

Audit, governance and standards committee 22 November 2022

Governance conversation: Michael Scorer

1. Please explain your role, and that of your department

The Housing and Modernisation Department (H&M) is responsible for most housing functions across the council including day to day services for council tenants and council homeowners, improving the condition of council homes and estates, ensuring residents are safe, ensuring delivery of new affordable homes (including directly delivering council homes), preventing homelessness and providing housing solutions. The department also manages hostels, sheltered housing and extra care housing schemes for older people as well as gypsy and traveller sites.

The Housing and Modernisation Department is also responsible for digital and technology services, maintaining and repairing council buildings, providing customer service points, registrar services and accessible travel support.

Strategic priorities for H&M department

1. Increase the supply of genuinely affordable high quality homes that meet our residents' housing needs and aspirations
2. Demand safer, higher quality, energy efficient homes, estates and neighbourhoods
3. Promote tenure security and social support in housing, and improve the health, wellbeing and economic resilience of residents especially the most vulnerable
4. Empower residents and communities to have pride and influence over the running of their homes and neighbourhoods
5. Improve customer access to council services and focus on enhancing our digital offer and minimising digital exclusion
6. Work collaboratively with our staff in modernising the infrastructure (the technology and the spaces) and transform the council to create a better future for our staff, residents and the environment

Key priorities for H&M department

1. Deliver tangible change for our communities and our workforce through the Southwark Stands Together Programme
2. Reduce homelessness and use of temporary accommodation, and work to end rough sleeping in Southwark
3. Ensure that, in addition to delivery of the remaining 2,500 homes, we commence building at least 1,500 additional new homes by March 2026
4. Refresh the 2015-23 Asset Management Strategy, and prepare the council for the regulations from the Building Safety Bill and Fire Safety Act
5. Major estate renewal of Aylesbury, Maydew, Ledbury, Tustin and Marie Curie
6. Tackle climate emergency by bringing forward low waste, low energy new council homes; improving energy efficiency of council homes heat networks; carry out works to council homes to make them greener; using council land and roofs to produce clean energy; and halving council emissions by 2022
7. Implement the Repairs Improvement Plan through extensive resident engagement & internal consultation

8. Deliver Southwark's Empty Homes Action Plan to bring more empty homes back into use so more local people can move into them
9. Implement the 2022/25 Technology & Digital Inclusion Strategy which will ensure all residents benefit from opportunities to take advantage of the digital revolution
10. Implement the corporate 2020-24 Customer Access Strategy

2. What governance processes and structures are in place in your department?

Michael Scorer is the Strategic Director of the Housing and Modernisation Department. As Strategic Director, Michael is part of the Council's Corporate Management Team (CMT), which meets weekly to ensure decisions across the council are made in a joined up way, and to jointly tackle problems and develop solutions.

The following directors report to directly to Michael and meet every week as part of the Housing and Modernisation Senior Management Team (SMT)

- Managing Director of Southwark Construction
- Director of Customer Experience
- Director of Asset Management
- Director of Resident Services
- Director of Ledbury/Major Estates Team
- Strategy and Business Support Manager
- Senior Strategic Business Manager

Each Director holds their own Divisional Management Team (DMT) meetings with the managers that they directly line manage. Therefore if a significant decision needs to be made, the item will be discussed at DMT, SMT and then CMT if required.

There are also regular briefings with the various Cabinet Members* whose portfolios cover housing and modernisation services.

The Council's Constitution and the Scheme of Management clearly set out who can make what type of decision and any financial authority level. The Department Scheme of Management details levels of responsibility and financial authority within the department. The Scheme of Management is regularly reviewed and agreed by the Strategic Director.

Some decisions need to be made by the lead Cabinet Member, while some decisions are required to be made by either Cabinet or by the Leader of the Council. All key decisions, (including Cabinet reports and IDMs) have sections dedicated to considering legal, financial implications and community impact statements

There are a number of boards (some of which are detailed below) which help discuss key decisions and ensure decisions are carefully considered and discussed before agreeing the proposed approach.

