

North East Derbyshire District Council

Services Scrutiny

19 November 2024

The Relationship between the Council and Rykneld Homes

Report of the Director of Finance and Resources (S151 Officer)

Classification: This report is public

Report By: Jayne Dethick, Director of Finance and Resources (S151 Officer)

Contact Officer: Jayne Dethick

PURPOSE / SUMMARY

To provide an oversight of the relationship between the Council and Rykneld Homes.

RECOMMENDATIONS

1. That the Services Scrutiny Committee note the report

IMPLICATIONS

Finance and Risk: Yes No

Details:

There are no financial implications arising from this report

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

There are no legal implications arising from this report

On Behalf of the Solicitor to the Council

Staffing: Yes No

Details:

There are no staffing matters arising from this report

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards, or which results in income or expenditure to the Council above the following thresholds:</p> <p>NEDDC: Revenue - £125,000 <input type="checkbox"/> Capital - £310,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>District Wards Significantly Affected</p>	Click here to enter text.
Equality Impact Assessment (EIA) details:	
<p>Stage 1 screening undertaken</p> <ul style="list-style-type: none"> Completed EIA stage 1 to be appended if not required to do a stage 2 	Yes, appended
<p>Stage 2 full assessment undertaken</p> <ul style="list-style-type: none"> Completed EIA stage 2 needs to be appended to the report 	No, not applicable.
<p>Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet <input type="checkbox"/> SMT <input checked="" type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	Yes Details:

Links to Council Plan priorities;
<ul style="list-style-type: none"> A great place to live well <ul style="list-style-type: none"> Protect the most vulnerable people in our communities. Ensure residents have safe and good quality homes. Increase the number of homes for rent in the district. Reduce the environmental impact of housing in the district

REPORT DETAILS

1 Background

- 1.1 Social housing is housing available for rent at below the market rate or to buy through low-cost home ownership schemes. Four million households live in rented social housing in England, just under a fifth (17%) of all households. 10% (2.5 million) of all households rented from housing associations, and 6% (1.6 million) from local authorities.
- 1.2 Until 2011, the social housing sector, which included local authority landlords, were subject to an inspection regime from the Housing Inspectorate. In 2011, the Inspectorate was disbanded, and inspection regime was not replaced so whilst still expected to comply with the Consumer Standards arrangements for regulation and compliance were largely left to local decision makers.
- 1.3 The Grenfell Tower fire in June 2017 exposed a range of issues with social housing delivery and provided an impetus for change. In August 2018, following extensive engagement and consultation with social housing residents across the country, the Government published a social housing green paper “*A new deal for social housing*” to “rebalance the relationship between residents and landlords”.
- 1.4 Following this, on 17 November 2020, the Government published a social housing white paper “*The Charter for Social Housing Residents*”. The white paper was intended to deliver “transformational change” for social housing residents. Amongst other things it set out to:
 - Prioritise tenancy safety.
 - Provide tenants with good quality homes and landlord services.
 - Treat tenants with respect.
 - Be open and honest with tenants.
- 1.5 On 20 July 2023, the “*Social Housing (Regulation) Act 2023*” became law. The act introduces new obligations that landlords will have to follow, whilst also giving more powers to the Regulator of Social Housing (RSH) and the Housing Ombudsman.
- 1.6 In April 2024, the RSH launched a new, proactive consumer regulation regime, assessing landlords more routinely for compliance. The new inspection regime focuses on delivery of outcomes in line with a proposed set of **Consumer Standards**.
- 1.7 In summary, the four proposed Consumer Standards are:

1. The Safety and Quality Standard

Landlords must provide their tenants with safe, good quality homes and effective services. The Standard has five main requirements – quality, decency, health and safety, repairs, and adaptations.

2. The Transparency, Influence and Accountability Standard

To improve tenant-landlord relationships, tenants need to get relevant information, be listened to, and have their views acted upon. The Standard has seven main requirements – fairness and respect, diverse needs, engagement, information about services, performance, complaints, and self-referral.

3. *The Neighbourhood and Community Standard*

Part of a landlord's role is to work with others to help with the upkeep and safety of neighbourhoods and communities. The Standard has four main requirements – maintenance of shared spaces, local cooperation, domestic abuse and safer neighbourhoods.

