



Housing Association Regulatory Assessment

Melin Homes Limited

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Welsh Government

Housing Association Regulatory Assessment

The Welsh Ministers have powers under the Housing Act 1996 to regulate Registered Social Landlords (RSLs) in Wales in relation to the provision of housing and matters relating to governance and financial management. Part 1 of the 1996 Act is amended by Part 2 of the Housing (Wales) Measure 2011 (“The Measure”) and provides the Welsh Ministers with enhanced regulatory and intervention powers concerning the provision of housing by registered social landlords and the enforcement action that may be taken against them. The Welsh Ministers are publishing this regulatory assessment report under section 33A of the Housing Act 1996.

The regulatory assessment work undertaken follows the risk-based approach to regulation and seeks to identify strengths and areas for improvement in meeting the “Delivery Outcomes” (standards of performance). These are set out in the Regulatory Framework for Housing Associations Registered in Wales, which is also known as “the regulatory framework”.

This report sets out the Welsh Government’s assessment and is designed to provide the RSL, its tenants, service users and other stakeholders with an understanding of how well it is performing against the “Delivery Outcomes” relating to:

- Landlord services
- Governance and Financial management



Description of Melin Homes Limited

Melin Homes Limited ('Melin') was formed in 2007, as a result of a merger of two smaller Associations. The Association, which is based in Pontypool, Torfaen, is registered under the Industrial and Provident Societies Act 1965, with charitable rules.

Melin is a traditional Housing Association that owns and manages over 3,700 properties. In addition to general needs housing, these include leasehold, shared ownership and supported housing schemes in Blaenau Gwent, Monmouthshire, Torfaen, Newport and Powys. It also has two 'extra care' schemes and last year, sold 28 low cost home ownership properties.

The Association has an active development programme which aims to deliver around 40 homes per year in the medium term, and 20 per year in the longer term. It has plans to review its structure to enable it to generate additional sources of funding to enable further development opportunities. It currently has 15 housing schemes in development, totalling 264 homes, with almost 200 properties expected to be completed before the end of March 2014.

Melin has expanded the work it does within communities and is one of two delivery agents in Wales for the Welsh Government's "Arbed II" energy efficiency initiative. Its employment and training initiative, 'Melin Works' includes a joint venture with Monmouthshire County Council called 'Y Prentis', which is a shared apprenticeship scheme for the Construction industry across SE Wales. The Association also hosts two local 'Care and Repair' agencies, which provide repair and improvement services to older owner occupiers.

The Association has its own Direct Work Force, which carries out heating, plumbing, electrical and painting and decorating services for residents, while other repair and improvement work is undertaken by a range of external contractors.

Overall Assessment

Summary: Landlord Services

Melin makes a significant contribution to providing new homes which meet a range of local housing needs and are built to a good quality standard.

It is in the process of rolling out plans to make the most effective use of homes which have proved more difficult to let than others. It plans to work with its tenants to optimise the time it takes to relet empty homes and to improve its assessment of the standard of work undertaken to them.

The Association works with its local authority partners to provide housing schemes which are open and accessible and to help prevent and alleviate homelessness. It needs to do more to understand how well the arrangements work and whether lettings result in fair outcomes for the community as a whole. It provides adapted homes to new tenants, in liaison with its partners, but recognises that it needs ensure that adaptations to existing homes are provided quickly and effectively, from the customer perspective.

Melin is seeking to ensure its housing service supports tenants to sustain their tenancies, within a sustainable community. It is making some good progress towards this in a number of areas, including empowering its tenants to make decisions about spending on estate improvements and in responding to reports of anti-social behaviour. It is also building on positive rent collection performance by implementing a strategy to manage the impact of the UK Government's welfare reforms, to help protect both business and tenant interests. However, it needs to do more to ensure that its approach is fully embedded and to measure the impact of what it is achieving, including tenant perceptions, in a better way, to ensure its outcomes are maximised.