The department produces a departmental business plan, which is aligned with more detailed divisional business plans. These are updated annually. All staff and key Cabinet Members are consulted on these as they are developed. These are linked to

officers individual work plans so that each officer is aware of how their work fits in to that of the overall departmental business plan, and the Borough Plan. Our staff performance appraisals ensure that all staff are fully aware of responsibilities in respect of the council's vision and values.

Financial Governance and the HRA Business Plan

Financial governance relates to how an organisation manages its financial information. The organisation needs to know what information it has which can then be analysed and presented as financial outputs when required.

The council has a proposed £10bn housing capital programme over the next 30 years and an annual revenue account of £260m. It has to ensure a balanced Housing Revenue Account (HRA) but also has to determine the resources available to fund the housing capital programme, therefore the link between revenue and capital is important. For example, any borrowing used to fund the capital programme will incur ongoing interest charges which will be charged to the HRA.

The council utilises a sophisticated financial model to project both revenue and capital financial outputs which determines over the short, medium and longer-term the viability of the HRA and the ability to fund the required housing capital expenditure.

The assumptions used within the financial modelling will be based on robust data with a firm and considered rationale but with a recognition that economic and political factors may change those assumptions at short notice. The model is able to run various scenarios with assumption changes to gauge the viability and robustness of the business plan. Assumptions within the business plan will be agreed with colleagues across the council.

The plan is able to provide future projections which will show the viability of the HRA, but also any capital funding shortfall. This is important as future capital deficits can be managed at an early stage and solutions determined.

The business plan is very much a strategic tool providing financial reassurance at a high level, over different time periods and incorporates the housing revenue and capital position. This complements the work the Finance department undertakes in relation to budget-setting and monitoring.

Updates on the business plan position are regularly reported to both senior officers and key Members within the council to help inform any decision-making on the housing capital programme.

On homelessness and temporary accommodation there is a budget recovery board to oversee spending in this area.

Procurement decisions

The council is committed to ensuring procurement achieves best value, improves the quality of services we provide, meets the needs of and brings social and economic benefits for local people and in turn supports the council in achieving its strategic and corporate priorities. The department follows the council's set procedures.

There are departmental and corporate contract review boards for review of all gateway reports. In H&M these are chaired by the strategic director on a fortnightly basis and involve a presentation of the proposal, along with advice and constructive challenge from corporate colleagues covering matters of law, finance and procurement practice, in line with our fairer futures policy. The standard report template includes section on consultation, highlighting consultation background and future plans.

Robust contract monitoring and regular performance meetings ensure contractors deliver services in line with expectations, with annual service improvement meetings chaired strategically.

The Scheme of Management sets out individual responsibilities and spending limits.

3. How do these connect with those across the council?

Many housing services impact on other sections of the council and vice versa, and there are a large number of partner organisations that help provide services like housing and legal advice, accommodation, homelessness prevention, support around tackling anti-social behaviour etc. Therefore, close joint working is essential.

There are a number of cross-departmental structures which ensure good connections across the council. At senior level this is mainly through the Corporate Management Team meetings and individual discussions.

There are many project groups and boards, which involve officers from different departments, some examples of these include:

The Housing Investment Board - (HIB) – a cross-council group that has been set up to provide strategic financial direction to the Housing Investment programme and this includes spend on the existing stock and the delivery of a new build programme. HIB will determine the availability of capital resources to fund individual schemes within the 30 year HRA business plan. HIB will take full account of the decisions, guidance and targets coming from any other strategic groups such as the Delivery Programme Board (DPB).

Housing Investment Policy Oversight Board – This Board comprises key members, Strategic Directors and other key officers to consider the strategic approach to the delivery of an affordable and viable new build homes programme. The affordability is determined by key financial indicators, including the 30 year HRA business plan, and the tenure mix of the properties built.

The Housing and Social Care Board - which brings together directors from Children & Families and Housing, to consider all cross-cutting issues, including: support for young homeless people and care leavers; housing for older residents; supporting vulnerable people; support for households with complex needs.

Southwark Empty Homes Officer Group – This cross council group has worked together to agree an Empty Homes Action Plan, to ensure we work together across the council, and with residents and property owners, to tackle the number of empty homes in the borough.

