



Report to:	<b>STOCKPORT HOMES MEMBER COMMITTEE</b>  04 July 2022
Report of:	<b>EXECUTIVE DIRECTOR OF OPERATIONS</b>
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Type of Report	Assurance
Title of Report:	<b>CUSTOMER SAFETY ANNUAL COMPLIANCE REPORT</b>
Purpose of Report:	To provide an overview of Customer Safety compliance performance and activity during 2021/2022 and to highlight initiatives to be undertaken during 2022/2023. The report aims to provide assurance that SHG's properties and buildings continue to be managed safely and in line with statutory obligations.
Recommendation(s):	That Member Committee comment on and note the report.
Confidentiality	Non-Confidential
Resource Implications	<p>Failure to adhere to statutory compliance obligations and codes of practice could result in litigation and financial losses.</p> <p>All activity proposed within this report will be undertaken within existing budget provision.</p> <p>A continued pro-active approach to managing compliance and customer safety will ensure that SHGs minimises the risk of financial losses due to compliance failures and maximises the efficiency and lifespan of its building assets and equipment.</p> <p>Where compliance activity is delivered through external contractors, contracts have been tendered in line with SHG's Contract Procedure Rules.</p>

Impact on Risk Appetite and Risk Register	This report links to SHG’s “Health and Safety” risk theme and supports the “adverse” risk appetite by seeking to provide assurance and evidence that statutory compliance obligations are being appropriately managed, and performance is strong.		
	Risk Number	Risk Description	Risk Mitigation
	5	Health and safety obligations to customers aren't fulfilled, including gas safety, electrical safety, fire safety, legionella, lift safety and asbestos	<p>This risk is mitigated by:</p> <p>Having existing policies and procedures in place that detail what SHGs H&amp;S obligations to its customers are and what action is taken to ensure these obligations are met.</p> <p>Having robust IT systems and reporting mechanisms in place to monitor adherence to obligations.</p> <p>Having internal and external audit regimes in place to validate adherence to obligations and the quality of work being undertaken.</p> <p>SHG staff managing compliance activity having appropriate qualifications and experience and investing in their continued professional development.</p> <p>Ensuring compliance activity is undertaken by appropriately qualified and accredited contractors.</p>
Customer Voice	All customers have a right to feel safe in their home. The approach to managing compliance that this report evidence should give assurances to customers that their safety and		

	<p>that of their homes is a priority for SHG and is being appropriately managed. In additions there are initiatives proposed in this report that should provide customers with greater oversight of compliance performance and provide opportunities for feedback and input.</p>
<p>Equality, Diversity &amp; Inclusion implications</p>	<p>There are no equality and diversity implications arising from this report.</p>
<p>Regulatory compliance</p>	<p>The report aims to provide assurances that SHG is meeting its statutory obligations in relation to Asbestos, Electric, Fire, Gas, Legionella and Lift Safety. It also evidences a strong commitment to property maintenance and safety, contributing to meeting the obligations of the Regulator for Social Housing's Home Standard.</p>
<p>Comments of the Stockport Homes Monitoring Group:</p>	<p>The Stockport Homes Monitoring Group discussed the report. The discussion covered:</p> <p>The Customers discussed the impact that broken lifts can have on customers lives. They were pleased that the Customer Safety Team are aiming to be more forward thinking in their approach to ensure that lift parts are purchased in advance of any repairs work, to avoid any unnecessary delays.</p> <p>The Customers praised the approach that the Customer Safety Team take in communicating with customers when arranging the important gas and electrical safety test visits.</p> <p>The Customers welcomed the potential of Three Sixty being able to offer private landlords and leaseholders the gas and electrical safety service in the future.</p> <p>The Customers highlighted that 100% compliance for safety monitoring is pleasing to see, as is that lifts are now part of the reporting and monitoring also.</p>

# **1 EXECUTIVE SUMMARY**

- 1.1 This report details SHGs performance for 2021/22 for the 6 areas of compliance including performance, management and service delivery. SHG has maintained high levels of compliance.
- 1.2 Asbestos, Legionella, Gas, Lifts, Electric and Fire safety have all maintained 100% compliance by the end of each month. SHG have robust data reconciliation and verification processes ensuring the data is accurate with monthly validation conducted internally.