The Association has developed affordable and deliverable plans for long term investment in repair and maintenance of its homes, as part of its asset management strategy. This builds on the full achievement of the Welsh Housing Quality Standard, which it has reported. It can demonstrate improvements in key aspects of its repairs and maintenance services, but has more to do to ensure a comprehensive understanding of the outcomes achieved. This is important to help it maximise the efficiency and effectiveness of the service and deliver outcomes which fully reflect the needs and preferences of tenants and other service users.

Melin has improved its service to owners. It plans to more actively engage with service users who own their homes, to ensure services are fair, efficient and effective, building on the work it has done to date.

Summary: Governance and Financial management

Melin needs to do more to demonstrate how it places people using its services at the heart of all it does. It can show positive outcomes in aspects of the way services are designed, but needs to ensure that this becomes more consistent across the organisation. It can show that it makes use of existing knowledge of its customers,



but does not yet know enough about them to effectively design services around their needs. It also needs to improve its arrangements to test service user perceptions and to evaluate outcomes, so that it has a more robust understanding of the impact it is making.

Melin is playing a leading sector role in a number of initiatives to improve the economic, social and environmental wellbeing of the communities where it works. It has developed a culture in which its governing body, staff and partners are actively engaged in helping to achieve this, in liaison with a wide range of partners, who value the work it does with them. It needs to underpin this positive work, by developing a more robust approach to understanding and responding to the diverse needs of the community. This includes implementation of its plans to treat the Welsh language on a par with English, while also providing tenants with more balanced information about the outcomes achieved.

The Association has not focussed enough attention on balancing its progress in the wider role it plays, with enough understanding of the impact of its core functions, from the customer perspective. It needs to consider how it can improve its planning, performance management and self-assessment frameworks, to more effectively understand and respond to the impact of its services on customers, to learn from its own experience and to ensure it maximising value for money through the best use of its available resources.

Melin is a financially sound and viable business. Its overall approach to identifying and managing risks is strong, but it needs to do more to ensure that some aspects of its internal control arrangements are tested and followed up in a more robust way.

Future Regulatory Engagement

Melin Homes Limited is assessed as requiring a Medium level of regulatory engagement in future. This engagement will focus on the following areas:-

- Increasing the level and use of knowledge about customers to target and tailor service delivery in a comprehensive, systematic way
- Enhancing tenant involvement in strategic planning, scrutiny of services and development of clear, customer focussed performance information
- Embedding a greater tenant and outcome focus across all of the Association's work
- Developing more comprehensive and robust arrangements to seeking and using tenant feedback to improve service delivery
- Strengthening the Association's approach to equality and diversity to ensure it can demonstrate that its lettings, activities and services reflect the make up and diverse needs of the communities where it operates
- Enhancing the Association's planning, self assessment and performance management framework, to support the delivery of its purpose, learning, continuous improvement and in enhancing value for money
- Ensuring internal controls are tested and managed to mitigate risks in a more comprehensive way

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- Improving the Association's empty homes performance and testing out of the standard of work achieved, in liaison with tenants
 - Implementing the Association's welfare reform strategy and proactively supporting tenants to promote tenancy sustainability
 - Maximising efficiency and effectiveness in the Association's repair and maintenance services, through delivery of its Asset Management Strategy
 - Implementing the Association's plans to enhance the services provided to home owners.

Regulatory engagement will encompass a range of activities including contact with service users, including involved tenants and owners, senior management, operational staff and the board, observation of events, visits to communities where regeneration initiatives are planned and monitoring the Association's progress against its plans for improvement.



Landlord Services

1. We build and renovate homes to a good quality.

Melin makes a significant contribution to the housing and wider regeneration needs of the communities in which it works, by building good quality housing which is sustainable and aligned with the housing needs of local people.

The Association's proposals for new and renovated homes demonstrate financial viability and consider value for money now and in future. It considers risks and manages them to help to protect its core housing activity.

2. We let homes in a fair, transparent and effective way.

The Association has developed an improved strategic framework to help ensure that its homes are in demand, maintained, modernised and adapted, as people's needs change. Through an adapted properties register and working closely with health partners, Melin is enabling people with mobility needs to move into adapted homes. It recognises the need to build on this by measuring the experience of existing tenants who are provided with adaptations in a more customer focussed way.

