



## **Extraordinary Scrutiny Committee**

**12:30 to 14:50**

**12 November 2021**

Present: Councillors Wright (chair), Carlo, Driver, Galvin, Giles, Haynes (Substitute for Councillor Osborn), Maxwell (substitute for Councillor Matthew Fulton-McAlister), Sands (M) (substitute for Councillor Manning) Stutely, Thomas (Va) and Thomas (Vi)

Apologies: Councillors Fulton-McAlister (M), Manning and Osborn.

Also present: Councillor Price

### **1. Declarations of interest**

There were no declarations of interest.

### **2. Health, safety and compliance in council homes**

The chair reminded members that any questions on the exempt appendix would be taken under that part of the meeting. The chair welcomed officers and Councillor Price as chair of the audit committee.

The executive director of community services presented the report. The report set out the council's position in relation to health safety and compliance, the findings of the housing regulator in relation to compliance and the plans in place to return the council to a position of full compliance. Sharon Page, communications manager, Vivian Knibbs, interim director of housing operations and David Gleeson, asset consultant were all introduced.

The chair asked for clarification on paragraph 9 of the report around the ownership of the companies. The executive director of community service said that the paragraph was correct and outlined the ownership of the companies. A second paragraph highlighted by the chair referred to contractual arrangements which were high level descriptions of responsibilities and service level agreements sitting below these.

A member said that it was important that the committee scrutinised this topic and that she had already asked for in depth scrutiny of the subject. The chair said that at its next scheduled meeting, the committee would discuss the work programme and the current discussion would inform a scope for piece of further scrutiny work. Councillor

Waters commented that the monitoring and progress of the compliance work built this in with a number of governance arrangements to report to cabinet. The scrutiny committee set its own work programme and may wish to have those cabinet reports coming to scrutiny.

In response to a question from a member, the chair confirmed that he had received a request from the leader of the council that the scrutiny committee would consider the report, and also a topic form on the subject from Councillor Galvin, and had worked with officers in the usual way to pick an appropriate date for the meeting.

The executive director of community services was invited to outline the report. She confirmed that following her appointment in April 2021, alongside a review of corporate governance initiated by the Chief Executive, she asked asset consultants to undertake a high level review of compliance management in council homes. She wanted a clear understanding of how the council was meeting its responsibilities in this area. The initial finding raised concerns around electrical and fire safety inspections. A series of meetings were held with NPS Norwich to get a baseline position and to identify actions that were needed which were prioritised on a risk basis. In July 2021, the council made the decision to self-refer to the Housing Regulator to consider whether it was in breach of the home standard. The consultants findings were concluded in October and a high level overview of these findings were included in the report. A health and safety compliance board had been established to oversee the compliance plan and the Housing Regulator had the level of assurance it needed to not take any further action against the council based on the plans submitted so far.

A member commented that the risk register at page 20 of the report started to lay out the most critical risks but the timescales for producing a full risk register were missing. The executive director of community services said that the project risk register was under development and it was anticipated that this would be ready as part of the December report to the Housing Regulator.

A member said that the council had taken responsibility and apologised to leaseholders but asked whether the council had done enough. The deputy leader and cabinet member for social housing said that once the issues had been found, she supported the executive director of community services in the decision to self-refer to the Housing Regulator. The council had taken great care in communicating with tenants and leaseholders in a number of ways with letters sent to each of them setting out the situation with contact details if they had any concerns and information in the TLC tenants magazine and on the council's website. There would be investment in computer systems and committed staff and senior officer driving improvements forward. Communication would be paramount throughout the process.

A member asked if the executive director of community services could explain more about the compliance board. She said that she was chair of the board and it was attended by the portfolio holder for housing and for resources, alongside the Chief Executive and the executive director of development and city services with other senior colleagues, such as the council's monitoring officer. The board would meet monthly to prepare a report for the regulator whilst providing the leadership to drive the plan forward with the right resources.

By way of a follow up question the chair asked how tenants and leaseholders would be involved in the improvement journey as they were not represented on the board. The deputy leader and cabinet member for social housing said that there was already a tenants improvement panel which met in its own right, that she attended. The executive director of community services said that she would also attend the next meeting to give an update and then would attend regularly throughout the process.

