

Appendix B:

ROOT CAUSE ANALYSIS – IDENTIFYING THE CAUSES OF COMPLIANCE FAILURES

Background and context

1. As a learning organisation, this section seeks to reflect the history of the buildings and their maintenance, as well as the recent transitions and surface the systemic conditions. This understanding will provide foundations for continuing our endeavour for sustainable, long-term systemic change and ensure our commitment to compliance is resident-focused and resilient.
2. The council has an ageing housing stock with 23% of rented homes built before 1946 and an overall 62% of rented homes built before 1966. Only 38% of all rented homes were built after 1965 with 6% built post 1991. The council also has a significantly higher number of flats and maisonettes, which are subject to more stringent compliance regulations, at 65% of rented dwellings, compared to houses and bungalows at 35% of rented dwellings. (Total figure of 12,683 homes as of 8th April 2025 include the 499 Seaside Homes dwellings).
3. There are 46 high rise blocks in Brighton and Hove of which 8 are Large Panel System (LPS) blocks. The high rises were mainly built during the 1950s and 1960s, this construction method was popular for multi-storey residential buildings. LPS buildings consist of reinforced floor and roof structures supported by precast concrete large panel walls. However, national concerns have emerged over the years due to the risk of partial or complete collapse in certain circumstances inherent in this method. Many LPS buildings across the country, including those in Brighton and Hove, have been found not to meet current safety standards. Brighton & Hove City Council has taken steps to address these concerns, including implementing immediate safety measures and planning long-term solutions such as refurbishment or regeneration. The Council has also engaged actively with residents to discuss safety measures and future plans for the LPS blocks.
4. The Right to Buy policy, introduced in 1980 widened access to home ownership to many households who would otherwise not have had the opportunity to purchase their own home. However, over the years, while the sale of council homes generated substantial capital receipts, varying percentages of the receipts was directed to the Treasury, with loss of rental income from sold properties, leaving councils like Brighton and Hove with limited funds to reinvest in new housing and existing council homes. The policy also led to a reduction in the availability of social housing. With the sale of council homes far outpacing the construction of new ones, the supply of affordable housing available to councils did not kept pace with the need for affordable housing. There was also a lack of sufficient investment in new social housing, as funds were often diverted from a capital to a revenue subsidy to cover housing benefit costs instead. The cumulative effect of these factors has been a long-term financial strain on councils. This, combined with the reduced ability to replace sold homes, limited councils' capacity to address housing needs effectively and invest in their own council dwellings.

5. In the early 2000s, the council faced a significant investment gap, preventing council homes from meeting the Government's Decent Homes Standard. A large-scale stock transfer was proposed as a means to bring in sufficient investment to meet this Decent Homes investment requirement. This option was overwhelmingly rejected by Brighton & Hove City Council tenants in the 2007 stock transfer ballot. Following the ballot, officers reviewed strategic housing options to reflect the decision that the stock would be retained by the Council and to fund the investment gap to achieve the Decent Homes Standard and meet tenant aspirations for improvements to the stock.
6. Two key approaches were followed:
 - a. A Procurement Strategy to deliver a 10-year Partnering Contract with Mears from April 2010 for the maintenance and improvement of the council housing stock, aiming to reduce overheads and direct costs. The Partnering Contract also delivered planned and major works. This arrangement ended in March 2020, when the Housing Repairs and Maintenance service was insourced, coinciding with the onset of the Covid-19 pandemic.
 - b. An Asset Management Plan to establish a Local Delivery Vehicle (Seaside Homes) in 2008, using HRA assets requiring reinvestment to leverage additional investment in the council's housing stock, funding refurbishment of the homes leased to Seaside and providing a capital receipt toward meeting the Decent Homes Standard.
7. During the 2000s and 2010s, the council's housing strategy was shaped heavily by the Decent Homes Programme, which drove significant improvements, including in the quality of kitchens, bathrooms, and thermal comfort. In response to resident feedback that the national Decent Homes Standard was too basic, the council developed the Brighton & Hove Property Standard to aim for a higher local standard.
8. There was, and continues to be, a strong focus on gas safety and meeting compliance standards, delivered through both the Mears Partnering Contract and other specialist contractors.
9. At the same time, the regulatory environment changed significantly. The abolition of the Audit Commission's inspection regime in 2012, as part of Government efforts to reduce public bodies and compliance costs, removed a layer of external scrutiny. The end of comprehensive area assessment further limited oversight of compliance risks in local authorities, reducing independent challenge during this period.
10. Following the Grenfell Tower tragedy in June 2017, significant strengthening of the legislative and regulatory framework transformed the compliance landscape. Housing services now face a more stringent regulatory environment, with enhanced powers and new duties held by the Regulator of Social Housing, the Building Safety Regulator, East Sussex Fire & Rescue Service, and the Housing Ombudsman.
11. In October 2018, the Government lifted the Housing Revenue Account (HRA) Borrowing Cap. The financial situation at that time was such that the authority could not provide sufficient resources to achieve the full extent of investment required in our council homes. Prior to the self-funding settlement there were significant investment pressures, both revenue and capital across the HRA.

