWC attendance at Board meetings for example.

- 10.9 For WH to successfully deliver what the Council expects of it over the next five years, its strategic planning cycles must be aligned with those of CWC, with a *golden thread* weaving the cross-cutting objectives of corporate strategies through the day-to-day activities and deliverables of WH.
- 10.10 The tenant-led Board has proven effective in providing oversight and steering WH in the right direction, however future appointments into leadership roles provides an opportunity to reassess the skills the Board will need, particularly technical and financial, to steer WH through the complex decision making and intense scrutiny that lies ahead.
- 10.11 The clienting framework also needs refreshing to reflect new Regulatory expectations. CWC and WH must be clear of their roles in providing assurance and reassurance to the Regulator, and in ensuring the service is responsive to resident input and feedback. Reporting structures need to be clear, performance frameworks overhauled, and evidence bases made fully accessible, to support transparent reporting, and a direct line of sight between CWC as the accountable landlord and the day-to-day service experience of its tenants.
- 10.12 There is a mature working relationship between the Council and ALMO, and with Councillors, however the strategic relationship with senior CWC Executives is less formally constituted. There is a strong case to create a Shareholder Board to provide a single point of strategic oversight for housing, bringing together the Portfolio Holder, the WH Board, CWC and WH Executives.

HRA investment requirements

- 10.13 The HRA is projected to remain in balance over the 30-year plan and can meet the additional borrowing costs associated with the delivery of the current investment and development programme. At present the HRA projections assume that any surpluses on the account are set aside to provide for the repayment of debt, with balances being maintained at a steady level representing 5% of total annual income.
- 10.14 The figures include substantial provision for repayment of HRA debt, though the projections may well need to change to reflect the level of investment necessary to achieve net zero carbon.

HRA balances (£000k)							
£000	2022-23	2026-27	2031-32	2036-37	2041-42	2046-47	2051-52
	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
HRA balance	7,000	7,000	7,000	7,000	8,000	9,000	10,000

- 10.15 The resource requirement required to reach a sustainable level of decarbonisation has been assessed by WH, against current and emerging technologies. Based on this work, the full estimated investment requirements of the existing housing stock are in the region of £4.6bn, compared with the current investment requirements of £2.1bn included in the Business Plan. Our modelling suggests that the HRA could not afford to meet additional expenditure

of this level over the life of the Business Plan without going into a deficit position unless any financial support/funding from the government or other external sources became available.

- 10.16 CT estimate that the level of overhead incurred by CWC in operating an ALMO is in the region of £1.7m p.a. however WH's operational and management structures are reasonably lean. There is a high level of efficiency generated by the shared service model operated by the partnership, and WH consequently benchmarks favourably against its peers with respect to overheads.

Rationale for retaining the ALMO

- 10.17 An ALMO provides focus and expertise in delivering housing management services, and WH has operated effectively at relative arms-length within the terms of its management agreement, delivering high quality services, valued by tenants, and has worked effectively in partnership with CWC. However, within the new operating environment and with raised expectations of wider partnership delivery, it is appropriate for stakeholders to review at this point the overall value and sustainability of delivering housing services under the ALMO model.
- 10.18 For WH to be considered as a fully credible delivery vehicle for the housing service moving forward, a realignment of its remit is required to dovetail with the strategic and operational priorities of the Council, to become fully accountable in providing assurance of Regulatory compliance, and to operate within a whole system approach to service delivery, enabling CWC to realise wider outcomes for Wolverhampton.
- 10.19 A *Partnership Offer* based on the recommendations of this report could be defined within three months and would set out agreed efficiency targets and transformation priorities, with a focus on quick wins and the programme to be delivered within 12 months, with CWC-led governance of the programme to ensure expectations are met.
- 10.20 The strength of retaining the ALMO is that it maintains continuity and avoids any possible loss of focus, whilst building on the service delivery strengths of WH. The risk inherent in the ALMO model is the additional management cost and that the Council is dependent on the effectiveness and quality of the relationship to deliver the change necessary and to achieve key service objectives moving forward, and to deliver Regulatory compliance.