A member commented that the report showed the way forward but there was no information showing the responsibility for writing and checking contracts and checking that work had been carried out. She endorsed the suggestion of further scrutiny work as members needed to understand the context of the issues. The chief executive identified that he had placed emphasis on good governance across the council, including around major contracts. A new leadership team had been recruited and heads of services were reviewing contracts within their areas. Shareholder panels had been set up to oversee NRL and NCSL and heads of service were having regular meetings with the managing directors of those companies. A corporate health and safety board had also been set up to look at issues across the council with further training on contract management to ensure there was clarity across the organisation. He hoped that these points gave assurance as to the weight placed on the issue to health and safety.

The leader of the council said that a range of issues had already been addressed and the structures that the chief executive had outlined would provide the information needed. There would be regular reporting on the progress to ensure that the council had the resources it needed to reach 100% compliance within the timeframe set out in the report. There was a need to separate the safety of tenants from a historical exercise which would detract resources from the forward thinking work that needed to be done.

A member asked how the council would be working with the regulator to maintain compliance. The executive director of community services said that as soon as the council was aware of the issues, it self-referred so it was recognised that at that point, it did not have the full picture. The council was working with the regulator as details emerged and was setting out a plan for improvement. There would be monthly meetings with the regulator until 100% compliance had been achieved.

In response to a member's question, the executive director of community services said that with regards to the cost of the compliance the funding would need to be available over a specific time period. There would inevitably be additional costs due to the timescales involved. It was a high priority piece of work so other works may need to be paused but this would be dependent on staff and contractor availability. The asset consultant said that the certifications for the works would all be recorded digitally and would include remedial works against each property.

A member questioned how works were completed where a tenant refused entry. The interim housing operation director said that there was a well developed process to gain access with a contractor making three attempts and where those attempts failed, the case was passed to the housing management team who would attempt to contact the tenant. Where the inspection related to gas, the council could seek to obtain a warrant which was due procedure under legislation. Electrical testing used different legislation and in those cases, if the housing management team had been unsuccessful, they

would work with nplaw to secure an injunction to gain access to the property. However, the council would rather not take legal action if possible. The deputy leader and cabinet member for social housing said that housing officers would always try to work with the individual tenants rather than taking legal action which would be a last resort.

A member commented that £2million was a lot of money and there were a raft of safety issues to mitigate. She referenced that she was aware of an LGSS audit report which stated that there was a lack of robust contract management. She asked how the council could be sure of good governance going forward and why no one was aware of those issues. The executive director of community services said that the report set out the high level findings and a contract was in place between the council and NPSN. Some of the terms of that contract were not as clear as they should be but ultimately, the council was responsible for the health and safety of its homes. The report was clear about what was wrong and what was needed to put it right. The recommendations built in resources to get the work right over the stated timeframe. The executive director of development and city services said that the council had recognised that there was a need for more expertise and this was being sought.

A member asked why no one was aware of the issues prior to the appointment of the executive director of community services and asked whether all areas of the directorate were spot checked. Tenants could have been involved at an earlier point with an emergency meeting. The member felt some formalised tenant involvement on the health and safety compliance board and also oversight from councillors not on the cabinet would ensure transparency and rebuild trust. The executive director of community services identified that there were teams of very dedicated people in the housing service who were doing difficult work. There were some areas of the service that were performing highly and some that with support and changes around IT could see improvement. Her housing background meant the first thing she wanted to check was that compliance and health and safety management was in place and that she could be confident in how it was being dealt with.

The leader of the council said that the administration owned the issues and the responsibility to make them right. There would be regular cabinet reports on compliance which would be available to all members which included the scrutiny committee if it wished to add them to its work program. Opposition representatives were always invited to cabinet and were able to ask questions on reports. The robustness of scrutiny was already well embedded into the system and it was an important function of the council to hold the administration to account and also to understand the progress being made.

The executive director of community service said that before speaking to tenants and leaseholders, the council needed to establish a clear position. The leader and deputy leader of the council were aware of the issues straight away and were consulted on the referral to the regulator. There had been discussions with cabinet members in the late summer about emerging issues and then the information was cascaded.

The chair invited the chair of the audit committee to make a statement and said that members of the scrutiny committee could seek clarification on points he had made.

The chair of audit said that it was good to see the work being done between scrutiny and audit committees and to see the senior leadership team working in new and progressive ways on the issues.

