

Tenant Scrutiny Group 1 (hereafter 'the group')

Review 1 -

Soha's response to changes in housing regulation

'Headline' findings

1. Consultation procedures were not followed.

The group recognises that the timetable was set by Government Agenda, and that there were good reasons for making the decision by the deadline. Nonetheless, the Scrutiny group recommends that this is regarded as exceptional and that mechanisms for rapid consultation are put in place for the future.

2. The Group recognises that:

The Executive were not happy at having to take this course of action, and that the decisions made were in the best interests of Soha's tenants. It also acknowledges the confidence demonstrated in the group by providing the team with the confidential Board papers informing this decision.

3. Flexible tenancies

The situation regarding flexible tenancies has changed since the beginning of the review. The group requests that further consultation take place before a final decision is made on introducing flexible tenancies. If Soha wants to introduce flexible tenancies, they must be clear about the reasons for this.

4. Risk management

It is clear that details of the decisions will be kept under review, in particular regarding the % of homes let at the new Affordable Rent, the location of these homes and the issue of offering non-lifetime tenancies. The group would like to see real-time reporting to the Tenants' Forum, via the Portfolio Holders for Housing Management, of the monitoring of risk and actions to mitigate risk.

5. Communication to tenants regarding changes.

The group recommends Soha develop an action plan for communicating key messages about changes to tenancies and the differential rents, their likely impact on tenants and communities, and Soha's approach to managing this. This should be done as soon as possible and in consultation with residents.

6. Impact research:

The group notes the impact research carried out by Family Mosaic and asks Soha to consider conducting and publishing its own research exercise into the impact on tenants and communities and the risk to Soha.

7. Co-regulation.

The Scrutiny Group notes that these changing circumstances demonstrate the need for effective co-regulation and provide the opportunity to embed this in Soha, reflecting Soha's position as leaders in RI and Scrutiny Champions.

8. Follow-up Review

The group will re-visit the areas covered in this review when information is much clearer. We expect this to be September / October 2011.

Background

This Scrutiny Review looked at Soha's response to changes in housing regulation.

It looked in particular at

- Soha's decision making
- Impact on tenants and communities

The Scrutiny Group (group) see this as especially relevant given that the role of tenant scrutiny, as part of a Co-regulation structure, is increasingly important in the context of the existing and forthcoming changes in housing regulation.

Methodology

The review has researched Government information and legislation, relevant Soha documents and information from other housing providers.

1. Summary of Social Housing Consultation
(Available from www.communities.gov.uk)
2. Soha's response to consultation
3. Plain English guide to the Localism Bill
4. Soha Housing – Development and Affordable Rent Strategy
(Confidential Board paper)
5. Data on Local Housing Allowance for private sector and target rents for registered providers.
6. Family Mosaic's Impact Report on the Government's new approach

Interviews have been conducted with Soha directors, representatives from the Local Authority and national housing bodies.

- Lydia Dlaboha, HQN
- Paul Staines, Head of Housing, SODC
- Richard Peacock, Chief Executive, Soha Housing
- Paul Rennard, Director of Finance & Resources
- Maureen Adams, Director of Customer Services & Operations

Steve Lynch, Director of Property & Development, was on leave at the time of this review.

The Scrutiny Group team for this review

- Nasreen Razaq Al-Hamdani (Chair of this Review Group)
- Vic Breach
- Marcel Coulon
- Lisa McKue
- Chrissie White

Detailed Report

Soha's decision making

Decisions regarding the introduction of **Affordable Rents and Flexible Tenancies** were made without following the usual agreed procedure for consultation.

- The Scrutiny Group recognises that the timetable was set by Government Agenda, and that there were good reasons for making the decision by the deadline. Nonetheless, the Scrutiny group recommends that this is regarded as exceptional and that consideration is given to mechanisms for rapid consultation in future.
- The Scrutiny Group acknowledges that the executive were not happy with having to make these decisions in the way they did, and in the time allowed.
- The group agrees that the context – the possibility of Soha being excluded from development for the next four years – warranted the decision being made without the usual extent of consultation on this occasion.

