

This Report will be made public on 2 September 2019

Report Number **OS/19/03**

To: Overview and Scrutiny Committee
Date: 10 September 2019
Status: Non-key decision
Responsible Officer: Susan Priest, Head of Paid Service
Cabinet Member: Councillor David Godfrey, Cabinet Member for Housing, Transport and Special Projects

SUBJECT: East Kent Housing update

SUMMARY:

This report provides members of the Overview and Scrutiny Committee with an update on the performance of East Kent Housing (EKH) during the first quarter of 2019/20. Deborah Upton, Chief Executive of EKH, will be in attendance to address questions and points of interest raised by members.

REASONS FOR RECOMMENDATIONS:

- a) To ensure Overview and Scrutiny Committee is informed on four key areas of EKH's performance. These are:
- Performance against key indicators for the period from 1 April 2019 to 30 June 2019.
 - Progress against the key outcomes identified within the EKH Improvement Plan.
 - A current update in relation to EKH's management of tenant and leaseholder health and safety.
 - A current update in relation to EKH's complaints policy/procedure and performance.

RECOMMENDATIONS:

1. To receive and note report OS/19/03.
2. To scrutinise the contents of the reports provided by EKH, attached as Appendices 1, 2, 3 and 4.

1. BACKGROUND

- 1.1 East Kent Housing (EKH) is an Arms-Length Housing Management organisation (ALMO) jointly owned by four East Kent councils of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council. It was established on 1 April 2011 to provide housing management and maintenance services to tenants and leaseholders of the four councils.
- 1.2 EKH is directly managed by an Independent Board and provide services to the four councils under the terms of four respective management agreements. EKH provide regular quarterly reports on their performance against a range of key indicators to each of the four councils. The EKH performance report for the first quarter (1 April 2019 to 30 June 2019) is attached as Appendices 1 and 2.

2. INTRODUCTION

- 2.1 The EKH Performance Report provides an update relating to EKH activity across three key areas. These are:
 - Performance against agreed Key Performance Indicators.
 - Progress against the outcomes and performance indicators set out in the EKH Improvement Plan.
 - Actions in relation to tenant and leaseholder health and safety, following the Monitoring Officer's report to Cabinet in relation to gas safety certificates on 31 July 2019.
- 2.2 EKH has further provided updates on:
 - Actions in relation to tenant health and safety audit undertaken by the East Kent Audit Partnership on behalf of EKH (Appendix 3)
 - A current update in relation to EKH's complaints procedure and performance (Appendix 4), following July's Overview and Scrutiny Committee recording an action for EKH to provide an update on its complaints procedure, including *"the number of complaints received, the procedure used and how long responses take."*
- 2.3 Members of the Overview and Scrutiny Committee are invited to scrutinise the performance and audit reports provided by EKH. The Chief Executive of EKH will be attending the meeting to address questions committee members may have.

3. CURRENT SITUATION

- 3.1 The four client councils have raised concerns about a number of key areas of the services provided by East Kent Housing. These concerns have arisen as a result of a number of factors including the performance of East Kent Housing, constraints on inflationary increases in the management fee paid by the four councils over time and emerging pressures on the service as a result of welfare reform and increases in homelessness.
- 3.2 The 2016/17 Housemark benchmarking data showed that East Kent Housing provided their services at a lower cost than all others in their peer group. It also showed strong performance in areas of rent collection and void management.

3.3 The EKH Improvement Plan was developed in response to concerns about areas of weakness that EKH have been unable to resolve. At the time key areas of concern related to:

- Procurement of key contracts for the delivery of the council's planned maintenance and capital improvement programmes.
- Contract management of a number of key contracts.
- Rent collection, particularly in relation to tenants in receipt of Universal Credit.
- Single System implementation.
- Organisational health and sustainability

3.4 Additional resources were provided to EKH to improve performance in these areas and the outcomes and indicators set out in the plan were agreed.

3.5 More recently significant performance issues materialised in relation to Landlord Gas Safety Records (LGSRs) and these were reported to Overview and Scrutiny Committee and Cabinet on 16 and 31 July 2019 respectively. The position in relation to LGSRs has now been recovered, ensuring the council has no properties with an outstanding LGSR. As reported in Report C/19/15 to Cabinet, we continue to work closely with the Social Housing Regulator, following our self-referral. A further update will be given at the meeting.

3.6 EKH has since commissioned the Housing Quality Network (HQN) to undertake an independent investigation into non-compliance of LGSR across its housing stock. The report was presented to the EKH Board on 22 August 2019, the results of which will be shared with the four councils.

3.7 However, the above service failure raised questions about the reliability of data and the performance of EKH in other areas of statutory compliance such as electrical certification, lifts, fire safety and legionella testing. The initial responses to these service failures was set out in the report to Cabinet, and the quarter 1 performance report from EKH provides an update on progress to date. More information on the broader compliance issues is set out in section 4 of this report.