4. *The Tenancy Standard*

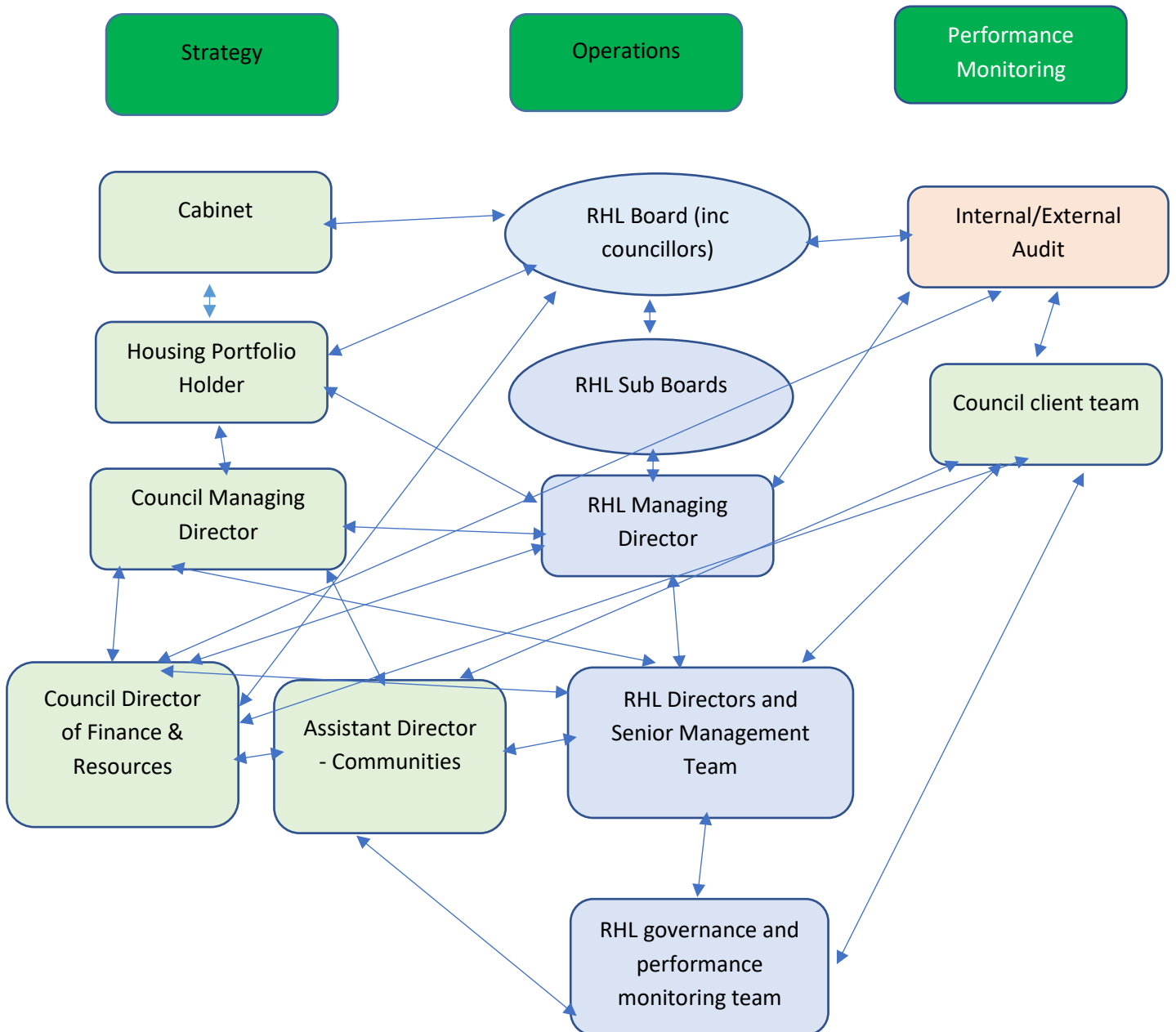
Landlords are required to allocate and let homes fairly and set expectations for how tenancies are managed and ended. The Standard has four main requirements – allocations and lettings, tenure, tenancy sustainment and evictions, and mutual exchange.

