



December 2016

HCA Regulatory Notice

Registered Provider

Clarion Housing Group Limited (Clarion) (LH4087)

Regulatory Finding

The regulator has concluded that Clarion's predecessor organisation Circle Anglia Limited ("Circle") has breached the Home Standard and risked serious detriment to its tenants.

Circle no longer exists, having merged with Affinity Sutton to form Clarion in December 2016. Clarion has taken the responsibilities of the predecessor organisation and is responsible for addressing the issues in this notice.

The regulator is considering what further action should be taken, including whether to exercise any of its powers.

The Case

Over the period since April 2016, the regulator has received:

- a large number of complaints and referrals in relation to the performance of the repairs and maintenance service provided to tenants of Circle Anglia Limited, particularly in east London
- information in relation to the performance of Circle's customer contact systems and complaints in relation to those systems

- information relating to Circle's performance on general statutory compliance

During early 2016 the regulator had received assurance that the performance of Circle's emergency and urgent repairs service in east London, which had been the subject of a regulatory notice from April 2015, had improved significantly and was then at an adequate level. The regulator therefore removed the regulatory notice.

The referrals received after that point have related to a broad range of issues, including:

- performance of heating and hot water repairs services
- more general repairs and maintenance including, in some cases, services provided to vulnerable and potentially vulnerable tenants
- difficulties in contacting Circle to raise issues and complaints and perceived poor responses by Circle to complaints, leading to a very large number of complaints being outstanding for long periods of time. This followed Circle merging its customer contact operation into a single call centre and in parallel implementing a new customer relationship management IT system in June 2016

These referrals include a large number of what the regulator terms "statutory referrals" from councillors and MPs, as well as complaints from individual tenants. Collectively, they relate to hundreds of individual repairs issues raised by tenants, and hundreds of complaints about Circle's handling of repairs and accessing Circle's services. A high proportion of those complaints have been unresolved for long periods of time.

Circle provided information showing that it took action to improve the heating and hot water repairs service, including changing its contractor. It provided assurance in relation to compliance with statutory gas servicing requirements. It also set out the activities it undertook to understand and address issues both within its repairs service, and within the systems that enable its tenants and customers to contact it.

In the course of the investigation and in light of the referrals, the regulator has also sought to understand the position in relation to Circle's broader compliance with statutory requirements. Based on its own initial assessment, Clarion has set out a programme of work to enable its Board to gain assurance of compliance in ex-Circle stock across a range of statutory compliance requirements.

The Regulator's Findings

The regulator considered the case as a potential breach of the Home standard, which says:

1.2 Repairs and maintenance

Registered providers shall:

(a) provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and improvements right first time

The regulator has observed that:

- the referrals cover a very broad range of individual cases from the relatively minor to those classified as emergency/urgent,
- referrals have been made to the regulator from a wide range of sources and over an extended period of time
- referrals originate across an area of Circle's operations covering thousands of homes
- tenants affected include vulnerable people in some (though not all) cases
- poor performance of customer contact and handling systems has resulted in tenants facing significant barriers to reporting repairs
- as an apparent result, there is a very large number of complaints that have been outstanding for a long time

Considering the above, the regulator has concluded that Circle's repairs service failed to respond to the needs of tenants, and that Circle therefore breached part 1.2(a) of the Home standard. In light of the broad nature of the issues, the number of tenants affected and potentially affected, and the duration of the problems, the regulator has concluded this has had the potential to risk serious harm for Circle's tenants.

Conclusion

The regulator has concluded that Circle was not compliant with the Home standard and that there was potential for serious detriment to Circle's tenants.

Actions

Section 220 of the Housing and Regeneration Act 2008 states that the regulator's regulatory and enforcement powers may be used if a registered provider has failed to meet a standard under section 194 of the Act.

Clarion has acknowledged issues facing the repairs and customer relations service provided to affected tenants. It has put in place resources and structures to understand them properly and to improve the services, whilst acknowledging that resolving underlying causes may take some time. The regulator is liaising closely with Clarion as Clarion works systematically to understand and where necessary remedy service performance and compliance to gain assurance that it meets regulatory standards.

In light of this, the regulator will consider what, if any, further action it will take in relation to the breach of the standards.

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