



Report to:	STOCKPORT HOMES MEMBER COMMITTEE 03 July 2023
Report of:	EXECUTIVE DIRECTOR OF OPERATIONS
Contact Officer and contact details	Zoe Bate – Head of Compliance 07976241724 Zoe.Bate@stockporthomes.org
Type of Report	Assurance
Title of Report:	COMPLIANCE TEAM ANNUAL REPORT
Purpose of Report:	To provide an overview of compliance performance and activity during 2022/2023 and to highlight initiatives to be undertaken during 2023/2024. The report aims to provide the Stockport Homes Member Committee with 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 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 and procurement 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>Having existing policies and procedures in place that detail what SHGs H&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 that of their homes is a priority for SHG and is being		

	appropriately managed. In addition there are initiatives proposed in this report that should provide customers with greater oversight of compliance performance and provide opportunities for feedback and input.
Equality, Diversity & Inclusion implications	There are no equality and diversity implications arising from this report.
Regulatory compliance	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 .
Comments of the Stockport Homes Monitoring Group from the meeting on 20 June 2023	<p>The Customers praised the work of the Compliance Team over the last 12 months, noting its vital significance to ensuring ongoing safety in customers' homes.</p> <p>They were pleased that additional focus will be provided to supporting and engaging with customers with complex needs. They added that this was an important element of the service as for some, engaging with the Compliance Team could be a daunting task.</p>

1 EXECUTIVE SUMMARY

- 1.1 This report details SHGs performance for 2022/2023 for the six areas of compliance including performance, management, and service delivery. SHG has maintained high levels of compliance.
- 1.2 Communal Electrical testing, Legionella, Gas, 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 Council 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 31 March 2023. It also provides a summary of compliance related activities undertaken during 2022/2023 and initiatives proposed to be undertaken during 2023/2024.
- 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 statutory compliance obligations in relation to the six core areas of compliance is managed in SHG by the organisation's Compliance Team. Performance is proactively monitored with weekly updates provided to the Assistant Director of Assets & Development in addition to regular reporting to ARC and Board via the Corporate Scorecard.
- 3.2 Those with ultimate accountability for compliance, 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. 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 one and covers Asbestos, Electric, Fire, Gas, Lifts and Legionella Safety.
- 4.2 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.
- 4.3 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 2022/2023, together with the KPI target and the result as of 31st March 2023.
 - 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.
- 4.4 In addition, there is a tab for each of the six areas which provides a full overview of performance as of 31 March 2023, 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 March 2023 is detailed below:

5.2 Asbestos

- 5.2.1 Of the 2464 communal areas, 1228 areas require an Asbestos Management Survey. This equates to 663 individual surveys, as several surveys cover multiple blocks and communal areas. The remaining 1236 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 663 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 except for April 22. This was due to an administrative error which was identified immediately as part of the validation process and the survey was completed in the first week of May. Going forward the process will be automated as part of the new system which would prevent a repeat of the above.
- 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. SHG have surveyed circa 86% of all domestic dwellings which is above industry standards.
- 5.2.5 Of the 11,504 properties, 10840 require an Asbestos Management Survey.
- 5.2.6 As of 31 March 2023, a survey had been carried out to 9386 properties, which equates to 86.6%. This is not a statutory compliance requirement, this demonstrates SHG proactive approach.
- 5.2.7 Attempts at access has been made several times to the remaining 13.4% of properties. SHG decided 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 As stated in last year's report a new system has been brought in to support the management of Legionella and Asbestos called Shine Compliance. The migration process is now complete alongside all data assurance activities ready to go live in Quarter One of 2023/24.

5.2.10 SHG has procured a new asbestos consultant; the team undertook a rigorous process and Airborne Environmental Services were successful and will continue to undertake Asbestos Consultancy for the next three years.

5.3 Electric

5.3.1 All 11504 domestic properties are on the Periodic Fixed Electrical Testing programme. As of 31 March 2023, all 11504 properties held a current satisfactory EICR (Electric Installation Condition Report), making compliance 100%.

5.3.2 Of the 2464 communal areas, 1137 require an EICR. This equates to 548 individual EICR's as multiple areas are served by the same electrical landlord's supply. As of 31 March 2023, a current satisfactory EICR was in place for all 548 communal areas.

5.3.3 The Communal Fixed Wire service has been reprocured in Quarter Four in line SHG procurement processes.

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

5.4 Fire

5.3.5 Of the 2464 communal areas, 1221 require a fire risk assessment. The remaining 1243 are not considered to have a communal area requiring a fire risk assessment as these properties have no defined shared communal spaces.

5.3.6 There are 1221 communal areas, of which 562 individual fire risk assessments are required as multiple blocks and communal areas are covered by the same risk assessment. Throughout 2022/23 all 562 fire risk assessments remained compliant and were reviewed in line with the agreed frequency.

