East Lothian
Council

REPORT TO: Policy and Performance Review Committee

MEETING DATE: 30 April 2013

BY: Executive Director (Services for Communities)

SUBJECT: Scottish Housing Regulator Report and Improvement Plan

1. PURPOSE

1.1. To provide members of the Policy and Performance Review Committee (PPRC) with an overview of the main areas for improvement which have been put in place to respond to the Scottish Housing Regulator's Final Inquiry Report.

2. RECOMMENDATIONS

2.1. It is recommended that PPRC note the content of the Scottish Housing Regulator's Final Inquiry Report (Appendix 1) and the Council's Improvement Plan (Appendix 2).

3. BACKGROUND

Since 2009, the Scottish Housing Regulator, Audit Scotland and other scrutiny bodies have been taking a joint approach to planning activity that is proportionate and risk based – the Shared Risk Assessment process. This process produces an Assurance and Improvement Plan (AIP) for each local authority in Scotland. East Lothian's AIP for 2011/12 highlighted uncertainties around potential risks in the Council's Homelessness service and in its progress towards meeting the Scottish Housing Quality Standard (SHQS) in 2015. Given this, it was agreed that an Inquiry would be targeted primarily at these potential risks. This focused Inquiry was carried out in early 2012 and does not constitute a comprehensive assessment of the Council's homelessness or asset management/property maintenance services.

3.1. The Final Inquiry Report accordingly sets out findings of the Inquiry and key areas for improvement action in relation to those areas of focus, namely homelessness (including progress towards the abolition of priority need, assessment decisions, temporary outcomes and permanent outcomes) and asset management and progress towards meeting the SHQS (including tenant satisfaction, asset management strategy and planning, new homes and investment). The Final Inquiry Report is attached at Appendix 1.

3.2. Scrutiny activity in relation to homelessness had three specific areas of focus and the findings reflect these. It was recommended the Council should:

- Improve consistency in relation to assessment decisions;

- Improve temporary and permanent outcomes for people who are homeless; and

- It was noted that the Council could improve its approach to planning for the abolition of priority need in 2012.

3.3. In asset management and progress towards SHQS it was recommended the Council should:

- Continue to work to mitigate the risks identified to the achievement of SHQS by 2015;

- Further develop its approach to reporting SHQS performance to management and Committee;

- Ensure that it understands the issues around communal improvements where the co-operation of owners is required; and

- Ensure it addresses the increasing trend in arrears.

3.4. Regulated bodies are expected to respond to the issues raised in the Report, with a formal response. An Improvement Plan has subsequently been prepared, with actions, key milestones and timescales, to address key issues raised in the Report. This is required to be submitted to the Scottish Housing Regulator, integral to a broader ongoing engagement process. The Improvement Plan is attached at Appendix 2

4. POLICY IMPLICATIONS

4.1 There are no policy implications arising from this report.

5. EQUALITIES IMPACT ASSESSMENT

5.1 This Report is not applicable to the wellbeing of equalities groups and an Equalities Impact Assessment is not required.

6. RESOURCE IMPLICATIONS

6.1 Financial – None

6.2 Personnel – None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 Final Inquiry Report – Appendix 1

7.2 Improvement Plan – Appendix 2

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Final Inquiry Report
East Lothian Council
November 2012

1 Background to the report

1.1 This Inquiry was carried out by the Scottish Housing Regulator under section 42 of the Housing (Scotland) Act 2010.

1.2 Communities Scotland's Regulation and Inspection branch previously inspected East Lothian Council's landlord and homelessness services in 2003. It awarded the following grades:

- Housing Management – "C" or "Fair"
- Property Maintenance – "C" or "Fair"
- Homelessness – "D" or "Poor"

1.3 In line with practice at that time, we re-inspected the Council's Homelessness Services in 2008 and awarded a "C" of "Fair" grade, to reflect the improvements we saw at that time.

1.4 Since 2009 the Scottish Housing Regulator, Audit Scotland and other scrutiny bodies are taking a joint approach to planning activity that is proportionate and risk based – the Shared Risk Assessment process. This produces an Assurance and Improvement Plan (AIP) for each local authority in Scotland. East Lothian's AIP for 2011/12 highlighted uncertainties around potential risks in the Council's Homelessness service and in its progress towards meeting the Scottish Housing Quality Standard (SHQS) in 2015. Following discussion with the Council we agreed to complete an Inquiry targeted primarily at these potential risks and to delay this work until the end of 2011/12.

1.5 For our Inquiry we looked only at these areas in order to seek assurance about the Council's performance. This report is therefore not a comprehensive assessment of East Lothian Council's homelessness or asset management/property maintenance services.