The Housing Strategy Senior Officer Group - this group has representatives from across the council which ensures the housing strategy contributes to other corporate objectives such as carbon reduction and improving the health and well-being of residents.

Delivery Programme Board (DPB) – DPB is a cross-council group that has been set up to provide overall strategic direction to ensure that council priorities with regard to the delivery of new homes are met both in the short to longer term. The strategic approach will help inform the type of tenure required within the borough and also the preferred delivery vehicles to develop the provision of new homes. DPB provides programme oversight for the borough plan priority to build new council homes; 2,500 delivered or started on site by May 2022

Shared IT joint management board (with Brent and Lewisham) – strategic oversight of the councils digital and technology services, reporting to the Joint IT Committee.

Housing and Modernisation are represented on other key partnership groups such as MASH, Children and Adult Safeguarding Boards, as well as ad hoc projects.

We also work closely with our trade unions on all matters of interest relating to their members employment and, separately, through regular health and safety committee meetings at divisional and departmental levels. The H&M department also provides support to the corporate health and safety meeting with unions.

Outside the council, we work with a large number of partner organisations such as housing associations, Police, London Fire Brigade, CCG, Greater London Authority (GLA), the Ministry of Housing, Communities and Local Government (MHCLG).

Good examples of external partnership working are the building safety board (BSB) and the homelessness forum. The BSB is chaired by the strategic director of Housing and Modernisation and includes the London Fire Brigade borough commander as well as observers from the MHCLG. The homelessness forum allows an opportunity to share information and hear directly from charities, voluntary agencies etc. The Forum is chaired by the Southwark Law centre and attended by senior officers in Housing Solutions as well as the Cabinet Member for Social Support & Homelessness.

The department is in the process of setting up a new Housing Forum with Chief Executives from our housing association partners to ensure we work together to deliver our shared objectives, and to ensure we can quickly address any issues as they arise.

4. If something were to go wrong, how would we know?

The Housing and Modernisation team regularly manages risk across the service through the departmental risk register. The departmental risk register captures all department risks and this is subject to a regular programme of review. This helps officers to identify new and emerging risks, as well as ongoing risks. It helps to plan

mitigating measures to reduce the risks. All fire risk assessments are open to public scrutiny and are available on the internet.

The council's cyber security strategy and investment plan draw on close work with the national cyber security centre to ensure we have early warning of any threats and to put in place layers of security that guard against serious cyber attacks, such as that experienced by Hackney Council in recent years.

However some risks can never be eliminated altogether, therefore the council also has emergency plans and business continuity plans for where things do go wrong so that the appropriate response can be quickly enacted. These plans are regularly updated.

Officers are encouraged and expected to report risk issues via their line managers so these can be escalated as required. A culture of "report a problem immediately, apologise if necessary, and take action to remedy and prevent repetition" is encouraged.

There is monthly KPI performance monitoring, with reports presented to SMT and the cabinet member for housing (CMH). There are also Member level performance challenge meetings.

A STAR survey of residents' views is undertaken every quarter and findings reported back to SMT which also helps to quickly identify where there are issues that need to be considered. Bespoke surveys of particular groups of residents is also undertaken, e.g. in sheltered housing.

There is also the complaints procedure. The council uses mystery shopping exercises in order to highlight what is working well and where there are areas that could be improved.

A key component of the Department's governance arrangements is working closely with the borough's residents. The council is committed to listening to residents so that services can be improved and remedy those areas where they do go wrong.

Residents are consulted on a wide range of issues through a number of channels, including the online consultations portal and through community conversations such as the Southwark Conversation which focused on change and regeneration in the borough.

There are a range of public meetings including Local Housing Forums, Tenant Forum, Home Owner Forum, Joint Tenants and Homeowners Forum, and TMO liaison committee.

There is a new online resident's which all council tenants, leaseholders and freeholders can join and can choose how they want to get involved and the topics they are interested in.

The council supports democratic groups of tenants and leaseholders to take over the management of their housing services by setting up TMOs. The council provides funding to help these groups get all the training, support and expertise they need.