12. In March 2020, the Partnering Contract with Mears ended, and the council insourced the Housing Repairs and Maintenance service. The transition coincided with the outbreak of the Covid-19 pandemic, which compounded operational pressures. Staff were transferring to a new employer while adapting to pandemic-compliant ways of working. Despite rapid mobilisation efforts, significant backlogs in routine repairs emerged during this period as well as pandemic related delays in procuring new planned and major works and other contracts.
13. Subsequently, the council had issues with engaging contractor resources for both our Repairs & Maintenance Service and our Housing Investment & Asset Management service, including to undertake major capital works. The construction market was suffering from several pressures including inflation, employment issues and high-credit costs. These pressures resulted in a large number of construction related businesses becoming insolvent and going into administration. Contractors were therefore becoming more selective with projects they would undertake which required the council to procure additional contractor capacity.
14. Organisationally, a significant restructuring of Housing Senior Management was undertaken between 2020 and 2022 with the creation of the Housing Management Service, new Assistant Director and Heads of Service roles. These changes were in anticipation of the new, more rigorous regulatory environment introduced through the Social Housing Regulation Act 2023.
15. Technologically, the service historically relied on a range of ICT systems, including the Mears works management system (MCM) and materials supply chain system (MEPOS), as well as the council Asset Management system (APEX), and the NEC Housing Management System (NEC-H). These systems were not integrated, and record-keeping within individual systems was inconsistent, hampering the ability to manage risk and provide visibility or assurance about compliance. A new Asset Management System was approved in September 2021 and introduced in 2024. The council has also procured and mobilised a new materials supply chain and is moving away from use of the Mears works management system toward use of NECH.