Melin is seeking to minimise the level of empty homes and to optimise the time it takes to relet them, as it rolls out its asset management plans. It also needs to review the published lettings standard and scrutiny of its empty homes performance, with its tenants. This is because its process for collecting tenant perceptions of the service received could be made more robust, to underline the high level of tenant satisfaction which is reported.

The Association is achieving some positive outcomes in helping to prevent and alleviate homelessness. Along with its local authority partners, it has calculated, for example, that its housing leasing scheme has saved the public purse around £130,000 in the current year, compared to the equivalent cost of bed and breakfast accommodation, while providing good quality housing to homeless households. Its approach could be further enhanced by a more comprehensive analysis of the impact of all of its work in this area.

Melin works with its partners to help ensure service users can access its housing through open and well publicised allocations schemes, which are easy to understand. It gives reasonable preference to those in greatest housing need, but needs to work with its partners to demonstrate that allocations are fair and representative of the profile of local people.

3. We manage our homes effectively.

The Association uses the most secure form of tenancy compatible with the purpose of the housing. It seeks to make clear the rights and duties of tenant and landlord from the start of a tenancy and to uphold these rights and duties in a fair and responsible manner.



Rents are set in line with Welsh Government expectations and take account of the costs of managing and maintaining homes, while servicing borrowing. Together with service charges, rents are set and apportioned in a clear and fair way, with good information to help tenants understand the charges made. Tenants have some say on the quality of services which are not covered by the rent, but this could be enhanced to make this more comprehensive.

Melin's staff are encouraged and supported to find solutions to any individual tenant support needs they identify. The Association's Board has recently agreed a new strategic approach, to help ensure support is identified and effective in enabling tenancies to be sustained, in light of the challenges which exist in current and future funding arrangements. It is also improving the way in which it measures sustained and unsuccessful tenancies, to enable it to take a more pro-active approach to sustainability, in line with its new strategy.

