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| Report to: | STOCKPORT HOMES MEMBER COMMITTEE 01 July 2024 |
| 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 ANNUAL REPORT |
| Purpose of Report: | To provide an overview of the organisation’s compliance performance and activity during 2023/2024 and to highlight initiatives to be undertaken during 2024/2025. The report aims to provide Member Committee with assurance that SHG’s properties and buildings continue to be managed safely and in line with statutory obligations. |
| Recommendation(s): | That Stockport Homes 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, regulatory intervention, reputational damage, 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</p> |

Contract procedure and procurement rules. As part of the procurement process, value for money and contract competency, all contractors are procured with stringent criteria.

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 through the understanding of those risk and by:</p> <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 or work being undertaken.</p> <p>SHG staff managing compliance activity having appropriate qualifications and experience and investing in their continued professional development.</p> |

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| | | | Ensuring compliance activity is undertaken by appropriately qualified and accredited contractors. |
| 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 and Consumer Standards. | | |

1 EXECUTIVE SUMMARY

- 1.1 This report details SHGs performance for 2023/2024 for the 6 areas of compliance. Throughout the year SHG has maintained high levels of compliance.
- 1.2 Communal Electrical testing, Legionella, Gas domestic/communal, and Fire Risk assessment 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 2024 saw the introduction of the Homes Standard which requires registered providers to identify and meet all legal requirements that relate to the health and safety of tenants in their homes and communal areas.
- 2.3 As part of the standards providers must ensure that all required actions arising from legally required health and safety assessments are carried out within appropriate timescales.
- 2.4 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.
- 2.5 The six core areas of compliance that SHG have an obligation to manage are: Asbestos, Electric, Fire, Gas, Legionella and Lift Safety.
- 2.6 This report provides an overview of compliance performance in these six areas as of 31st March 2024. It also provides a summary of compliance related activities undertaken during 2023/2024 and initiatives proposed to be undertaken during 2024/2025.
- 2.7 The purpose of this report and the Compliance Framework is to give assurances to ARC 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 the organisation's Compliance Team. Performance is proactively monitored with weekly updates provided

to the Assistant Director of Assets & Development, KPI scorecard monitored monthly by the Operations Management Team and regular reporting to ARC and Board via the Corporate Scorecard.

- 3.2 It is however recognised that 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 1.
- 4.2 The Compliance Framework covers Asbestos, Electric, Fire, Gas, Lifts and Legionella Safety.
- 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 2023/2024, together with the KPI target and the result as of 31st March 2024.
 - 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 31st March 2024, against validated stock numbers.

5 2023/2024 PERFORMANCE AND ACTIVITY

5.1 The performance position of the six core areas of compliance as of 31st March 2024 is detailed below:

Asbestos

5.2 Of the 2443 communal areas, 1203 areas require an Asbestos Management Survey. This equates to 649 individual surveys, as several surveys cover multiple blocks and communal areas. The remaining 1240 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.

5.3 All 649 communal area Asbestos surveys have been carried out ensuring they are compliant with current CAR 2012 and are of consistent quality and scope.

5.4 Where items of Asbestos are identified in a communal area there is a requirement under CAR 2012 for periodic re-inspection. There are 479 communal areas with Asbestos containing materials and therefore require a periodic inspection either every 12 or 24 months. The frequency is in line with the Asbestos policy relating to the risk and accessibility of the asbestos containing material.

5.5 Performance in this area was 100% except for April 23 where 2 surveys were overdue by 2 days and were completed on the 2nd of May, due to access and the bank holiday. A further occurrence was in February 2024, where there were access issues and some additional challenges transitioning to Shine vision system. The 6 overdue were completed by the first week in March.

5.6 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.

5.7 Of the 11431 properties, 10780 is the total number of an Asbestos Management Survey required, SHG continue to aim to achieve 100%.

- 5.8 Attempts at access has been made several times to the remaining 12.1% 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.
- 5.9 As of 31st March 2024, a survey had been carried out to 9475 properties of the 10780 targeted equating to 87.9%. This is not a statutory compliance requirement, this demonstrates SHG proactive approach and being a sector leader.
- 5.10 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.
- 5.11 As discussed in 22.23 report the Compliance Team have been working with ShineVision (the chosen procured system for Compliance) on the transition to their compliance system, all data has been cleansed and migrated to Shine and the system is live. There are some final adjustments to make with system programming to allow for the re-inspection reporting to be generated via the system once this has been completed Shine will be accessible for all asbestos management and reporting. This is envisaged to be complete by Q1 24/25.