# **2 INTRODUCTION**

- 2.1 Stockport Homes Group (SHG) has a duty of care and a legal responsibility to ensure that all buildings and properties under its control are maintained so that they remain safe places for customers to live.
- 2.2 Failure to adhere to statutory compliance obligations and codes of practice could have significant consequences including injury, or even death, litigation, financial losses, and damage to reputation.
- 2.3 The six core areas of compliance that SHG have an obligation to manage are: Asbestos, Electric, Fire, Gas, Legionella and Lift Safety.
- 2.4 This report provides an overview of compliance performance in these six areas as of 31st March 2022. It also provides a summary of compliance related activities undertaken during 2021/2022 and initiatives proposed to be undertaken during 2022/2023.
- 2.5 The purpose of this report and the Compliance Framework is to give assurances that statutory compliance obligations are being appropriately managed and to also aid greater understanding of what the obligations are, and the activity required to be undertaken to ensure compliance.

# **3 BACKGROUND**

- 3.1 Delivery of SHG's statutory compliance obligations in relation to the six core areas of compliance is managed by SHG.
- 3.2 Whilst performance against these areas is tracked and reported on monthly throughout the year, it is recognised that the Board and the Council need to be given more detailed information to provide them with evidence and assurance that the organisation's compliance obligations are being met. This should include information to aid understanding of the legislation and codes of practice governing compliance and the obligations they place on SHG.
- 3.3 The Compliance Framework and this approach to reporting on compliance performance was developed and approved in 2019 by SHG's Audit & Risk

Committee. It was agreed that the framework would be presented annually, together with a supporting report.

## **4 COMPLIANCE FRAMEWORK**

- 4.1 The Compliance Framework document is shown in Appendix 1.
- 4.2 The Compliance Framework previously covered Asbestos, Electric, Fire, Gas and Legionella Safety. During 2021/2022 the Framework was revised to also include Lift Safety, as this is now widely considered within the sector to be the 6<sup>th</sup> core area of compliance.
- 4.3 The purpose of the Compliance Framework is to set out in one clear and concise document what SHG's statutory compliance obligations are in relation to the six core areas of compliance, what SHG must do specifically to comply, how performance is monitored and what assurances are in place to validate compliance.
- 4.4 The Framework details for each of the six core areas:
  - The name of the specific regulation/legislation/Approved Code of Practice governing each of the six areas.
  - A summary description of the duty the regulation/legislation/ Approved Code of Practice places on SHG as a landlord.
  - The KPI (Key performance indicators) used to measure performance in 2021/2022, together with the KPI target and the result as of 31<sup>st</sup> March 2022.
  - The management regimes currently in place to ensure that SHG adhere to its obligations under the regulation/legislation/Approved Code of Practice.
  - The date and overall risk rating of the most recent internal audit.
  - The name of the relevant policy/management plan/strategy that sets out SHG obligations and how they are met.
  - Any additional external assurance regimes in place to validate the quality of the compliance activity undertaken.
- 4.5 In addition, there is a tab for each of the six areas which provides a full overview of performance as of 31<sup>st</sup> March 2022, against validated stock numbers.

## **5 2021/2022 PERFORMANCE AND ACTIVITY**

5.1 The performance position of the six core areas of compliance as of 31<sup>st</sup> March 2022 is detailed below:

### **5.2 Asbestos**

5.2.1 Of the 2454 communal areas, 1231 areas require an Asbestos Management Survey. This equates to 667 individual surveys, as several surveys cover multiple blocks and communal areas. The remaining 1223 blocks and communal areas do not require an Asbestos Management Survey as they have been built post 2000 (after the prohibition of Asbestos containing materials) or not considered to have a communal area as defined by regulation 4 of the Control of Asbestos Regulations (CAR) 2012.

5.2.2 All 667 communal area Asbestos surveys have been carried out ensuring they are compliant with current CAR 2012 and are of consistent quality and scope.