1.6 This scrutiny was led by Lynn Sweeney (Inspection Manager) and the team included Donna Matthewson and Robbie Fraser (Inspectors) and Gillian Findlay and Carolynne White (Inspection Officers). Niall Beattie (Business Analyst) shadowed our scrutiny work. We were also joined by Danny Mullen (Tenant Assessor) and were on site in February 2012.

2 Responding to this report

2.1 We expect all regulated bodies to report our findings to service users and to respond to the issues raised within the report.

2.2 The findings of our scrutiny activity will feed into our work with Audit Scotland and other scrutiny bodies on the Local Area Network (LAN). We will have a continuing regulatory engagement with the Council and we will decide the exact level of this engagement through the LAN for East Lothian Council. This will be outlined in the 2013/14 AIP.

3 Report findings
Asset Management and progress towards SHQS

Tenant Satisfaction

3.1 The Council undertakes a good range of customer satisfaction surveys for all tenants who participate in a number of capital improvement works, such as kitchen and bathrooms, re-wiring and aids and adaptations improvements. We saw some evidence that the Council uses the outcomes and results of these to inform future service improvements to the capital programme. However it could further develop these surveys to determine overall satisfaction levels with each programme.

3.2 For the 2011 customer feedback surveys we saw high levels of satisfaction, across the contracts, although satisfaction levels for its re-wiring work are lower than for the kitchen or bathroom programmes.

Asset management strategy and planning

3.3 The Council has developed a Corporate Asset Management Strategy. However we saw that this lacks specific details around how it will manage its housing property assets in relation to stock condition information, need and demand information, assessment of resource requirements and plans for investment, strategic planning and setting out a performance management framework. The Council told us that it has plans to develop an Asset Management Strategy specifically for the Community Housing and Property Management Service.

3.4 We saw that the Council's strategic objectives and investment priorities are outlined in a number of other existing plans, which include the stock condition survey report which was undertaken by an external consultant, the Council's Strategic Housing Investment Plan (SHIP), Local Housing Strategy (LHS) and service Unit Plans. The Council's key strategic objectives include increasing the supply of affordable housing and achieving the delivery of SHQS by 2015.

3.5 According to its 2011 annual SHQS return to SHR, the Council now holds 94% stock condition information and this is positive. The Council based this on a 25% rolling programme which began in 2006. We saw that the Council uses a stand alone stock condition database and whilst we saw that this covers all SHQS elements, we identified a number of gaps and risks with the database, these include:

- lack of integration with its housing management system;

- over-reliance on the stock condition survey report;

- lack of validation and updating to ensure accuracy of database and stock condition information;

- lack of staff access to update the database;

- information gaps in the database, for example it doesn't record year of installation for programmes; and

- limited reporting capability.

3.6   The Council has plans to replace the current database to provide greater functionality and integration.

3.7   The Council has achieved 55% SHQS compliance in 2011 and has provided good information on the reasons for properties that do not yet meet the standard. This is an improvement on the Council's previous position.

3.8   The Council told us that it will achieve SHQS by 2015 and plans to invest £6 million per year in its stock over the next 5 years. There are however a number of risks and challenges to its achievement of SHQS by 2015, these include:

- the Council is heavily reliant on borrowing to fund SHQS and other capital investment;

- it will not achieve all elements of the investment programme this year and there is a lack of flexibility in bringing forward other elements of the programme;

- there is a lack of validation and gaps with the stock condition information;

- there is uncertainty regarding communal improvements where the co-operation of owners is required; and

- the Council's reported SHQS performance to management and Committee is under-developed.

3.9   In addition, the Council's rent arrears are increasing although we saw that it has some plans in place to begin to address this. The financing of SHQS was a key feature of its recent rent consultation exercise to ensure that sufficient funding is in place to deliver the investment programme and meet SHQS by 2015.

New Homes

3.10   The Council's SHIP outlines the need to increase the supply of quality affordable housing in East Lothian. The Council has been involved in a range of new build projects and has well developed plans for building new homes.

3.11   The Council has developed a design guide and specification for its new build programme which will require its housing to meet housing for varying needs and energy efficiency standards to help address fuel poverty issues.

3.12   Stakeholder consultation has been an integral element of the new build programme and the Council has incorporated feedback into the design of future wheelchair accessible properties. The Council has also recently undertaken a post completion review for a number of completed new build projects.