The council agreed a charter of principles which sets out our commitment to how the council and our partners will work with residents on our programme of investment and renewal. On the 11,000 new homes programme, Southwark residents are consulted each step of the way. Residents have worked with us to suggest where in the borough the new homes should go

The council developed a Great Estates Programme to improve the look and feel of our estates and to make sure local residents benefit from any development in their area. The council piloted resident led estate improvement plans. This is a way of jointly identifying what is going wrong at an estate level and to work together to resolve these issues.

5. What are the main governance challenges your services face in the coming years?

The last few years have shown that despite all the best planning, an event can come along which fundamentally changes the situation. The pandemic resulted in officers and Cabinet Members temporarily being unable to meet in person to discuss issues, develop solutions and to make decisions. However the department quickly responded, rolling out laptops and virtual meeting options such as Teams and Zoom which have ensured that governance procedures continued to be followed correctly.

A key challenge currently is the lack of financial certainty as we await the outcome of the Government's consultation in regards to increasing rents. The current cap is set at CPI+1%, which is expected to be around 11% in total for 2023-24. The consultation proposes three options for a lower cap on rent rises: 3%, 5% or 7%. The government is also asking whether the lower cap should be applied for one or two years. This will have a big impact on the council's housing finances at a time where it facing many increased costs due to inflationary pressures on building and repair costs, increases in staff pay, and increased building safety costs. These issues are routinely reviewed by the Housing Investment Board.

There are a number of challenges coming up in relation to fire safety and building safety with new requirements being introduced through new Acts of Parliament. This is changing how fire and building safety is managed. Keeping residents safe is a key priority, but resourcing the new requirements is a particular challenge. New procedures will be required to ensure information is recorded and shared as required, and shared with the various new safety bodies being setup.

The cost of living crisis will continue to have a big impact in Southwark. Increases in energy bills will make it more difficult to heat homes, and this may also have some impact on increasing rent arrears. Changes such as increases in interest rates could potentially significantly alter the housing market in Southwark. Many private owners may struggle to afford the higher mortgage payments, private landlords may be required to increase rents to their tenants, and there may be a reduction in private rented supply. There could potentially be a big increase in homelessness. All forums including the Homelessness Forum will continue to monitor these developments closely.

The council also has priorities around carbon reduction. This is essential to help tackle climate change, but there will be times where our priorities may conflict with each other. Sometimes the cheapest way to improve homes or build new homes may not be the most environmentally friendly option. Therefore good governance will be essential to help identify the best solutions to these types of problems.

Another key change will be the growing role of the Regulator of Social Housing. Previously their role has been more focused around economic standards and intervention only considered where there is a serious risk of harm to tenants. In future, following the Social Housing Regulation Bill, the regulator will begin to take a much more proactive role in regulating consumer standards. There will be at least four yearly inspections of all landlords, and social landlords will be required to publish more information on performance and expenditure in a consistent way. Therefore the council may need to adapt some of the ways of working to maintain a strong co-working relationship with the regulator. A cross council working group has been set up to explore how we demonstrate we meet existing standards, to ensure we meet any new standards and to ensure we address any potential gaps. We are also working alongside the Housing Quality Network as part of a mock inspection in preparation for this new regulatory regime.

The Housing and Modernisation Department is also in the process of agreeing new Governance arrangements to begin to let intermediate rent units within the council's housing revenue account (HRA). This will require introducing flexible fixed term tenancies, a new tenancy policy, and setting up procedures to decide any initial lengths of terms, decisions around tenancy extensions and procedures for requesting a review of both types of decisions.

Working with colleagues in the shared IT service, there will be a need for robust governance to ensure the right balance of accessible electronic information and services is maintained with the imperative to ensure we are 'cyber-secure', so that confidential information and vital services are not compromised.

6. How could governance in your department be improved?

The department has a comprehensive internal audit work plan that covers areas of risk over a three-year programme. Areas of weakness are identified where improvements can be made. Action plans are developed arising from the audit work and are reported back to the auditors in the form of a 'signed-off' management response.

Staff are routinely consulted on the annual business plans. The hope is that next year there will be more opportunities to hold events to gain wider input into the plans. Now that the pandemic restrictions have ended we will hold staff engagement sessions etc.