5.2.3 Where items of Asbestos are identified in a communal area there is a requirement under CAR 2012 for periodic re-inspection. There are 501 communal areas with Asbestos containing materials and therefore require a periodic inspection either every 12 or 24 months. Performance in this area was 100% throughout the year.

5.2.4 As part of SHGs Asbestos Management Plan the aim is to complete an Asbestos management survey to all domestic properties. There is no regulatory requirement to do this however, it is considered good practice and demonstrates a strong commitment to safeguarding the health of employees and customers.

5.2.5 Of the 11549 properties, 10891 require an Asbestos Management Survey.

5.2.6 As of 31<sup>st</sup> March 2022, a survey had been carried out to 9305 properties, which equates to 85.4% of the total required, this is an increase of 3% on the 2020/2021-year end position. During 2021/2022 a total of 545 surveys have been completed. As this isn't a statutory compliance requirement SHG has a proactive approach. At 85% SHG are ahead of a number of registered social landlords.

5.2.7 Attempts at access has been made several times to the remaining 14.6% of properties. SHG made a decision not to clone (extrapolate survey information) data and continue to try and gain access SHG will continue with best endeavours to gain access at s239 visits (s239 visits occur when SHG has exhausted all options to gain access and apply to the courts to force entry for gas servicing and fixed wire testing appointments), voids, and investment programs.

5.2.8 SHG continue to audit the quality of Asbestos surveys and Asbestos removals works. A minimum of 5% of all works are now audited by appropriately

qualified staff within the team ensuring services continue to be delivered in line with the regulations and to a high standard.

5.2.9 SHG have introduced new processes for managing asbestos removal works to ensure all stages of the process are closely monitored and managed.

5.2.10 In Quarter 4 PWC (SHG's Internal Auditor) completed an audit covering Asbestos management. All processes were tested to ensure they were robust and effective. The outcome was positive concluding (Low Risk) the management of Asbestos is appropriately being managed in line with our policy, procedures, and management plan.

5.2.11 In 2021 the SHG reviewed existing arrangements for the asbestos register database as current arrangements will conclude with the end of the contract with AEC (Airborne Environmental Consultants) . Therefore, an options appraisal was conducted for several solutions and a suitable solution was identified and approved. The chosen platform is Shine Compliance allowing SHG to have more control over SHG information, data management and accessibility.

5.2.12 In Quarter 2 of 2022 the SHG will be procuring a new asbestos consultant; there have had several successful years with AEC but as the contract has been extended to its maximum term a new contract has to be procured.

### **5.3 Electric**

5.3.1 All 11549 domestic properties are on the Periodic Fixed Electrical Testing programme. As of 31<sup>st</sup> March 2022, all 11549 properties held a current satisfactory EICR (Electric Installation Condition Report), making compliance 100%.

5.3.2 Of the 2454 communal areas, 1135 require an EICR. This equates to 543 individual EICR's as multiple areas are served by the same electrical landlord's supply. As of 31<sup>st</sup> March 2022, a current satisfactory EICR was in place for all 543 communal areas. There are 1319 communal areas not on the programme. These areas do not have a communal electric supply.

5.3.3 Performance on the communal area testing has been consistent throughout the year at 100%.

5.3.4 Following the transition to Three Sixty as SHG's chosen contractor in April 2021 there have been a few transitional issues which have been overcome through the close working with Three Sixty's operational team with full compliance remaining throughout.

5.3.5 Some of the mobilisation issues were focused on service delivery and different ways of working. Time has been dedicated to address these challenges through improved data management, scheduling and streamlining the delivery programmes.