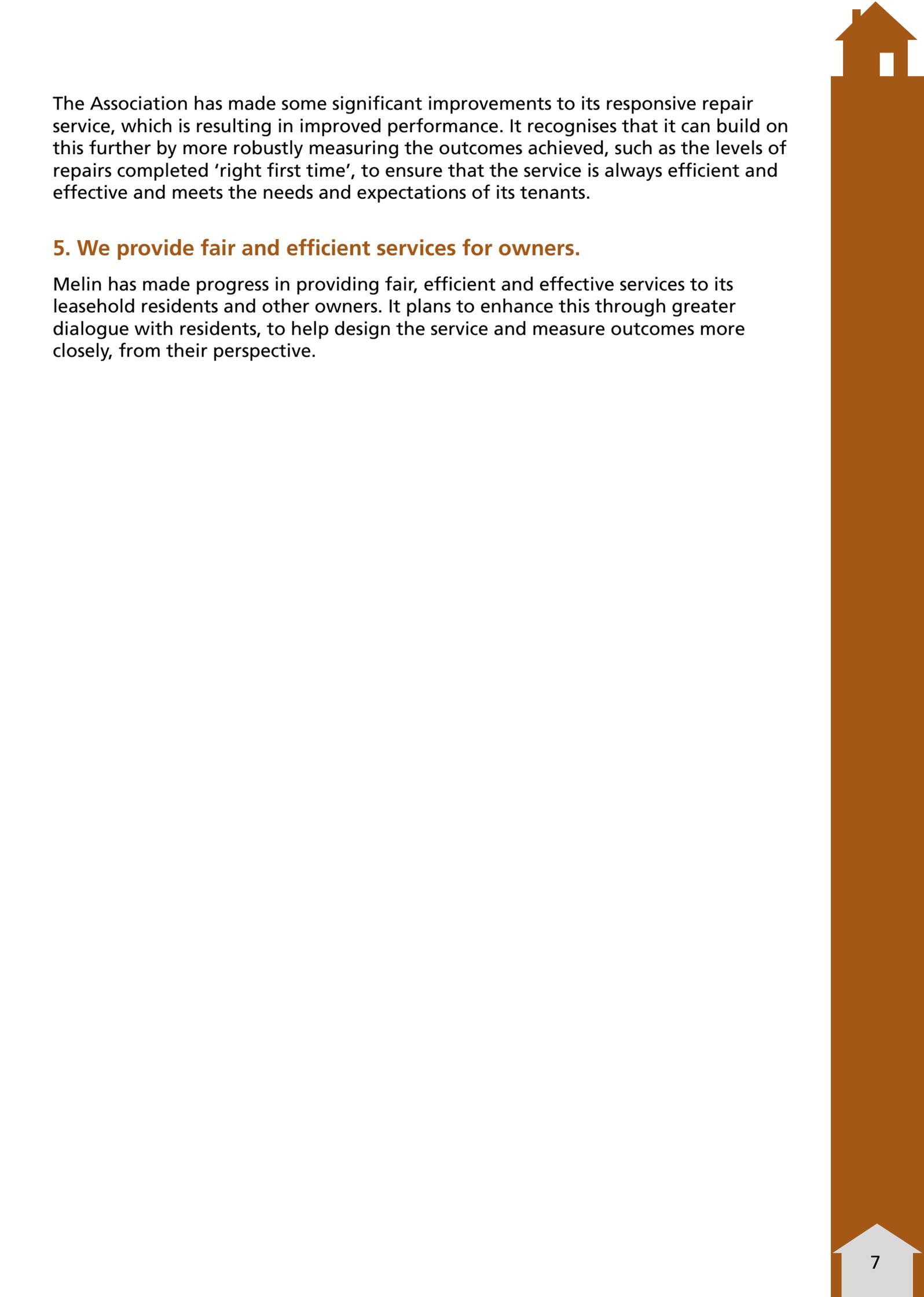
The Association is implementing an improved strategic approach to helping tenants at risk of financial difficulty, in light of the UK Government's welfare reforms. This is building on positive existing performance in relation to rent collection and money advice, which helps to help balance the need to protect the Association's income, while supporting tenants to maximise their incomes and avoid falling into rent arrears.

Residents are supported to take an active role in scrutinising the quality of estate services and empowered to take action to address local issues. A dedicated team are successfully tackling cases of anti-social behaviour through effective partnership working and seeking to continuously improve this service. There is evidence of positive outcomes in individual cases. However, the absence of easily collated and reported performance information, including broader feedback from customers, is inhibiting the development of a more strategic approach to neighbourhood management and preventing the assessment of the wider impact of services provided.

4. We repair and maintain homes in an efficient, timely and cost effective way.

Melin has deliverable and affordable plans for the lifetime maintenance and improvement of its homes, informed by robust data about their condition.

This builds on full achievement of the Welsh Housing Quality Standard it has reported. Key aspects of the way the Association provides major improvement works show strong elements of customer focus. These include the range of choices offered and customer information about work due, which has been designed with tenants. However, it could enhance this further by greater tenant involvement in strategic investment planning and better information about future work. It also needs to implement a more robust approach to understanding tenant perceptions about the whole process, because while tenant satisfaction with the finished product is high, it is only tested at the end, rather than throughout, the process.



The Association has made some significant improvements to its responsive repair service, which is resulting in improved performance. It recognises that it can build on this further by more robustly measuring the outcomes achieved, such as the levels of repairs completed 'right first time', to ensure that the service is always efficient and effective and meets the needs and expectations of its tenants.

5. We provide fair and efficient services for owners.

Melin has made progress in providing fair, efficient and effective services to its leasehold residents and other owners. It plans to enhance this through greater dialogue with residents, to help design the service and measure outcomes more closely, from their perspective.

Governance and Financial Management

Governance

1. We place the people who want to use our services at the heart of our work – putting the citizen first.

The Association is making some progress in collecting information about its service users and has used the information it currently holds to help prioritise support to tenants affected by the UK Government's welfare reforms. It has also used the information to help target its 'Melin Works' training and employment initiative. It recognises the need to develop a strategy to collect and maximise the use of customer profiling data to help target and tailor other services and to implement a system that ensures the information is kept up to date. It also needs to develop its plans to ensure that the design and delivery of services is shaped to meet the needs and preferences of its customers.