APPENDIX

About the housing and modernisation department business plans 2022/23

The council is committed to 'building back better' as Covid restrictions are lifted and this year's business plan sets out our contribution to the council's top priorities, which are

- Reducing inequalities
- Tackling the climate emergency
- Revitalising the local economy

The 2022/23 H&M Business Plan builds on the progress that has been made in recent years. It reflects the significant changes brought about by the Covid pandemic, and the new and refreshed priorities in the borough plan.

The Covid crisis

The H&M department has played a critical role in Southwark council's public health response to the pandemic, as well as keeping frontline services operating during the crisis and working with partners to develop new structures to support our residents. The community hub, which has become the community support alliance, was set up at the beginning of the first lockdown in March 2020, to assist vulnerable and shielding residents with food, medicines and other vital support. Since then the council, the NHS, local charities and community groups have continued to work together to provide essential support to thousands Southwark residents with a wide range of needs.

Inequalities

The pandemic has also shone a light on wider inequalities, which persist in our society. Tackling inequality and injustice is a priority for the council, and we are committed to taking action identified through Southwark Stands Together, our borough-wide approach to tackling entrenched racism and injustice. The disproportionate impact of Covid on Black, Asian and Minority Ethnic communities is just one example that shows how far we still need to go.

To tackle inequality and racism, we will be taking positive action focussing on four objectives:

1. Delivering tangible change in line with the SST pledges
2. Addressing structural racism in a fair and fearless way
3. Ensuring recruitment and promotion opportunities for Black, Asian and Minority Ethnic people and people with all protected characteristics
4. Top management tiers should reflect borough diversity

The department's SST action plan is published on the Council's intranet and each division has its own plan and priorities. Performance against the target is reported to the senior management team quarterly and published on the Source.

Climate emergency

The council is committed to becoming carbon neutral by 2030. Southwark's carbon emissions have reduced significantly since 2005, but there is much more to do and it comes with a huge £3.6 billion price tag. Our climate strategy, with themes of people, place, and planet, has five priorities, in all of which H&M will have an important role to play.

1. Buildings that work with the environment
2. Sustainable travel with petrol and diesel free roads
3. Thriving biodiversity in the heart of the city
4. A more circular economy where we consume what we need
5. Green, low carbon energy for all

To help the council tackle the climate emergency, we will contribute by bringing forward low waste, low energy new council homes; improving energy efficiency of council homes heat networks; retrofitting council homes to make them greener; using council land and roofs to produce clean energy; and halving emissions by council building by 2022. Time is short though - we have less than eight years before we get to 2030 and action is necessary now.

Local economy

Housing plays an important role in getting the local economy going again. It provides jobs for local people to build new homes and maintain the ones we already have. Making Southwark a good place to do business encourages local commerce and employment, and our work to improve the coverage of super-fast broadband and 5G will help to make Southwark one of the best connected parts of the country.

As part of our corporate role, we will improve customer access to council services and focus on enhancing our digital offer and minimising digital exclusion. In addition, we will work collaboratively with colleagues to transform Southwark to create a better future for residents, for everyone working in the council, and for the environment.

Housing

Safety is always our top priority and this year we will publish our new Asset Management strategy, which responds to new building safety legislation and sets out our approach to investing in our homes, blocks and estates. This also includes updating and 'greening' heat networks as well as moving forward with plans agreed by residents to rebuild Tustin, Ledbury, Aylesbury and Maydew.

The council met its target of starting construction or delivering 2,500 new council homes by May 2022, and has plans to start 1,000 more by 2026.

Through our empty homes officer group and empty homes action plan we are focusing our efforts on reducing the number of empty homes in our borough so local people can move into them.

We will empower residents to be at the core of all key decision making so that they can have pride and influence over the running of their homes and neighbourhoods.

And we will continue to provide support, advice and assistance to people facing homelessness. All these priorities have to be mindful of the constraints imposed by limited financial resources and careful financial management is therefore crucial to the success of the key objectives.

Young people

One of the council's top priorities is our 'Youth Deal' and we want to make sure the council is working as one to give young people in Southwark access to opportunities to learn, work and transition successfully to adulthood. We will be doing our bit in H&M department to support this critical council work.