Rationale for returning the ALMO to Council control

- 10.21 The rationale for returning the ALMO to Council control is that it would provide CWC with direct control of a critical service at a time when it is seeking to transform the way it delivers services and to make best use of scarce resources.
- 10.22 Closing the ALMO would enable closer alignment of service delivery across Wolverhampton and provide direct control for CWC over critical programmes such as decarbonisation and would eliminate a decision making and management layer and the operating overhead of the ALMO operating model. It would also create a direct line of sight with regard to Regulatory compliance.
- 10.23 Bringing the service in-house would remove the majority of the ALMO management overhead and potentially saving in the region of £1.36m p.a., with a £1.5m one-off

implementation cost estimate. The management savings allow for a new senior management structure within Wolverhampton, which will be required to ensure effective transition and ongoing management of the stock.

- 10.24 Due consideration must however be given to creating the optimum service model, maintaining momentum during a transition period, and driving through the changes within the new model.
- 10.25 Tenants must be consulted, and the majority support the change through a Statutory ballot. Staff buy-in is also essential in achieving a smooth transition and realising the anticipated outcomes. To be successful it will require:
- a) An *Offer* to tenants that is clear about the purpose of the change, a vision for the service and how it will benefit them and their communities, how service quality will be sustained, and the opportunities for more accessible engagement and scrutiny.
 - b) An organisational design that will optimise the capacity and capability of the Council to deliver the new service model and inherent efficiency savings.

A *Transition Plan* to be defined within three months that will deliver the above and an agreed set of efficiency savings through a transformation programme, with a focus on quick wins, delivered over a 12–18-month period, though commercial aspects may require a longer implementation period.

- 10.26 The strength of returning the service to the Council is that it gives back direct control over the service at a time of considerable operating challenge and the background of uncertainty. The main risk with returning the service to Council control is the loss the momentum gained by WH, and loss of focus, when it needs to achieve demonstrably needs to achieve more

Wider Housing Role

- 10.27 Wolverhampton has set-out an ambitious agenda to *level-up* and transform the lives of Wolverhampton residents by focusing on the core challenges the city faces of homelessness, inequality, poor health and wellbeing outcomes, low skill levels and high unemployment.
- 10.28 A set of cross-cutting strategies provide *a whole system* response to which the housing service can act as a catalyst, as the provision of a suitable, safe, and sustainable home within a caring and cared for neighbourhood underpins many of the aims, objectives and outcomes sought.

Conclusions

- 10.29 This review has considered four questions and based on analysis of the findings of the fieldwork undertaken, CT concludes that:
- e) ***Is the service performing as required:*** The service delivered by WH has core underlying strengths and is being digitally enabled. However, focus must be maintained on day-to-day customer service and locality-based delivery, to support the most vulnerable, and to restore high levels of resident satisfaction.
 - f) ***Are governance and oversight arrangements effective:*** A closer realignment of aims and objectives, refreshed governance, clienting and performance arrangements will

ensure the partnership remains effective over the next five years, and able to demonstrate compliance to the Regulator.

- g) ***Does the ALMO model deliver value for tenants:*** The ALMO model has an inbuilt layer of overhead, but WH is a relatively lean organisation, and shared service relationships work effectively. Returning the ALMO to Council control in the current environment risks a loss of focus when external risks are high.
- h) ***What role should housing play in the Council:*** Housing can play a significant role in delivering the levelling-up objectives of Wolverhampton, in reducing inequality and building equity of outcomes for all. WH can play a pivotal role as a significant resource manager, locality-based service provider, resident and community advocate, employer, and service commissioner, working through partnerships within a whole system approach.

10.30 On the basis of the documents reviewed, interviews conducted, and financial analysis undertaken, CT concludes that the ALMO model is still a fit for purpose vehicle to deliver the strategic aims of Wolverhampton over the next five years, and that if the recommendations made in this report (many of which support an existing direction of travel) are implemented, then the partnership between CWC and WH can be taken to the next level of effectiveness, and can deliver a broader range of outcomes.