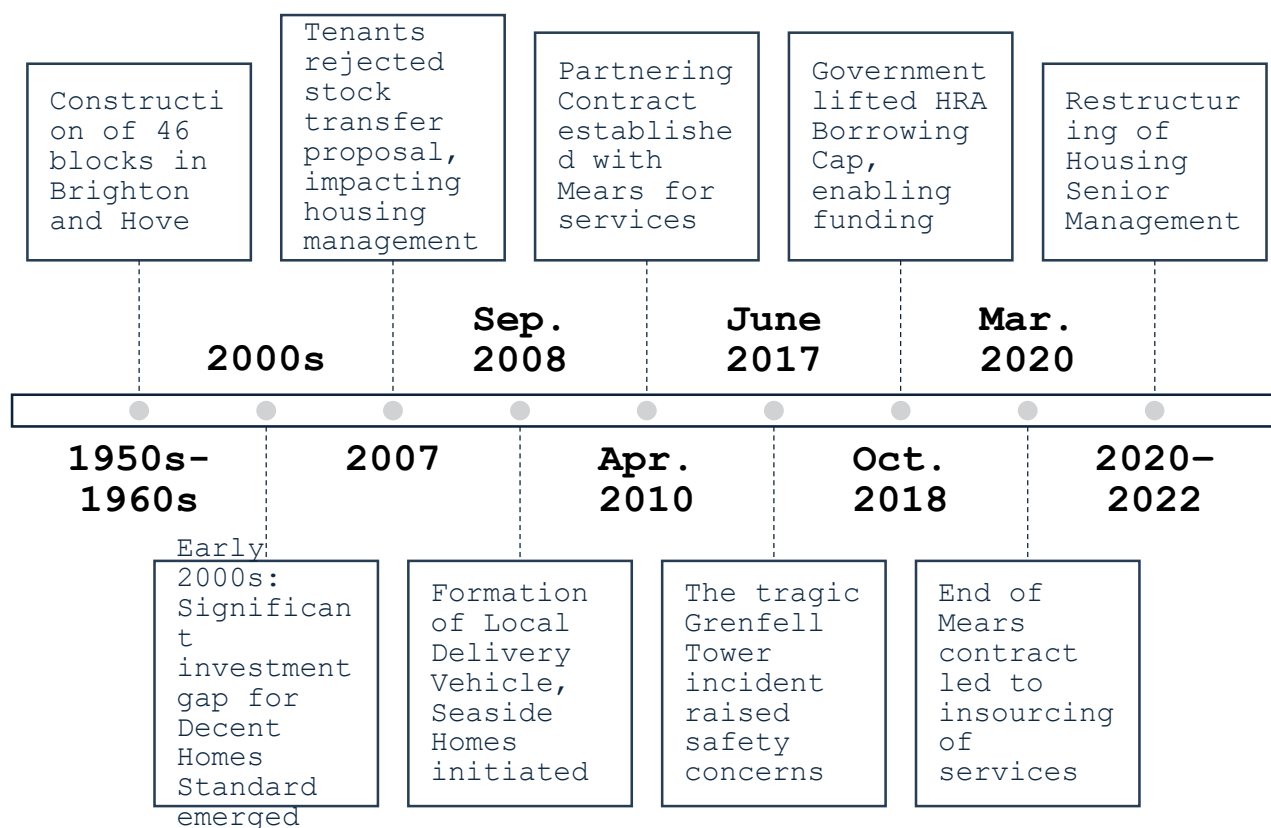


Diagram 2: Chronology of BHCC's housing stock

16. In July 2023, the council launched a new Council Plan including three key priorities: sustainable and inclusive economic growth; tackling the housing and homelessness crisis; and improving the look and feel of the city. The Council Plan and purpose creates leadership that connects and brings critical resources together to address key issues.
17. In May 2024, the council moved from a Committee system to a Cabinet model. This change was designed to support more timely, joined-up decision-making while preserving transparency and public engagement. The cabinet member for Housing New Homes has attended the overview and scrutiny committee meetings for People and Place to ensure that there is visibility about the council's response to its compliance duties.
18. In January 2025, the council implemented a senior leadership restructure following extensive engagement. This included the creation of a Corporate Director for Homes & Adult Social Care and a Director of Homes & Investment, strengthening strategic oversight of council housing stock, focus on compliance as well as the supply of additional council homes. The restructure was designed to support the one-council approach and its new way of working in terms of being a more connected and learning organisation, has helped align housing compliance actions with wider corporate responsibilities.
19. The directorate is committed to putting our residents' voices at the heart of our improvement journey. To achieve this, we held workshops with residents and staff to collaboratively find solutions to frequently reported issues. Customer insights were

analysed from complaints, member enquiries, and ombudsman findings, identifying four key areas for improvement. This feedback was used in workshops where residents and staff came together to discuss the themes identified from the analysis. A total of 18 residents and 15 staff members participated in the workshops. The workshops were well-received, with residents expressing enthusiasm about the meaningful opportunity to influence service changes.

20. The services changes will be part of a programme of improvement that will help the council to become a Great Landlord: 'A great landlord where residents know that they are valued, treated with respect; and the staff who work with and for residents are empowered and given the time to be creative and kind.'

Themes and their causes

21. This section of the report sets out each theme that led to non-compliance –how the non-compliance manifested itself, why it happened what we learned, actions already taken, and future actions that will lead us to be a Great Landlord.
22. The following table synthesises cross-cutting themes that emerge repeatedly. Each theme reflects overlapping system weaknesses and offers a lens to frame improvement activity. This is a strategic map of where misalignment occurred, and where the greatest leverage for change now lies. These themes, and their overlaps, should inform the structure and sequencing of the Service Improvement Plan.

Table 1: Themes of non-compliance

Theme	Description
Resident Voice	A hierarchical culture focused on national policy initiatives and organisational priorities was not always responsive to resident concerns
Leadership & Culture	Organisational culture sometimes disempowered staff and made them feel psychologically unsafe to share concerns or ideas Ambiguity and fragmentation delayed decisions and diluted responsibility for managing risk.
Data Quality & Use	Inconsistent maintenance of records, poor data quality and systems that do not speak to or integrate with each other undermined knowledge about the status of our stock, assurance about maintenance activity, investment priorities and proactive long-term decision-making.

Workforce Capacity & Capability	Key roles were vacant or held by staff who in some cases lacked the relevant competency, experience or ownership of issues; and some staff did not always feel psychologically safe or empowered to escalate or act confidently.
Prioritisation & Focus	Short-termism, limited forecasting, and underinvestment weakened long-term asset condition and compliance.
Responsibility for Compliance	Leadership was reactive in terms of compliance, failed to fully respond to, and adapt quickly enough to changing duties and standards.