Investment

3.13 The Council has consistently invested in its stock and has plans to continue to invest £11 million over the next five years to deliver its modernisation programme. It is continuing to focus its spending on kitchens, bathrooms and rewiring. The Council could improve its approach to telling its tenants where their houses are positioned in these programmes, improve its performance reporting and develop targets for investment work in terms of volume and quality including benchmarking costs.

3.14 The Council told us that it post inspects 80-90% of its modernisation programme in addition to issuing customer satisfaction surveys. The Council could further develop its reporting on the outcomes from these.

Key areas for improvement action

3.15 In asset management strategy and planning East Lothian Council should:
- continue to work to mitigate the risks identified to the achievement of SHQS by 2015;
- further develop its approach to reporting SHQS performance to management and Committee;
- ensure that it understands the issues around communal improvements where the co-operation of owners is required; and
- ensure it addresses the increasing trend in arrears.

Homelessness

3.16 Our scrutiny activity had three specific areas of focus and our findings reflect these:

- the abolition of priority need in 2012;
- the Council's assessment processes; and
- outcomes for people who are homeless.

Progress towards 2012 – the abolition of priority need

3.17 The Council is not preparing well for the abolition of priority need and we saw that it intends to simply continue with the current system until it is statutorily compelled to remove the priority distinction. The Council continues to allocate houses to homeless people at a low level and its two tiered approach to the assessment of homeless people also impacts on its preparation for abolition this year.

Assessment decisions

3.18 We saw that the Council has a good understanding of its statutory homeless assessment process. However, it does not always make consistent decisions. We saw good examples of cases being dealt with through the Council's prevention and housing options approach, however we also saw that the Council is not always meeting its obligations to people who may be homeless and that this can impact on outcomes for some of these people.

Temporary outcomes

3.19 We visited a number of temporary accommodation units used by the Council and found these to be variable and range from poor to high quality. The Council is aware that it needs to do work to ensure the quality and supply of temporary accommodation and we also saw that it has made improvements to how it procures and manages this.

3.20 Of the Council's temporary housing, it continues to use Bed and Breakfast (B&B) accommodation the most; 451 households (38%) in 2010/11. Since our initial inspection in 2003 the Council has maintained a strong focus on ensuring that it does not breach the Unsuitable Accommodation Order (2004) and has reported no breaches since 2007/08. This is positive.

3.21 The Council is aware of certain pressures on its use of temporary accommodation. It told us that it is working to reduce its reliance on B&B accommodation, to increase the supply of temporary accommodation and to provide specialist temporary accommodation for specific clients groups.

Permanent Outcomes

3.22 The Council's current allocations policy was introduced in July 2007. The policy is based on a groups and points system and when a house becomes empty it is automatically placed in a group – either general needs or transfers. Each year the Council approves annual targets for allocations to these groups. For 2011/12 the targets were set at 65% to general needs, 32% to transfers and 3% to a sustainable communities category, which operates in a specific area of Tranent. It includes lets to homeless people in the general needs category.

3.23 The Council also introduced a series of lettings plans which it uses to allocate houses in its new build developments. Allocations the Council makes as part of these lettings plans sit out with the set categories and targets contained in its published policy and have not been subject to individual equalities impacts assessments. The plans aim to target new build allocations firstly at transfer applicants on the housing list. The Council told us that this creates a vacancy chain which frees up an additional house to let to the general needs category in its allocations policy and so this practice is beneficial in increasing the number of houses available for let.

3.24 In our case reviews we saw some early examples where new build homes were allocated to transfer applicants with no housing need. In its more recent developments the Council has reviewed this practice, although we saw that applicants with the lowest levels of need continue to receive preference over those with a higher priority for housing. In addition, the vacancy chain we analysed did not realise any numerical advantage for homeless people.

3.25 The Council told us that it plans to review its allocations policy and intends to implement a new policy later this year. With these changes in mind, it has not yet reviewed its targets. We saw that most people that the Council assesses as statutorily homeless receive good outcomes and in 2010/11 the Council let 276 houses to homeless people. It told us that this figure represents the highest number of lets the Council has made to this group. Although this is positive, we saw that homeless people wait long periods of time before they receive offers of accommodation and in part this is caused by the Council's allocations policy.

3.26 We also saw that the route taken to secure housing can impact on the quality of people's permanent outcomes. The abolition of priority need means that more people will become eligible for statutory homeless outcomes than is currently the case in East Lothian. The Council is aware that it needs to quickly put plans in place to address this, particularly in relation to its temporary and settled accommodation.