10.31 Ultimately, the Council is accountable to the people of Wolverhampton and specifically its tenants in considering how housing services are delivered and organised. We recommend that in proceeding with this review, the opportunity is taken to engage fully and effectively with as many tenants and local stakeholders as possible, seeking to draw people into a debate about the nature of the services delivered and their priorities for the future.

Summary Recommendation

10.32 The key recommendations made throughout this report are summarised below:

- a) Maximise the visibility of local presence, provide flexible service access, and proactive support to the most vulnerable residents.
- b) Review the management of Member enquiries and establishing additional channels of communication with Councillors to clarify messages and manage resident expectations.
- c) Align WH business planning cycles with those of CWC, including the objectives of the refreshed housing strategy.
- d) Ensure all SLAs are fit for purpose and reflect the best partnership outcomes achievable.
- e) Undertake a full governance review of the WH Board, considering composition and skills needed, and whether remuneration is appropriate.
- f) Refresh clienting arrangements with defined roles and responsibilities, accountabilities for demonstrating assurance and re-assurance, and clear reporting structures.
- g) Consider creating an overarching Shareholder Board as a focus for housing governance and driving innovation.

- h) Reimplement a Performance Management Framework focused on demonstrating the outcomes achieved and value-add of the service, whilst focused on achieving high levels of resident satisfaction and full rolling compliance with all Regulatory standards.
- i) Develop a shared evidence base to demonstrate Regulatory compliance and to support re-assurance testing.
- j) Develop the wider role of WH within a partnership offer responding to key cross-cutting objectives within corporate strategies, and in delivering a whole system approach.

Next steps

- 10.33 In taking actions forward, any recommended actions from this review, CWC should consider:
- a) Creating a detailed *Partnership Blueprint* reflecting the refreshed partnership approach, responding to evolving operating and Regulatory environments, and the opportunities for whole-system partnership working. This could realistically be completed within three to four months.
 - b) Defining a *Delivery Roadmap* to implement the *Blueprint* within a twelve-month period.
 - c) Establishing a joint *Executive Steering Group* to oversee the implementation of planned changes and to ensure the realisation of outcomes.

Campbell Tickell: Maggie Rafalowicz, Alistair Sharpe-Neal, Dave Roberts January 2023

APPENDIX 1: DOCUMENTS REVIEWED

Documents Reviewed
City of Wolverhampton Council Corporate Plan Our City: Our Plan
City of Wolverhampton Council Housing Strategy
City of Wolverhampton Council Homelessness Strategy
City of Wolverhampton Council Strategic Housing Needs Analysis
City of Wolverhampton Council Cabinet and Committee papers
City of Wolverhampton Council Mid Term Financial Strategy
City of Wolverhampton Council HRA Business Plan and Model
City of Wolverhampton Council Service Standards Review (Savills)
City of Wolverhampton Council Financial Wellbeing Strategy
City of Wolverhampton Council Health Inequalities Strategy
City of Wolverhampton Council Health and Wellbeing Together – A place-based approach
City of Wolverhampton Council Tenant Involvement Strategy
City of Wolverhampton Council Climate Change Action Plan
Wolverhampton Homes Management Agreement and Articles of Association
Wolverhampton Homes Business Plan
Wolverhampton Homes Our Future
Wolverhampton Homes Financial Regulations
Wolverhampton Homes Board Roles and Responsibilities
Wolverhampton Homes Board and Committee papers
Wolverhampton Homes Budgets and Financial Statements
Wolverhampton Homes Performance Reports
Wolverhampton Homes Customer Satisfaction Reports
Wolverhampton Homes Benchmarking Reports
Wolverhampton Homes Structure