Melin supports the involvement of its Residents' Panel in improving services and activities, which has included staff and contractor selection and improving customer information. The Panel has a delegated budget, which it has used to prioritise funding for scheme improvements identified through its regular estate inspections and other community initiatives. The Association recognises the need to build on this work by giving tenants a greater say in its strategic plans and by enabling them to scrutinise and review the outcomes it achieves. It is currently working with the Residents' Panel to implement plans which will help to deliver these improvements.

The Association is developing an improved approach to understanding outcomes through its Project Q and Think Outcomes internal initiatives. It recognises that it needs to embed this across all that it does so that it understands tenant views about their current and future requirements and the circumstances and barriers they face in a more comprehensive way.

A number of steps to improve the ease with which tenants can make contact with the Association have been brought into place. It has plans to enhance this further, through using customer relationship management software to understand and respond to the different needs of service users. It needs to improve the way it measures the impact of these improvements, so that it can understand how well its arrangements for contact match tenant needs and minimise unnecessary contact.

Melin has improved the means by which it offers advice and information, increasingly providing services and information close to peoples' homes, through the use of its 'Melin Bus; mobile office and through electronic media. Tenants are actively involved in deciding the content of customer information, which is to a good standard, but this does not include a comprehensive suite of service standards. The Association does not measure its performance as well as it could, to demonstrate it is meeting the expectations it has set out.

The Association does not know enough about tenant perceptions of the services they receive, as its arrangements for seeking their views are currently limited.



It can demonstrate improvements to services where feedback has been received, but it needs to significantly improve the scope and robustness of the information collected. It has plans to undertake a comprehensive survey of tenant satisfaction and perceptions later this year, to help inform its future planning arrangements.

Melin plans to increase its accountability to residents through working with tenants as part of its recently established tenant scrutiny group and to agree a suite of performance data on matters which matter most to them.

The Association has improved the ways in which tenants can easily report things that have gone wrong and has empowered staff, to quickly put things right. This has led to improvements in the level of complaints which have been quickly resolved, with examples of service improvements which have followed. The Association understands that it can improve this further by capturing the impact of its complaints process more effectively, to help determine how well this is working, from both a business and customer perspective.

2. We live public sector values, by conducting our affairs with honesty and integrity and demonstrate good governance through our behaviour.

The Association needs to provide clearer, more balanced information about its activities to its tenants, to demonstrate the open approach it aspires to. It provides information on request, unless there are justifiable reasons for withholding it.

The Association is strengthening its strategic approach to equality and diversity, but needs to develop a more robust framework to drive and embed it, across all it does. It has significant progress to make, before it can demonstrate that its activities and services reflect the make up and diverse needs of the communities where it operates.

Melin aspires to treat the Welsh and English languages on the basis of equality, with a number of processes in place to support this. However, it needs to ensure that more service testing is undertaken and that its front line staff fully understand the resources it has in place.

Melin plays a significant role in a number of aspects of improving the economic, social and environmental circumstances of the communities in which it works. It intends to improve the way it measures the impact it achieves, to help ensure it is maximising the resources it is investing.

3. We make sure our purpose is clear and we achieve what we set out to do – knowing who does what and why.

Melin can demonstrate strong leadership, which is helping it to deliver improvements to the communities in which it works and to build strong internal and external relationships between staff and partners. However, it needs to ensure that the decision making process is more clearly informed by customer focussed assessment of the impact it is achieving, as part of its planning and performance management framework.



The Association's governing body can demonstrate that it seeks to exercise proper control over its activities. Its ability to balance the interests of the organisation and its tenants and service users, needs to be enhanced by an improved focus on risks, outcomes and impact.

Melin's planning, self-assessment and performance management framework are integrated, to help support delivery of its purpose and its approach to continuous improvement. However, the Association needs to consider how it can improve the assessment it makes of what it is delivering well and what it needs to improve, so that it has a better understanding of the outcomes it is achieving from its tenants' perspectives.