The audit committee had considered a proposal in the 2017-18 internal audit report to postpone the review of the NPS contract as it was told that there was assurance that it would be considered in the next round of contract management. In March 2018, the draft audit plan looked at commissioning and contract management which included contracts for refuse, repairs and maintenance, NPS and waste management so these were being considered as important contracts to review. The 2019-20 annual report showed a lack of robust management in housing contracts due to limited assurance being received. He had concerns around contract management with issues that did not seem to be being picked up until there was intervention from audit and he felt there needed to be more work to provide assurance on contract management. He acknowledged that issues had been identified and were systematically addressed through the senior leadership team looking at areas of risk and said that the audit committee was acting as a critical friend. There had been an abundance of evidence that there were unsatisfactory contracts and there was a need to go back historically and identify any risks and costs arising from these. Changes needed to be implemented and then the fundamental issue of contract management needed to be addressed to establish liabilities.

The chair asked if there needed to be an increased resource in internal audit. The Chair of audit said that the senior leadership team was looking to address underlying issues so it may not be necessary at the moment but ultimately, an additional resource may be beneficial.

The leader of the council said that the first priority was to resolve the compliance issues which was the narrative of the meeting. A decision had been taken in 2017 to bring the joint ventures to an end which was a recognition that the council would be able to undertake that work itself. The work would be informed by a more robust set of governance structures and would be looking at compliance and contract management issues to ensure that council owned companies were performing as expected.

The chief executive said that internal audit was seen as a tool to improve the council and it was helpful that the chair of audit had acknowledged the change of emphasis. Measures had been put in place to improve the capacity and the capability of internal audit and it had always been the intention that the new executive directors would identify gaps in capacity in services. The Covid-19 Recovery Plan showed that services would be reviewed due to changes in expectations and behaviours.

A member asked the chair of audit if he thought that there should be an internal audit investigation into the contract to show where responsibility would lie for contract management. The chair of audit said that since the audit committee had started to look at contract management and had identified issues, he had consistently said that contracts should be looked at retrospectively to fully understand the risk. The work would need to be undertaken by the scrutiny committee and audit committee could be used as a tool for this.

In response to a member's question on how the other areas of the housing service were working, the deputy leader and cabinet member for social housing said that there were many aspects of the service working very well such as the rough sleeping team, the work being done with registered partners and the sheltered housing officers who worked closely with tenants.

A member asked what feedback had come from the letters sent to tenants and how would actions to resolve compliance issues be signed off and assessed. The deputy leader and cabinet member for social housing said that as many information channels as possible had been set up. Staff were available on phone lines for the first weekend. Less than one hundred contacts had been made, not all of which were about the compliance issues, which showed that recipients had been reassured. The executive director of community services added that housing officers and NPS staff would assess the actions and the board would have oversight of the programme and its delivery.

In response to a question on training, the chair of audit said that there was a need for training and improving skills was fundamental for councillors. There was also a need to ensure that policies were fit for purpose and being implemented. A member added that it would be useful if members could receive training on functions such as audit, scrutiny, contract management and Key Performance Indicators. She would also welcome regular briefings on housing. The executive director of community services said that regular briefings were held with opposition councillors with community services. The first briefing specifically on housing had already been scheduled.

A member asked if officers could elaborate on how having direct control of the services being brought back in house could help to achieve compliance. The executive director of community services said that the council would have greater control over the services and would also have direct oversight of governance and performance management.

### **3. Exclusion of the public**

**RESOLVED** to exclude the public from the meeting during consideration of item \*4 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

#### **\*4. Health, safety and compliance in council homes – exempt appendix (para 3)**

(An exempt minute exists for this item.)

**RESOLVED**, to note the exempt appendix.

(Members of the public were readmitted to the meeting).

### **4. Health, safety and compliance in council homes**

A resolution was moved to ask cabinet to support scrutiny committee to undertake a review of exactly what happened with regards to health, safety and compliance in

council homes. With seven members voting against and two in favour, the motion was lost.

A resolution was moved to allow opposition councillors to sit on the Health and Safety Compliance Board. With seven members voting against and two in favour, the motion as lost.

**RESOLVED**, unanimously:

- 1) For the chair of the committee and the Executive Director to determine a mechanism to inform the scrutiny committee of progress with regards the matters referred to in the exempt paper;
- 2) That a report comes to scrutiny committee in early summer on the progress in delivering services referred to in the report following the transfer to NCS Ltd;
- 3) That the Housing Compliance Board regularly updates the Tenant Improvement Panel on its progress in securing compliance with required housing standards
- 4) That cabinet considers how compliance and safety risks are reflected in the council's risk register; and
- 5) The provision of training to councillors on contract management, compliance and performance management is reviewed

CHAIR