3.27 In summary, the Council is able to demonstrate a good approach to some homeless people and a poorer approach to others. The way that the Council allocates its houses means that homeless people wait long periods of time before being offered housing, although this may be addressed by its planned allocations policy review. We saw that officers have produced strong statistical analysis and performance information on the risks posed to the service by the abolition of priority need. They have also begun to profile issues which may impact on sustainable outcomes because of changes to welfare benefits. The Council's programme of new build housing has not increased, in percentage terms, its allocations to homeless people.

SHR Report	Report Para	Outcome Required	Actions Planned	Lead Officer	Key milestones	Comments / Update	Timescale
1. Asset Management and Progress Towards SHQS							
1a. Tenant Satisfaction							
Further develop customer satisfaction surveys to determine overall satisfaction levels with each capital programme	3.1	Increased awareness of satisfaction levels and ability to influence each programme	Improve customer satisfaction surveys	JC	Evaluate effectiveness of existing surveys (content, methods and response rate) and prioritise areas for review (responsive repairs, kitchens, bathrooms and rewires)		Sept 2013
					Agree plan / timescale to revise surveys		Oct 2013
					Implement improved surveys		Oct 2014
1b. Asset Management Strategy and Planning							
Corporate Asset Management Strategy lacks detail about managing housing property assets in relation to stock condition and need and demand information; assessment of resource requirements and plans for investment, strategy planning and setting out a performance management framework	3.3	Improved strategic approach to managing housing property assets	Develop a Housing Asset Management Strategy	AE / LM	Agree Project Manager and establish Programme Board		April 2013
					Review Corporate Asset Management Strategy / draft PID / Project Plan in line with revised Guidance		May 2013
					Agree PID / Project Plan		July 2013
					Implement Project Plan		Aug 2013
					Produce draft Strategy		Dec 2013
					Consult on draft Strategy		Jan 2014

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					Produce final Strategy		May 2014
					Cabinet approval		June 2014
Identification of gaps and risks with stock condition database:							
• Lack of integration between stock condition database and housing management system and over reliance on stock condition survey report	3.5	Improved system in place with increased functionality and integration with OIS Management and Repairs systems / Ability to produce Council reports	Replace current database with new asset management system to enable production of comprehensive Council stock condition survey reports	AE / PI	Establish Project Board to agree requirements for new system and procure new asset management system		April 2013
					Procurement of new system		June 2013
					Development / implementation of new system		Sept 2013
					Staff training programme rolled out		Nov 2013
					New system live		Dec 2013
• Lack of validation and updating of database	3.5	Validation and updating of database	Establish programme of Council on-site surveys to validate Savills data / assess current and future SHQS fails	AE	Establish programme		Jan 2013
					Review programme		July 2013
• Lack of staff access to update database	3.5	Improved access for staff	Develop and implement staff training programme re new asset management system	JC	Devise and agree staff training programme		Sept 2013
					Staff training programme rolled out		Nov 2013

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• Information gaps in the database	3.5	Comprehensive database	Develop new asset management system	AE / PI	As above		Dec 2013
• Limited reporting capability	3.5	Improved reporting mechanisms in place	Develop new asset management system	AE / PI	As above		Dec 2013
Identification of risks and challenges to achieving SHQS by 2015:							
• ELC is heavily reliant on borrowing to fund SHQS and other capital investment	3.8	Reduced reliance on borrowing to fund SHQS and other capital investment	Review funding for SHQS and other capital investment	RJ / AG		Completed as part of budget setting process for 2013/14	Mar 2013
• ELC will not achieve all elements of investment programme this year / lack of flexibility in bringing forward other elements of the programme	3.8	Improve programme flexibility	Review programme flexibility / targeting	AE	Review programme flexibility / targeting as part of wider asset management strategy to include monitoring / evaluation framework		June 2014
• Lack of validation and gaps with stock condition information	3.8	Validation and updating of database	Establish programme of Council on-site surveys to validate condition data	AE	Establish programme Review programme		Jan 2013 Jul 2013
• Uncertainty regarding communal improvements where the co-operation of owners is required	3.8	Transparent process regarding communal improvements	Develop and implement policy on communal improvements	EW / AE	Develop draft policy Consult on draft policy Produce and agree final policy		Sep 2013 Oct 2013 Dec 2013