3.8 Officers of the council have scrutinised the quarter 1 performance report provided by EKH and bring the following issues to the attention of the committee, based upon the information provided.

- **Rent arrears:** The report from EKH indicates that total current rent arrears have increased during the quarter. Additional resources were provided in this area as part of the Improvement Plan and it had been hoped that improvements would be showing by now. EKH have explained that arrears built up when households moved onto Universal Credit are having a significant impact and that on average these debts take many months to be cleared. EKH anticipate improvements in the level of rent arrears by next quarter.
- **Void:** EKH have reported that a high number of voids requiring major works before they can be re-let, including asbestos removal works, is impacting on overall average void times. This remains unacceptably high.
- **Capital programme delivery:** Despite progress in recent months on a number of procurement projects there remain concerns about the speed of delivery of the approved capital programme and EKH are reporting slippage.

Significant spend is now expected in quarters 3 and 4 of the financial year, which is a common pattern, as is capital works under spend each year.

- **Single system implementation:** Overall the single system project is significantly behind the original implementation for East Kent, although the system has been implemented and is operational within Folkestone & Hythe.
- **Tenant and leaseholder health and safety (gas):** Significant concerns were relating to gas safety certification in the Monitoring Officer's report to Cabinet on 31 July 2019. The concerns have been reported to the Regulator for Social Housing, who is monitoring progress and the position has now been recovered. Weekly meetings are being held with senior EKH staff to ensure that appropriate focus is maintained on broader compliance areas. EKH's report provides an update on progress so far towards providing greater assurance in relation to tenant and leaseholder health and safety (see section 4).

3.9 Council officers are meeting regularly with representatives from EKH to ensure that there is a continued focus on improving performance and EKH will continue to report progress quarterly.

3.10 Folkestone & Hythe District Council has established an internal officers group that meets weekly to oversee four work streams including:

- Contracts and performance management
- Health and safety compliance
- Strategic review of housing management
- Communications

3.11 A work stream update was presented by officers to Cabinet on 31 July 2019 (see Report C/19/15 in Appendix 5).

3.12 As part of work agreed by Cabinet on 31 July 2019, the four councils are undertaking a strategic review considering the potential future options for the future of the council's landlord service. An update on the review will be presented for scrutiny and approval at October's Overview and Scrutiny and Cabinet meetings.

4. AUDIT – TENANT HEALTH AND SAFETY

4.1 In early 2019, East Kent Audit Partnership was commissioned directly by EKH to provide assurance on the adequacy and effectiveness of the procedures and controls established by EKH to ensure the safety of all residents in all properties across East Kent for which they are responsible.

4.2 Testing undertaken during this review concludes that there have been major failings in relation to the internal control of health and safety, and a number of the necessary systems of control surrounding fire safety, electrical safety, lifts and Legionella were absent.

4.3 The audit recommended urgent management intervention in all key areas tested.

4.4 East Kent Housing has responded to the audit's recommendations and is preparing a detailed action plan, providing updates on the proposed action or action taken,

alongside proposed completion dates. The report is attached as Appendix 3, with an updated audit of findings dated August 2019.

- 4.5 The Chief Executives of the four Councils and EKH continue to meet weekly to raise and review the ongoing response to issues of non-compliance and subsequent audit report and investigation matters.

5. EKH Complaints Procedure and Performance

- 5.1 Detail of the EKH Complaints procedure and Quarter 1 performance is set out in Appendix 4 of this report.
- 5.2 EKH have provided an analysis of Quarter 1 complaints performance due to the heightened interest in EKH performance over this period. Complaints performance is reviewed by the council officers and EKH's Board on a quarterly basis.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 6.1 **Legal (SR)** - There are no legal implications arising from this report.
- 6.2 **Resources (SR)** – Although the performance of EKH has a direct impact on both finance and value for money, this report does not result in any specific financial implications.
- 6.3 **Equality (SR)** – There are no equality or diversity implications arising from this report.
- 6.4 **Communications (AW)** – This report outlines that communications is a key work stream with the aim of ensuring tenants receive timely updates as and when required. Improving communications to inform and involve tenants is an aim of the work stream.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting/

Sarah Robson
sarah.robson@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

East Kent Housing – compliance update

Cabinet: 31 July 2019

<http://www.folkestone-hythe.gov.uk/moderngov/mglIssueHistoryHome.aspx?Id=17670>

East Kent Housing performance update

Overview and Scrutiny Committee: 16 July 2019

<http://www.folkestone-hythe.gov.uk/moderngov/ieListDocuments.aspx?CId=437&MId=4624&Ver=4>

Appendices

Appendix 1: EKH Performance covering report – Quarter 1 2019/20

Appendix 2: EKH Performance data – Quarter 1 2019/20

Appendix 3: Audit report for East Kent Housing – tenant health and safety

Appendix 4: EKH complaints policy/procedure update and quarter 1 2018/19 analysis

Appendix 5: Cabinet paper C/19/15: Work stream update – 31 July 2019