APPENDIX 2: STAKEHOLDER INTERVIEWEES

Interviewee list
Councillor Bhupinder Gakhal, Cabinet Member for City Assets and Housing
Tim Johnson, Chief Executive, City of Wolverhampton Council
David Pattison, Chief Operating Officer, City of Wolverhampton Council
Claire Nye, Director of Finance, City of Wolverhampton Council
John Denley, Director of Public Health, City of Wolverhampton Council
John Roseblade, Director of City Housing and Environment, City of Wolverhampton Council
Jo McCoy, Finance Business Partner, City of Wolverhampton Council
Jenny Lewington, Deputy Director of city Housing, City of Wolverhampton Council
Andrew Bryant, Service Lead – Landlord Services, City of Wolverhampton Council
Karen Beasley, Housing Strategy & Policy Service Manager, City of Wolverhampton Council
Lynda Eyton, CRM - Housing Managing Agents, City of Wolverhampton Council
Angela Davis, Chair, Wolverhampton Homes Board
Steve Finegan, Vice Chair, Wolverhampton Homes Board
Joy McClaren, Member, Wolverhampton Homes Board
Hajrija Dergic, Member, Wolverhampton Homes Board
Parveen Brigue, Member, Wolverhampton Homes Board
Councillor Asha Mattu, Member, Wolverhampton Homes Board
Councillor Zee Russell, Member, Wolverhampton Homes Board
Shaun Aldis, Chief Executive, Wolverhampton Homes
Angela Barnes, Director of Homes and Communities, Wolverhampton Homes
Julie Haydon, Director of Corporate Services, Wolverhampton Homes
Ian Gardner, Director of Property Services, Wolverhampton Homes
Darren Baggs, Assistant Director of Housing, Wolverhampton Homes
Kevin Manning, Assistant Director of Strategic Management, Wolverhampton Homes
Rebecca Clarke, Head of Customer Experience, Wolverhampton Homes
Julie Manning, Head of Service, Income Management, Wolverhampton Homes
Liz Baker, Head of Service, Homeless Services, Wolverhampton Homes
Sophie Munn, Head of Service, Tenancy and Community, Wolverhampton Homes
Jon Cooper, Head of Service, Housing Solutions, Wolverhampton Homes

Interviewee list
Mick Guy, Head of Service, Building Solutions, Wolverhampton Homes
Roy Parlor, Head of Service, Contracts and Compliance, Wolverhampton Homes
Steve North, Head of Capital works, Wolverhampton Homes
Simon Bamfield, Head of Service, Asset Management and Investment, Wolverhampton Homes
Shaun Mulloy, Head of Service, Repairs and Maintenance, Wolverhampton Homes
Emma Robinson, Head of Service, People, Wolverhampton Homes
Sarah Butcher, Head of Service, OD and Employee Engagement, Wolverhampton Homes
Nicky Devey, Head of Business Services, Wolverhampton Homes
Emma Gilpin, National Consultancy Manager, TPAS
Daniel Burgwin, Hope Community, Heath Town
Dave Harvey, Engage Youth Empowerment Services Wolverhampton
Daniel Ford, Divisional Commercial Manager, Wates
Tony Tyson Phillips, Contracts Manager, United Living