Governance, Compliance and Delivery

- 2.1 Registered Providers are required to comply with the Standards, and this applies both where the service is delivered directly or through another organisation. This means that for Councils with external delivery partners such as us, we are responsible for complying with the Standards and therefore need assurance that they are being met.
- 2.2 Having a delivery partner (Rykneid Homes) provides an additional layer of governance to in house delivery due to the addition of an external board structure but it does make the relationship between the two organisations critical to the success.
- 2.3 Well defined relationship structures that clearly set out roles and responsibilities across both organisations are critical to successful delivery. Good communication is also vital to foster trust, transparency, and openness - a "no surprises" culture.
- 2.4 The new regulatory environment provided an opportunity to review assurance processes with the emphasis on the Council being assured that their delivery partner is well managed and effective and that there is evidence that the Standards are being met.
- 2.5 We also established that there needs to be clear alignment between the Council's strategic objectives and those of the Board. Risk appetite, direction of travel and priorities should all align. The Council's role in providing overall strategic direction, housing strategy and policy development should provide a roadmap for the Board's own business planning processes.
- 2.6 The key questions we asked ourselves when undertaking this review were:
 1. Is there a formal structure for the relationship in place?

2. Do arrangements foster a partnership approach?
3. Is there an open and honest culture where both organisations can raise issues and be supported to resolve them?
4. Is there clarity of roles and responsibilities between the two org?

2.7 Over the past two years, both organisations have worked hard to develop this assurance structure. The diagram below shows the governance arrangements that we have in place to demonstrate our relationship and interactions:



2.8 Also, to give a little more context, detailed below are some examples of how this works in practice:

- RHL's Managing Director attends the Council's senior leadership meeting every month. This is a semi formal meeting allowing senior leaders to discuss risks and business opportunities, share learning etc.
- The Housing Strategic Partnership Group (HSPG) has been established. The purpose of this group is to have oversight of delivery, progress, risks, and working in partnership to deliver the objectives in the Council Plan, ensure we are fulfilling our responsibilities to our customers and that we are adequately maintaining our stock.
- The Leader of the Council and the Chair of the Board provide an update to their respective meetings following each meeting of HSPG.
- There is an operational performance management framework where barriers to delivery can be discussed and unblocked, and data (such as performance) is reviewed to ensure it is up to date and compliant.
- RHL have a robust Performance Management framework in place alongside well-established governance structures with ultimate reporting to the Board.
- The Council's Client Lead (Director of Finance & Resources) and Housing Portfolio Holder attend the RHL Board in their capacity as shareholder.
- The Council report's RHL's risks alongside their own at their Risk Management Group and RHL officers attend as required.
- Following its presentation to the Board, RHL's performance is embedded into the Council's performance management framework and will be reported to Scrutiny and Cabinet and ultimately Council through Council Plan updates and reviews.
- The Council's Scrutiny Committees play an active role in oversight and review of housing delivery and the effectiveness of our governance arrangements.

2.9 Our shared view is that the relationship between the two organisations is strong, inclusive, transparent, and collaborative and it is this that provides the platform to ensuring that our tenants live in safe decent homes and feel heard and supported.

The Performance Management Framework

3.1 As part of our preparations for the change in regulation we revisited the practical aspects of the client role especially around performance reporting and scrutiny. It is important that challenge and scrutiny of performance is a key part of an effective partnership and will be critical in gaining the assurance needed to comply with the Consumer Standards.

- 3.2 A well-resourced client function with the right level of skills, resources and seniority and commitment from senior officers at both organisations as to the importance of this role is also required. However, it is important to recognise that the client role is not to produce the monitoring information but to scrutinise and have oversight to give assurance over data and compliance.

Contractual Arrangements

- 4.1 Whilst a positive working relationship between the two organisations is the key factor to successful delivery of housing services, we are two separate organisations and therefore a contractual arrangement needs to be in place. The contract underwent a full review in 2021 and the governance arrangements discussed above were incorporated in March this year.
- 4.2 The contract is for a service period of five years and there is the option to extend for two further five-year periods. Contract review processes take place in the year preceding the end of the contract term.
- 4.3 A management fee is paid annually by the Council to RHL to enable delivery of services. This is negotiated and paid in line with Clause 7 (then Schedule 3) of the agreement. In summary, Schedule 3 states that the fee will be agreed annually as part of the annual budget setting process. The fee covers the cost of managing the housing stock and undertaking day to day maintenance. In addition, a fee is paid to cover the costs of managing the Housing Investment Capital Programme.

DOCUMENT INFORMATION

Appendix No	Title
None	
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet, you must provide copies of the background papers)</p>	
None	