Decisions were made in the best interests of Soha's tenants

- The group agrees that the Board's decision - to carry on developing to provide properties because of housing need in Oxfordshire – was made in the best interests of Soha's tenants and prospective tenants.
- Views expressed by tenants in the consultation meeting on 8 December informed the strategy taken to the Board on 12 January and 27 January.
- The group notes that the process of consultation from the government was weak – it seems there wasn't much notice taken by government of the responses to their consultation document.

Risk Management

It is clear that details of the decisions regarding **Affordable Rent** will be kept under review, in particular regarding the % of homes let at the new Affordable Rent, and the location of these homes. Given the impact these changes will have on tenants the group would like to see real-time reporting to the Tenants' Forum, via Housing Management Portfolio Holders of the monitoring of risk and the actions taken to mitigate risk.

This is an opportunity to embed the strategic role of Co-regulation for the benefit of Soha's tenants.

Changes to Housing Benefits are not yet finalised but potential risks include

- Reductions in benefit levels due to overall benefit caps
- Reduction in HB due to under-occupation
- The possibility that HB will not be paid direct to Soha.

The group feels confident that there is an approach in place to use profiling information to keep on top of risks in changes to benefits – particularly people in and out of work.

SODC were unable to provide additional information regarding income levels and benefit levels.

Rent levels

Soha will aim to convert homes to affordable rents in areas that are beneficial to Soha (ie. high financial return). Each individual property must be valued. Soha's commitment to apply Affordable rent to 25% of re-lets will be kept under review but will not exceed 50%. The group is pleased that this seems low compared to other providers regionally.

Flexible Tenancies

The group notes that Soha's proposal agrees with the outcomes of the tenant consultation regarding the minimum length of flexible tenancies (5 years) and the range of individual circumstances to be considered when issuing flexible tenancies (eg children of school age, vulnerable and older residents).

Flexible tenancies may be applied to all re-lets and all new builds.

Originally, the group were told that this is part of the government's requirements when submitting the new homes bid. However, it seems there is now more flexibility around this and so the group would like to see further consultation and will revisit this area.

Impact on tenants and communities

The regulatory changes, particularly the abolition of the TSA in 2012 and Audit Commission in 2012/13 and plans to significantly reduce the scope of external regulation, carry the risk of permitting a decline in standards. Soha's approach to this was discussed in the interview with Richard Peacock. It includes

- Utilising external validation, for example IIP and the Customer Service Excellence Standard
- Collaborating with other excellent providers, eg the '3-star' group.
- Choosing to lead on Co-regulation in the sector.

- Maintaining core values by the involvement of tenants at every level of the organisation

The group notes that this is a matter of pride for Soha and is reassured that the executive are tenant focused.

Changes to Tenancy

It is difficult to determine what the impact will be on communities – however, there is clearly a need for monitoring the impact on individuals and communities

The group notes the impact research carried out by Family Mosaic and asks Soha to consider conducting and publishing its own research exercise into the impact on tenants, communities and Soha.

The risk of creating ‘Ghettos’ should be addressed as part of this research, as should the need for ‘aftercare’ for tenants leaving flexible tenancies.

Changes in Rent levels

In some areas tenants will be paying differential rents for the same standard of housing and service. The group note that where possible, Affordable rent will be applied to groups of properties in major towns rather than scattered. Nonetheless, confusion and dissatisfaction will arise.

Likely issues include

- Two tier service. Should different levels of rent attract a different service? This idea is rejected by the executive in favour of an excellent service for all (although considerable effort will need to be devoted to housing advice as a short term tenancy comes to an end).
- Poverty Trap. Higher rents will provide less incentive to give up benefits
- Raised expectations, eg in standards of decoration.

Communications Strategy & Action Plan

The Executive intend to inform all tenants how decisions were made and why. This will need to explain clearly **what** the changes are and **why** Soha has had to introduce these changes.

The group recommends Soha agree key messages about the changes and an action plan for communicating:

- Future changes to new tenancies
- Differential rents due to the introduction of Affordable Rents
- The changes arise from legislation, not Soha
- Who will, and who won't, be affected
- The likely (or possible) impact on tenants and communities
- Soha's approach to managing this.

This should be done as a matter of urgency and in consultation with residents.

The group has some concerns regarding the possible impact on workload in managing these changes, communication with tenants and handling the response from tenants once they have been informed of these changes.

The group notes Soha's commitment to sustainable communities and to applying changes it does not welcome with consideration for its tenants.