- 5.3.7 All fire risk assessments are carried out by an independent appointed risk assessor who is an Associate Member of the Institution of Fire Engineers.
- 5.3.8 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.
- 5.3.9 Actions overdue or nearing their due date are reviewed weekly by the Compliance Officer for Fire Safety, within the Compliance Team, along with regular reminders to staff on actions overdue/due.
- 5.3.10 As of 31 March 2023, there were 19 overdue tasks. Access and delays in material supplies has been the main reason for any actions falling overdue through the year. There were 370 tasks completed throughout the year demonstrating SHG commitment to managing fire safety. There has been several challenges with third party contractors completing works allowing SHG to complete FRA tasks which continue to be addressed.

5.4 Gas

- 5.4.1 Of SHG's 11504 domestic properties, 8749 require a gas safety check, individual LGSR (Landlords Gas Safety Record). The remaining 2755 properties have alternative heating such as electric or are serviced by a district heating system. As of 31 March 2023, all 8749 properties held a current LGSR, making compliance 100%.
- 5.4.2 Of the 2464 communal areas, 148 have a gas connection. This equates to 24 individuals communal LGSR's as some boilers serve multiple blocks and communal areas. As of 31 March 2023, a current LGSR was in place for all 24 communal areas.
- 5.4.3 Compliance on both domestic and communal gas servicing remained at 100% all year at each month end.
- 5.4.4 All domestic gas and communal gas services were completed within their due dates.
- 5.4.5 SHG use an external consultant Morgan Lambert to audit 5-10% of all LGSRs completed. Up to 31 March 2023 Morgan Lambert completed 443 audits with an averaging a monthly score of 99.41% which is a 3% increase on 22/23. Any failures have successfully been addressed and resolved with operatives and contractors.

5.5 Legionella

- 5.5.1 Of the 2464 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.
- 5.5.2 The Compliance Team successfully procured two Legionella contractors, one for consultancy who undertake Legionella Risk Assessments and audits and one for undertaking remedial works and monthly checks. Having two independent contractors appointed is good practice and provides added assurance.
- 5.5.3 Pennington Choices are employed to undertake periodic independent audits on all areas of Legionella management.
- 5.5.4 Shine Compliance was procured in 2021 to manage Legionella remedial works and compliance, the Compliance Team are in the process for implementing the system for Legionella management. This will be live and operational later in 2023.

5.6 Lifts

- 5.6.1 Throughout the 2464 communal areas, there are 71 lifts (across 45 buildings) which are required to be maintained in line with the Lifting Operations and Lifting Equipment Regulations 1998 (LOLER).
- 5.6.2 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.
- 5.6.3 Throughout 2022/2023 compliance was 100% throughout the year except for 1 lift in October, this was due to an access issue which was resolved the following week. All passenger lifts have a biannual “Thorough Examination” inspection within the agreed timescales.

5.7 Other activities

- 5.7.1 In 2023 the Customer Safety Team was rebranded as the Compliance Team which is more in line with industry standards and captures the focus of the team.
- 5.7.2 In 2022 a road map of the team's journey and plans for the next three years was drafted and shared. Part of this process will help improve efficiencies and performance.

- 5.7.3 There have been several procurement exercises throughout the year namely, Asbestos consultancy, Communal fixed wire testing, Legionella consultancy, Legionella remedial works and Sprinkler maintenance contracts.
- 5.7.4 All policies and procedures have been updated to reflect the changes.
- 5.7.5 Shine Compliance (asbestos and legionella compliance management system) was successfully mobilised with data transfer of the Asbestos register.
- 5.7.6 The Gas Safety Policy and Procedure was reviewed and updated within the year.
- 5.7.7 In Quarter Four a domestic gas audit was completed by PWC, to review policies, procedures, and management processes for Gas safety. The audit was determined as low risk with some initiatives to be implemented as part of the Civica CX project.
- 5.7.8 In October 2022, a Contractor Compliance Coordinator was appointed dedicated to managing contractors' competencies and maintaining stringent records held within Assure in line with the organisation's competency strategy.
- 5.7.9 PWC undertook an audit on Asbestos Management, the audit was successfully completed demonstrating a low-risk service area.
- 5.7.10 The Compliance Team has consistently worked closely throughout the year with the Building Safety Team to implement new recommendations under the Building Safety Act and the Fire Safety Act namely relating to building inspections

6 2023/2024 INITIATIVES

- 6.1 There are several initiatives and activities planned for 2023/2024 to continue to develop the service and strengthen compliance performance detailed below.
- Continue with the support of the Civica CX project, leading on the compliance build and configuration of the system.
 - Develop and progress contractor registers and manage contractor risk registers.

- Implement phase 1 of the road map changes and continue to review the team's roles and responsibilities ensuring they are working in line with operating plans.
- PWC are due to complete a Legionella audit in Quarter Four.
- Continue mobilising and implementing Shine compliance for Legionella and Asbestos management.
- Introduction of third-party contractors auditing and recording regime to ensure compliance within all buildings.
- A further procurement to support the delivery of Fire Risk Assessments and fire safety systems.

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 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 the report.