Everyone at Melin is aligned to delivery of its purpose. It has developed a shared culture, branded as the 'Melin Mindset', which is visible internally and externally. This has had a positive impact in the way the organisation embraces change and innovation, but it is implementing a new learning and development strategy to further strengthen its approach. This will be important to enhance learning from its own experience and to ensure it has the capacity, skills and tools to deliver continuous improvements in future.

The Association can demonstrate some positive outcomes in key aspects of delivering improved value for money. This includes, for example, delivery of strong community outcomes in the Arbed energy efficiency initiative, at relatively low cost. Similarly, other procurement arrangements have delivered a positive quality to cost balance, such as in its development programme. However, Melin could enhance this further by ensuring its strategic approach to value for money is reflected across everything it does so can that it can demonstrate it always makes the best use of its own and public resources.

4. We engage with others to enhance and maximise outcomes for our service users and the community.

Melin embraces partnership working across the organisation and is a valued partner of many local agencies. It engages with others to enhance and maximise outcomes for service users and the community. It is developing improved measures of the impact of its partnership work, as part of its improved approach to evaluating outcomes.

Financial Management

5. We are a financially sound and viable business.

Melin is a financially sound and viable business. It has a robust financial management framework and high standards of financial probity, but could improve this by enhancing its management accounts, with clearer information on the impact of the UK Government's welfare reforms.

On 28 March 2013, the Welsh Government published a Financial Viability Judgement for Melin Homes. The judgement was:

“Pass – The Association has adequate resources to meet its current and forecasted future business and financial commitments”.

The Association’s approach to identifying, appraising and managing risks is supported by a robust strategy and risk register. However, it needs to ensure that it more robustly tests scenarios in which risks may need to be managed and more consistently and effectively implement recommendations which are designed to reduce the chances of risks being realised.

Sources of information and regulatory activity

The following information is generally received from RSLs:

- Audited annual accounts, including the internal controls assurance statement;
- External auditors' management letter; and
- Financial forecasts.

In addition to the above, the following specific activities were carried out:

- Regulatory activity, via relationship management approach to regulation, including contact with tenants and service users, senior staff, operational staff, board members and key stakeholders; visits to some key sites; and
- Review of self assessment, key customer information and associated "hard" and "soft" evidence relating to the delivery outcomes.

Basis of regulatory assessment

This regulatory assessment is based on information submitted by the RSL, our accumulated knowledge and experience of the RSL, its management and the RSL sector as a whole.

In preparing this report, the Welsh Ministers have relied on the information supplied by or on behalf of the RSL. The Directors of the RSL remain responsible for the completeness and accuracy of such information.

This report has been prepared for the RSL as a regulatory assessment. It must not be relied upon by any other party or for any other purpose. Any other parties are responsible for making their own investigations or enquiries.



Key to High, Medium or Low regulatory engagement

High regulatory engagement

We will have a high level of engagement with the RSL where their profile indicates we need the most tailored, intensive or continuous relationship. This may mean engaging in a more sustained way with an organisation to develop a detailed understanding of current and potential areas of risk and their approach to managing them. Our engagement plan may involve a broader range of regulatory activities e.g. monitoring progress; attendance of Board, Senior Management and Tenant/resident meetings. We may also need a high regulatory engagement where specific risks are likely to materialise, or have materialised, and we need to support an organisation to improve its performance against the delivery outcomes.

Medium regulatory engagement

We will have a medium level of regulatory engagement with the RSL where their profile indicates we need further assurance. For example, we may need more information or a closer engagement with the organisation's senior management and/or governing body or to monitor progress against delivery outcomes and/or improvement plans.

Low regulatory engagement

We will have low level of regulatory engagement with the RSLs where the impact of problems occurring is low and the probability of the problems occurring is low. In these cases we will plan to have limited contact with the organisation, unless other events arise. In some cases we may highlight and monitor areas for improvement, but in ways that are less intensive for medium or high engagement organisations