APPENDIX 3: RSH TENANT SATISFACTION MEASURES

RSH Tenant Satisfaction Measures
<i>From April 2023, the satisfaction of tenants living in social housing in the services delivered by their landlord will be measured by the Regulator through 22 Tenant Satisfaction Measures, grouped into five main themes, with an additional overall measure of satisfaction. Ten of these will be measured by landlords directly, and 12 by landlords carrying out tenant perception surveys (highlighted).</i>
Overall satisfaction
TP01: Overall satisfaction
Keeping properties in good repair
RP01: Homes that do not meet the Decent Homes Standard
RP02: Repairs completed within target timescale
TP02: Satisfaction with repairs
TP03: Satisfaction with time taken to complete most recent repair
Maintaining building safety
BS01: Gas safety checks
BS02: Fire safety checks
BS03: Asbestos safety checks
BS04: Water safety checks
BS05: Lift safety checks
BS06: Electrical safety checks
TP04: Satisfaction that the home is well maintained and safe to live in
Respectful and helpful engagement
TP05: Satisfaction that the landlord listens to tenant views and acts upon them
TP06: Satisfaction that landlord keeps tenants informed about things that matter to them
TP07: Agreement that the landlord treats tenants fairly and with respect
Responsible neighbourhood management
NM01: Anti-social behaviour cases relative to the size of the landlord
NM02: Percentage of communal areas meeting the required standard
TP08: Satisfaction landlord keeps communal areas clean, safe, and well maintained
TP09: Satisfaction that the landlord makes a positive contribution to neighbourhood
TP10: Satisfaction with the landlord's approach to handling of anti-social behaviour
Effective handling of complaints
CH01: Complaints relative to the size of the landlord
CH02: Complaints responded to within Complaint Handling Code timescales

APPENDIX 4: LEGAL CONSIDERATIONS IN WINDING UP WH

Winding up WH

It is likely, in our view, that the Council would wish to follow the voluntary dissolution route, but it will be important to establish as early as possible with the Council how it proposes to proceed so that the board directors can be advised of their obligations under the chosen process. It may also be the case that the Council would look to the board for its attitude towards any winding up as that may have a bearing on the approach the Council chooses.

Managing Board members' liability

A key issue for all Board members will be the extent of any continuing liability as company directors. If WH is dissolved, board members' liability would cease when the board member ceases to be a company director. That is not to say that past actions which could 'found' a claim against a board member could not in theory arise but, provided board members have acted in good faith and have not engaged in dishonest, fraudulent, or illegal activities, then personal liability should not arise. It will be important therefore for WH to receive confirmation from the Council that it will continue to honour the payment of the Management Fee and to meet all liabilities of WH incurred up to the point of winding up. This will also need to be supported by a 'going concern' letter.

Agreeing the process for ending the Management Agreement

The Council will need to decide how to end the Management Agreement. Much will depend on timing for example - will timing work with a natural "break" in the Management Agreement, or whether the Council simply decide to disregard the terms of the Management Agreement and terminate regardless.

Once a formal decision by the Council has been made, the board will no doubt wish to ensure that there is a measured and carefully planned reintegration of WH's services within the Council. However long that period may be, business will need to continue as usual to allow the board to fulfil that objective. This means that resources need to be assured to WH, which could be affected by the board members receiving confirmation from the Council that it will continue to pay the Management Fee on the agreed basis.

Works or services provided to third parties

If WH has entered into contracts with other organisations (apart from the Council) for the provision of services or works, then consideration will need to be given to bringing those arrangements to an end or effecting an assignment or novation to the Council.

Dealing with contracts

The Council will need to establish whether there are any of WH's contracts that have been let in WH's own name (as opposed merely administering them on behalf of the Council). This is likely to be a time-consuming exercise and the Council will need to confirm that it will continue to provide the required funds to enable WH to meet its liabilities under those contracts until it is wound up. The Council will need to also confirm that in the event of the contracts being required or able to be assigned/novated to the Council, that there is no

prohibition on such arrangements in the contracts themselves and that the Council will take such an assignment/novation.

Dealing with assets

An inventory of at least WH's key assets should be prepared in order to document their repatriation back to the Council.

Terminating membership of organisations/bodies

WH will need to consider any steps which are required to be taken to resign membership of external organisations such as the National Federation of ALMOs. There may be exit periods to be observed and fees that are payable to these or other external bodies to which WH may have subscribed.

Terminating/assigning leases/licences

Consideration will need to be given to the terms of any lease or licence WH may have entered into in its own name for any accommodation which it occupies or sub-lets. In particular, where there are prohibitions on assignment or costs associated with break clauses that WH will need to be protected from.