1. Resident Voice

What this looked like:

- Engagement often consultation, rather than co-production
- Relatively low resident numbers participating in engagement opportunities
- Those that did engage did not reflect the demographics of residents across our homes and neighbourhoods
- The operation of service was not sufficiently informed by learning from resident feedback.
- Organisational learning from resident complaints, particularly repeated complaints on the same issues, was not identified as a red flag.

Why it happened:

- Reliance on traditional approaches to resident engagement that do not reflect 21st century consumer expectations
- Capacity of the team encouraged reliance on what had previously worked rather than being creative and responsive to the preferences of the current resident profile

What we learned:

- Improvements are required to make resident engagement opportunities more accessible and more meaningful.
- We need to increase opportunities for staff to listen and respond to the concerns and preferences of residents.

What is changing:

- Expansion of the Community Engagement Team including a digital communications officer
- The resident voice is diversifying – over 400 residents have expressed an interest in engagement opportunities
- Co-production of the service improvement programme rather than residents being engaged separate to staff

What it looks like to be a Great Landlord

- Diversity and depth of resident involvement
- Resident insight shaping decisions
- Increased trust in engagement and follow-through

2. Leadership and Culture

What this looked like:

- Frequent change in leadership and short-termism in decision-making
- Staff were sometimes hesitant about escalating problems and at times unclear about who to share them with – this delayed the escalation of some safety critical issues
- A culture of shared responsibility meant that in some areas no identifiable post holder was accountable for compliance and ensuring that the necessary actions happened
- Staff sometimes felt disempowered to resolve issues that they identified causing delays in taking (remedial) actions.

Why it happened:

- A lack of psychological safety to share some concerns, also a lack of ownership for some of the issue/s being raised
- Some staff did not feel empowered to act so decisions were not made close to the front line
- There was inconsistent performance management of staff who held posts related to compliance
- Some staff did not feel they could challenge decisions
- The operation of service was not sufficiently informed by learning from Resident feedback.

What we learned:

- We need to empower staff so that they can be confident and creative in delivering responsive and well-run services
- Staff perform at their best when they are healthy and feel psychologically safe
- Consistent leadership provides stability for long term decision making
- Performance management of staff needs to happen at all levels of the organisation and this should be informed by data related to delivery against performance targets

What is changing:

- Promotion of psychological safety
- Intention to distribute leadership and decision making through a scheme of management
- Embedding a more connected council with leadership that brings critical resources together to deliver Council Plan outcomes.

- Use of data to measure individual and team performance

What it looks like to be a Great Landlord

- Stronger frontline empowerment in risk identification
- Data informed performance management

3. Data quality and use

What this looked like:

- Incomplete records
- IT systems that cannot integrate information for individual activities related to the same buildings, i.e. information about repairs being updated in the building safety case records
- It was the norm to rely on individual or corporate memory and experience rather than data and records

Why it happened:

- Lack of consistent oversight by management regarding record-keeping
- Lack of management problem-solving creating processes (work arounds) that recognised the lack of system integration
- Legacy systems operating following the end of the Mears Partnering Contract with the service using both former Mears as well as the council's Housing ICT platforms.

What we learned:

- We could not rely on the information in our electronic records
- There were staff and contractors who did not know how to update the electronic systems
- There was inconsistent performance management to identify that records were not up to date or held inaccurate/incomplete information and ensure this was remedied

What is changing:

- The Housing service has undertaken significant investment in new Housing ICT infrastructure, including moving toward a one-system approach.
- The consistent performance in electrical compliance is a blueprint for use of data to inform planning and monitor delivery
- We are challenging colleagues that provide assurance which is not available in our electronic records

- We are using data to prioritise works and model the resources required to complete the identified works
- We are ensuring that there is governance in place to test assurance of data quality

What it looks like to be a Great Landlord

- A great landlord knows the quality of the stock they own, what works have been undertaken and when, and can use the information held to plan for preventative maintenance and longer term planned and major works programmes
- Management ensure that records are up to date
- Management ensure that the data quality in records is good

4. Prioritisation and focus

What this looked like:

- Resources were too focused on prevailing national policy, organisational priorities or emergencies rather than long-term increase in capacity to fulfil all compliance duties
- Decision-making tools were not routinely used to plan the prioritisation of works and related resources
- Some staff 'made do and mend' rather than advocate for additional resources to fulfil compliance duties
- There was an increased volume of works that led to a backlog in repairs