## **5.4 Fire**

- 5.4.1 Of the 2454 communal areas, 1231 require a fire risk assessment. The remaining 1223 are not considered to have a communal area requiring a fire risk assessment.
- 5.4.2 There are 1211 communal areas, of which 561 individual fire risk assessments are required as multiple blocks and communal areas are covered by the same risk assessment. Throughout 2021/2022 all 561 fire risk assessments remained compliant and were reviewed in line with the agreed frequency.
- 5.4.3 All fire risk assessments are carried out by an independent appointed risk assessor who is an Associate Member of the Institution of Fire Engineers.
- 5.4.4 Timescales are agreed between SHG and Fire Safety Solutions (Fire Risk Assessor), these are in line with good practice outlined within the PAS 79 Risk assessment guidance document.
- 5.4.5 Actions overdue or nearing their due date are now reviewed weekly by the Head of Customer Safety, along with regular reminders to staff on actions overdue/due.
- 5.4.6 As of 31<sup>st</sup> March 2022, there were three overdue tasks compared to six overdue in March 2021. Access and delays in material supplies has been the main reason for any actions falling overdue through the year, although these have been kept to a minimum. There were 425 tasks completed throughout the year demonstrating SHG commitment to managing fire safety. It is expected that the overdue items will be completed by June 2022.

## **5.5 Gas**

- 5.5.1 Of SHG's 11549 domestic properties, 8875 require a gas safety check, individual LGSR (Landlords Gas Safety Record). The remaining 2674 properties have alternative heating such as electric or are serviced by a district heating system. As of 31<sup>st</sup> March 2022, all 8875 properties held a current LGSR, making compliance 100%.
- 5.5.2 Of the 2454 communal areas, 147 have a gas connection. This equates to 23 individuals communal LGSR's as some boilers serve multiple blocks and communal areas. As of 31<sup>st</sup> March 2022, a current LGSR was in place for all 23 communal areas.
- 5.5.3 Whilst compliance on both domestic and communal gas servicing remained at 100% all year at each month end.
- 5.5.4 There were 4 communal services that were completed after their anniversary date within the year. 2 were due to Cadent shutting off an external supply in the area which resulted in delays in the systems being tested and 2 instances were due to contractor failings which have been addressed.



- 5.5.5 All domestic gas services were completed within their anniversary date.
- 5.5.6 All domestic LGSRs have been completed by The Dodd Group up until August 2021 when SHG successfully mobilised the transition to Three Sixty.
- 5.5.7 SHG have worked closely with Three Sixty Operations team to mobilise and deliver the Gas Servicing contract. This was achieved through, lessons learnt from the electrical mobilisation, hard work and dedication of the team and delivered within the timescales.
- 5.5.8 SHG use an external consultant Morgan Lambert to audit 5-10% of all LGSRs completed. Up to 31<sup>st</sup> March 2022 Morgan Lambert completed 649 audits with an averaging a monthly score of 96.6%. Any failures have successfully been addressed and resolved with operatives and contractors.
- 5.5.9 Further to Covid restrictions easing there were additional challenges with access at the start of the year with a high level of court applications under S239 for Gas safety checks. Despite the additional time and effort required to oversee this process, full compliance was achieved throughout.

## **5.6 Legionella**

- 5.6.1 Of the 2454 communal areas, 78 individual risk assessments are completed as multiple blocks and communal areas are served from the same communal water system. Performance in this area was 100% throughout the year.
- 5.6.2 SHG have engaged the services of Pennington Choices in 2021, to undertake independent third-party audits on SHG's policies and procedures to ensure they are robust and sufficiently meet the L8 Approved Code of practice. Pennington's have completed this audit and have provided assurances SHG are meeting the required standards.

The current contract with HSL (SHGs Legionella Consultant and remedial works contractor) expires this year, the service area will be procured in line with SHG's agreed procurement approach, inviting contractors to apply for the work.

## **5.7 Lifts**

- 5.7.1 Throughout the 2454 communal areas, there are 70 lifts (across 43 buildings) which are required to be maintained in line with the Lifting Operations and Lifting Equipment Regulations 1998 (LOLER).
- 5.7.2 The regulations place a requirement on SHG to ensure that a "Thorough Examination" inspection of all passenger lifts is carried out every 6 months. These examinations are carried out by Zurich as part of SHGs insurance regime. Examination reports are provided to SHG upon completion and remedial actions carried out as necessary.