Assessing the application of TUPE

Bringing the services currently performed by WH in-house will trigger the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) (TUPE), under which all employees who are "wholly or substantially employed" in the undertaking will have their employment transferred to the Council. It is anticipated, therefore, that the majority of WH staff will transfer under TUPE, as all of the services currently performed by WH will continue to be performed by the Council. The board will need comfort that the Council will both honour TUPE and be responsible for the costs associated with any redundancies arising as a result of the winding up of WH.

Consulting staff

TUPE imposes obligations upon WH and the Council to provide certain information and to consult in respect of employees affected by the transfer. WH's obligation is principally to provide information about what is happening; the obligation to consult only arises if CWC itself proposes changes which will affect the staff, which is unlikely to be the case. The Council's obligation as the recipient employer is to provide WH with sufficient information to enable WH to inform the staff about steps or measures which the Council is proposing to take after transfer. WH, however, has no obligation itself to consult about these matters.

Confirming the pensions position

A percentage of WH staff will have transferred to WH from the Council in accordance with TUPE and now they have the right to return on the same basis. These employees will have continued to be members of the Local Government Pension Scheme (LGPS), benefiting from WH's Scheduled Body Status under the Local Government Pension Scheme Regulations 2013, and this will apply on their return as well.

Putting in place a Termination Agreement

When considering the termination process and give contractual certainty to both the Council and WH (and in particular its Directors) to put in place a so-called Termination Agreement. The contents of the Termination Agreement are for negotiation but are designed to achieve a smooth 'return' of the service to the Council whilst maintaining high-quality housing services for tenants.

HRA ringfence

One final critical issue that the Council would need to consider in relation to the impact on its general fund on any closure of the ALMO (and in particular in relation to the consideration of central service recharges to the ALMO and any savings that might be realisable were the housing service to be brought back in-house) is that the housing service would remain subject to the statutory "rules" that apply to the Council's Housing Revenue Account in the Local Government and Housing Act 1989 (at Part IV and in the Schedule); the consequence of these "rules" may well be that any additional support that can be provided to the Council's general fund as a consequence of closing WH may well be limited.

APPENDIX 5: ALTERNATIVE HOUSING MODELS

This appendix provides further detail on the approaches adopted by other local authority comparators to delivering and managing housing.

Local Authority Companies

Since 2011, the Localism Act has enabled local authorities to establish private companies and given them greater borrowing powers. The change in accounting standards to the International Financial Reporting Standard has placed local authority accounts on the same basis as private sector companies and has stimulated investment and reinvestment in both commercial and residential property assets. Two approaches are outlined below

Stoke-on-Trent City Council: Stoke-on-Trent City Council is delivering significant regeneration in the city through partnership working with the private sector and the Government on a number of schemes. Specifically in regard to developing new affordable housing, the Council is developing the market housing offer in the city and is pursuing a range of development themes to drive activity for all forms of housing. The Council still owns over 19,000 properties, which it directly manages in partnership with a contractor, rather than using the ALMO model.

One of the ways in which Stoke is looking to develop affordable housing is through the creation of a local housing company. Fortior Homes is a wholly-owned council company in which the Council invested £55 million in 2018 to deliver 500 homes over three years – either new build or by bringing homes back into use. Fortior Homes will have over 400 properties in management by 2023. Fortior Home’s six non-executive directors include the leader of Stoke-On-Trent City Council, its Director of Housing and Customer Services, Direct of Place, Growth and Prosperity, a local Civil Servant, and a local business owner.

There are certain gaps in housing provision within the city and the housing company will allow the council to stimulate, partner, and, on occasion, lead the market in those sectors. Through close partnerships with Homes England, developers, financial institutions and housing providers, the Council expects the local housing company to deliver housing growth across the city of the right type, tenure and in the right location.

Fortior Homes has taken multiple different approaches in its development sites. At Clayworks in Hanley, Fortior Homes is delivering 151 ‘build to rent’ apartments. At Saxon Place, it has partnered with local company Novus Property Solutions to develop 128 quality homes for market sale and rent. This development will include a mixture of one and two-bedroom apartments as well as three-bed houses, which will contribute towards addressing the city’s need for quality new-build rented accommodation. Another development is building apartments on a former garage site. Fortior Homes has also bought properties from the market and currently owns over 100 homes across the city.