Why it happened:

- There was inconsistent performance management of staff who held posts related to compliance
- Staff were not always encouraged to inform planning and decisions
- The operation of service was not sufficiently informed by learning from resident and data insights.
- There was a lack of long-term focus and investment on areas not deemed to be a priority but are the bedrock of landlord services such as repairs

What we learned:

- We need to consistently monitor all areas of compliance and service delivery to identify areas that are under pressure or amassing a backlog
- We need to empower staff so that they can be confident and creative in delivering responsive and well-run services
- Leadership needs to include staff in planning to inform prioritisation

- Prioritisation should be informed by knowledge of our stock and data related to performance

What is changing:

- We are reducing the backlog in repairs, reduced by around 60% from July 2024 (and 46% from September 2024) to March 2025
- Promotion of psychological safety
- Intention to distribute leadership and decision making through a scheme of management
- Embedding a more connected council with leadership that brings critical resources together to deliver Council Plan outcomes.
- Use of data to measure individual and team performance

What it looks like to be a Great Landlord

- Stronger frontline involvement in planning
- Data-led and evidence-based prioritisation and planning

5. Workforce - Capacity and capability

What this looked like:

- Resources were too focused on prevailing national policy initiatives, organisational priorities or emergencies rather than increasing capacity or capability to fulfil all compliance duties
- Some staff became used to a 'make do and mend' culture rather than advocate for additional resources or training to fulfil compliance duties
- Specialist skills and roles were not always possible to recruit to owing to market demand, availability and council pay scales. Particularly fire safety and surveying roles.

Why it happened:

- The HRA budget had been under pressure and therefore staff had become used to spend controls and did not always ask for additional resources.
- Demand for many specialist compliance roles has increased significantly with the post Grenfell Tower legislative and regulatory requirements and the council cannot always pay the market rate.

What we learned:

- We need to empower staff so that they can be confident and creative in delivering responsive and well-run services

Leadership needs to identify skills gaps and work with HR colleagues to address these gaps.

What is changing:

- Managers are working closely with corporate services to develop a 'grow your own' plan
- Managers are working closely with HR colleagues to recruit to key compliance roles, including deploying increased staffing resources, over 20 new posts, aligned to additional £1.1m revenue investment to meet health & safety and building safety requirements.

What it looks like to be a Great Landlord

- Senior leadership understand what people resources in terms of number and competency/expertise is required to fulfil its duties
- Senior leadership have a plan for recruiting and retaining sufficient staff to fulfil its duties
- Resource planning is data-led and evidence-based

6. Managing contracts

Contract management is a cross-cutting issue. Inconsistencies in workforce capacity and capability, leadership oversight, and clarity of compliance responsibilities contributed to some failures in procurement, contract monitoring, and where appropriate enforcement. These issues did not arise independently, but rather reflect the systemic misalignments captured in the other five themes.

What this looked like:

- Compliance in some areas failed to improve despite contracts with third parties
- Lack of value for money due to sub-optimal specifications and non-enforcement of terms and conditions in relation to some contracts.
- Due to lack of capacity, contracts were often extended or rolled over rather than fully recommissioned to meet current needs and expectations
- There are over 20 contracts that have expired and require re-procurement

Why it happened:

- Successive budgets have seen a reduction in capacity for procurement support related to contracts with a total value over the length of the terms (typically 3 years) of approximately £100 million
- Lack of capacity and/or capability of some staff in relation to procurement and contract management
- Inconsistent management oversight and/or support in relation to enforcement of contracts

What we learned:

- Leadership needs to create capacity and capability for a strong client function
- We need to support staff to be confident and creative in procurements and contract management
- Senior managers need to identify skills gaps and work with Learning & Development colleagues to address these gaps

What is changing:

- We have a Member-led (cabinet advisor for Procurement and Contract Management) review of our contracting arrangements for compliance
- We are recruiting two additional staff members to focus on procurement
- Managers are working with Learning and Development to develop stronger contract management skills

What it looks like to be a Great Landlord

- Staff are confident about how to develop a procurement strategy that will ensure that contractors deliver on time and within the agreed price
- Staff are confident and feel empowered to be a strong client and take a relational and performance led approach to contract management so that they can maximise the benefits related to the contract
- Staff are robust when working with contractors that do not deliver against the specification