- 5.7.3 Throughout 2021/2022 compliance was 100%, i.e., all passenger lifts have a bi annual “Thorough Examination” inspection within the agreed timescales.
- 5.7.4 The regular inspections of lifting equipment and the pre-planned maintenance regime allows SHG to ensure the lifts are operational with minimal down time. This proactive approach also provides more accurate life cycle and financial forecasting for asset management purposes.
- 5.7.5 PWC completed a Lift audit in Q4 of 2021/22. The overall outcome was positive with assurance provided (Low Risk). There were minimal recommendations that have been since been actioned.
- 5.7.6 SHG have successfully procured and mobilised a new lift contractor in 2021/2022. Close management and leaner processes have improved overall general management of the contract.
- 5.7.7 Policies and procedures have been tweaked in 2021/22 to reflect the impact on customers and communication.

## **5.8 Other activities**

- 5.8.1 In October 2021 SHG hosted Compliance Awareness Week in line with the national campaign, aiming to raise awareness amongst customers and staff on how to keep safe at home. There were several activities run throughout the week targeting several social media platforms. One of the activities involved a customer and staff safety quiz which had a prize and had a good uptake.
- 5.8.2 In January 2022, following a procurement exercise through Fusion 21’s Framework, SHG retained Dodds for the commercial maintenance contract which is positive as Dodds have performed well on the existing contract and are experienced in servicing these complex systems.
- 5.8.3 Throughout 21/22 the team have successfully managed 2 large transitions for bringing the Gas and Electrical safety contracts in house with Three Sixty. Thorough planning and preparation allowed this process to run as smoothly as possible with minimal disruption whilst remaining 100%.
- 5.8.4 SHG have proactively reviewed the current data provision for Legionella Management and Asbestos registers. Following a market testing session and full options appraisal a supplier who met the strict criteria was appointed. Shine Compliance was successful in securing this work, allowing easier access to the data for staff and contractors whilst ensuring SHG have robust processes to remain compliant with the Control of Asbestos Regulations 2012.

## **6 2022/2023 INITIATIVES**

SHG have a number of initiatives and activities planned for 2022/2023 to continue to develop the service and strengthen compliance performance detailed below.

- 6.1 In Quarter 4 SHG are due for a domestic gas audit by PWC, to review policies, procedures, and management processes for Gas safety.
- 6.2 The Gas Safety Policy and Procedure will be reviewed in 2022/2023.
- 6.3 SHG will continue to support SHG's Building Safety Team, who are responsible for developing and implementing SHG's response to The Building Safety Act 2022. A specific priority will be around the sharing of information, implementing a process for ensuring Building Safety is regularly updated on compliance servicing regimes to accurately maintain The Building Safety File.
- 6.4 Again, linked to Building Safety, is the concept of "competency" and the need to ensure those carrying out compliance activities are competent to do so. During 2022/23 SHG will appoint a Compliance Coordinator dedicated to contractor competency via the Assure Portal.
- 6.5 2022/2023 will see the introduction of the Shine portal to allow succinct management of asbestos and water hygiene assets as discussed within the body of the report.
- 6.6 There will be several procurement activities in 2022/23 particularly around Legionella and Asbestos consultancy. The approach to Legionella management will see the procurement of 2 new contractors independent for consultancy and remedial works which is the industry standard good practice approach in order to allow for independent review. These will be procured in line with SHG's agreed procurement processes.
- 6.7 The team will continue to work with Pennington Choices to develop the independent audit review of contractors' remedial works and consultancy for Legionella works.
- 6.8 SHG will continue to work closely with the Project Phoenix Group to design and deliver a new compliance based system which when complete should fulfil all Customer Safety requirements, streamlining and automating processes.

## **7 CONCLUSION**

- 7.1 SHG remains pro-active in reviewing performance and service delivery, continuously seeking new opportunities for improvement and development.
- 7.2 This method of reporting aims to provide assurance to the Council that statutory obligations are being managed and adhered to. It also provides context as to what the obligations are, and the actions required to comply.

## **8 RECOMMENDATION**

- 8.1 That Member Committee comment on and note the report.