Stoke has also been awarded the status of a ‘custom build vanguard’ local authority by the government. Having successfully delivered the first custom-build site in the city (six plots), the Council progressed the next sites to planning permission and marketed them in 2017. The Council expected that this phase would produce around 100 homes.

Another way of allowing the development of affordable homes in Stoke has been through a £1 house project as a solution to bring empty homes back into use. This project involved renovating properties by selecting local people on modest incomes to pay £1 for their home. The council renovated the homes and the new owners agreed to repay the costs of the renovation through a 10-year, low-interest loan of £30,000. The repayments were then used to bring more homes back into use, meaning ongoing value for money for taxpayers and residents. The overall cost of purchasing and bringing back into use a property is less than the cost of purchasing land and building a new home

London Borough of Barnet: In 2012 Barnet Council set up The Barnet Group, a Local Authority Trading Company, with four subsidiaries:

1. Barnet Homes, the Council's housing ALMO.
2. Your Choice Barnet, which provides social care services to people with learning and physical disabilities.
3. Bumblebee – an online estate agents providing quality bespoke property services to landlords and tenants, throughout Barnet and the surrounding areas.
4. TBG Flex – a company for the recruitment and employment of new staff.

This structure allows for losses in one company to be paid off from surpluses elsewhere. For example, the Council made a loan of £1.27 million to Barnet Homes. This is being paid off from the surpluses from the companies, at present from Your Choice Barnet as the other companies have not yet reached the consistent profit-making stages of their business plans.

Barnet Homes has set-up a not-for-profit subsidiary, Opendoor Homes, which gained registered provider status in 2017. Opendoor Homes was set up to allow for the delivery of new affordable homes outside of the HRA, as at that point the borrowing cap was still in place. The Council was able to provide Opendoor Homes a loan outside of its HRA, and still wishes to use Opendoor to provide more capacity for delivering new homes. The Opendoor Homes Board has in principle agreed to adopt charitable status; if this were successful, it would deliver additional tax benefits.

Opendoor Homes is developing 340 homes across Barnet, with several already completed. This is funded through a loan facility of up to £65 million from the Council, to be drawn down over a number of years, and right to buy receipts (which were reported as £23.7 million in 2019).

Proposals have also been developed to transfer 950 council homes to Opendoor Homes, as well as 140 homes that the council has acquired on the open market for use as temporary accommodation. The Council has also agreed to fund a programme to purchase 500 properties on the open market, to be owned by Opendoor Homes and used as temporary accommodation for homeless people.

Barnet Homes, the ALMO, has been developing new homes on existing council land held in the HRA. The Council's Management Agreement with Barnet Homes included a target for Barnet Homes to build 500 new homes by 2022, including 320 homes from a number of locations identified across mainly HRA sites. In the main these were relatively small infill

sites such as unused garages and poor-quality amenity space. By October 2022, Barnet Homes had built 43 new homes across 7 sites, the first new council building in Barnet in 30 years.

Stock Transfer

Over 250 councils have transferred all or some of their stock, with the support of their tenants. However, the last round of supported stock transfers was completed in 2015-16, when a fund of £100m was made available to write-off HRA debt. Changes in both the operating and regulatory environment have dimmed the attractiveness and of stock transfer as structure support and financial incentives have largely been removed.

That said however, stock transfer is still formally still part of Government housing policy, and they are still keen to promote tenant empowerment in realisation of the Localism agenda. For any form of stock transfer to be considered, it must have the support of the tenants involved and provide them with the protection of a regulated landlord.

CAMPBELL TICKELL

Telephone +44 (0)20 8830 6777
Recruitment +44 (0)20 3434 0990

info@campbelltickell.com
www.campbelltickell.com
[@CampbellTickel1](https://twitter.com/CampbellTickel1)