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• ELC's reported SHQS performance to management and Committee is under-developed	3.8	Effective reporting on performance	Establish and agree reporting mechanisms	AE	Agree reporting mechanisms to CMT Report to PPRC / Provide input to LHS Review and report to ELHP		Apr 2013 Annually (July)
1c. Investment							
Approach to informing tenants of proposed programme could be improved	3.13	Improved approach to informing tenants of proposed programme	Implement revised approach	CMc	Review existing approach in conjunction with Tenants Panel Draft revised procedures / consult on revised procedures Agree finalised procedures	Discussions ongoing with Tenants Panel	Aug 2013 Oct 2013 April 2014
Develop targets for investment work in terms of volume and quality including benchmarking costs	3.13	Compliance with Best Value	Implement quality assurance framework	PI	Review existing approach Implement quality assurance framework		April 2014 Oct 2014
Mitigate risks identified to the achievement of SHQS by 2015	3.15	Improved understanding of risk and strategic approach to managing risk	Develop and implement a risk log	AE	Develop risk log and include in Asset Management Strategy PID / LHS Report annually on action taken to mitigate risks		May 2013 Annually (July)
Further develop approach to reporting SHQS performance to management and Committee	3.15	Effective reporting on performance	Establish and agree reporting mechanisms	AE	Agree reporting mechanisms at CMT Report to PPRC / Provide input to LHS Review and		Apr 2013 Annually (July)

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					report to ELHP		
Ensure ELC understands issues around communal improvements where co-operation of owners is required	3.15	Improved understanding of issues and process regarding communal improvements	Develop and implement policy on communal improvements	EW / AE	Develop draft policy		June 2013
					Consult on draft policy		July 2013
					Produce and agree final policy		Sept 2013
Address increasing trend in arrears	3.15	Reduce arrears / produce rent arrears improvement plan	Implement Rent Arrears Improvement Plan	KC / CMc	As per Rent Arrears Improvement Plan		2014
			Review the following specific payment mechanisms with tenants - online/telephone/direct debit - to establish how services should be focused to enable tenants to manage their finances effectively and pay their rent on time		Review efficacy of exiting payment mechanisms		
					Implement actions arising from review		

2. Homelessness							
2a. Progress Towards 2012 – The Abolition of Priority Need							
ELC's two tiered approach to the assessment of homeless people impacts upon its preparation for abolition of priority need	3.17	Review approach to preparing for abolition of priority need	Agree policy setting out approach to preparing for abolition of priority need	IP	**N/A**	**COMPLETE** – Policy agreed in 2007/08 and adhered to in practice	**N/A**
		Increase transparency re homelessness assessments	Agree homelessness assessment diagram / customer journey	IP	Review customer journey		Dec 2012
					Share homelessness assessment practices with East HUB		Mar 2013
					Finalise and agree homelessness assessment diagram (customer journey)		Mar 2013
ELC continues to allocate houses to homeless people at a low level	3.17 / 3.27	Review levels of allocations to homeless people	Revise existing allocations policy and implement changes	JC	Review allocations policy inc allocations to homeless people		Apr 2013
					Produce draft revised policy		Apr 2013
					Consult on revised policy		June 2013
					Finalise and agree revised policy		Aug 2013
ELC does not always make consistent homelessness decisions / does not always meet obligations to people who may be homeless	3.18	Consistency in making homelessness decisions / fulfilling obligations	Put quality assurance processes in place	IP	Review consistency of Council homelessness processes		Dec 2012
					Develop quality assurance framework		Aug 2013

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					Implement quality assurance framework	Sep 2013
ELC needs to do work to ensure the quality and supply of temporary accommodation	3.19	Aim to reduce B&B accommodation	Review Temporary Accommodation Strategy	IP	Review Temporary Accommodation Strategy Revise Temporary Accommodation Strategy	Sep 2013 Nov 2013
Issues around allocations – Evidence of new build homes allocated to transfer applicants with no housing need Applicants with lowest levels of need receive preference over those with a higher priority for housing Vacancy chain does not realise any numerical advantage for homeless people Homeless people wait long periods of time before they receive offers of accommodation	3.23 - 3.25	Improve existing allocations policy	Revise existing allocations policy and implement changes	JC	Review allocations policy Produce draft revised policy Consult on revised policy Finalise and agree revised policy	Apr 2013 Apr 2013 June 2013 Aug 2013
The route taken to secure housing can impact on the quality of people's permanent outcomes	3.26	Improve quality of people's permanent outcomes	Implement Housing Information and Advice Strategy	JC / NS JC / NS	Launch Enquire and Enlight manuals Complete implementation of Housing Information and Advice Strategy Action Plan	Oct 2013 March 2014

| Requirement to put plans in place to address increasing eligibility for statutory homeless outcomes | 3.26 | Address increasing statutory homelessness | Review Temporary Accommodation Strategy | IP | Review Temporary Accommodation Strategy | | Sep 2013 |
| | | | | | Agree revisions to Temporary Accommodation Strategy | | Dec 2013 |

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