Electric

- 5.12 All 11424 domestic properties are on the Periodic Fixed Electrical Testing programme. As of 31st March 2024, 11420 properties held a current satisfactory EICR (Electric Installation Condition Report), making compliance 99.96%
- 5.13 There have been several challenges with access issues and complex cases in the last 12 month. SHG has seen a rise in social complex needs such as hoarding, metre bypassing, severe illness, infestations. These have impacted the overall performance and in many cases beyond SHGs control. The Compliance Team have worked closely with different teams to manage these cases to completion. This will remain a challenge in the coming year.
- 5.14 Of the 2443 communal areas, 1116 require an EICR. This equates to 548 individual EICR's as multiple areas are served by the same electrical landlord's supply. As of 31st March 2024, a current satisfactory EICR was in place for all 548 communal areas.
- 5.15 The Communal Fixed Wire service has been reprocured in Q4 in line with SHG procurement processes, contractors have been procured in line with SHG procurement policies with strict criteria and processes to establish contractor competencies. The contract is for a 2-year period.

- 5.16 Performance in the communal area testing has been consistent throughout the year at 100%.

Fire

- 5.17 Throughout 2023/24 all 559 fire risks assessments remained compliant and were reviewed in line with the agreed frequency. Of the 2443 communal areas, 1202 require a fire risk assessment. The remaining 1241 are not considered to have a communal area requiring a fire risk assessment as these properties have no defined communal spaces.
- 5.18 There are 1202 communal areas requiring an FRA however there are only 559 individual fire risk assessments required as multiple blocks and communal areas are covered by the same risk assessment.
- 5.19 Fire Risk Assessment consultancy was reprocured in Q3 of 2023/24. A formal procurement process was followed with Pennington's Choices being appointed as FRA consultants.
- 5.20 Pennington's Choices are accredited to the BAFE (British Approvals for Fire Excellence) SP205 scheme demonstrating excellent third-party accreditation and competency.
- 5.21 Timescales for completing actions have been updated and approved. These are in line with good practice outlined within the PAS 79 Risk assessment guidance document.
- 5.22 2024 saw the introduction of the new FRA policy affirming SHGs approach to FRAs. This is an overarching policy capturing our approach to fire risk management.
- 5.23 There has been an influx of new actions raised since the latest FRAs have been completed. SHG have procured a new consultant who have completed new FRAs, as a result there has been an increased volume of FRAS tasks. The consultants have been giving a full overview of all risks on each block, in line with the Regulatory Reform Order for Fire Safety. The Compliance Team continue to focus on the management and processing of all actions. As of 31st March 2024, there were 159 overdue tasks.
- 5.24 There were 416 tasks completed throughout the year demonstrating SHG commitment to managing fire safety. There have been several challenges in Q4 due to the high influx of FRA tasks, in 2022/2023 there were 389 in comparison to 1285 received in 2023/2024.
- 5.25 The volumes will continue this trajectory in the coming year and will continue to be a challenging year. The Compliance Team are working hard to evaluate all processes to help alleviate the FRA actions going overdue. Initiatives including batching works, implementing planned work regimes, and grouping themes of tasks together. There is a substantial provision in 24/25 budget to support the FRA action program.

Gas

- 5.26 Of SHG's 11431 domestic properties, 8724 require a gas safety check, individual LGSR (Landlords Gas Safety Record). The remaining 2707 properties have alternative heating such as electric or are serviced by a district heating system. As of 31st March 2024, all 8724 properties held a current LGSR, making compliance 100%.
- 5.27 Of the 2443 communal areas, 145 have a gas connection. This equates to 24 individuals communal LGSR's as some boilers serve multiple blocks and communal areas. As of 31st March 2024, a current LGSR was in place for all 24 communal areas.
- 5.28 Compliance on both domestic and communal gas servicing remained at 100% all year
- 5.29 Since the change of regulation for Smoke and Carbon Monoxide Regs 2022, SHG have proactively implemented a program installing CO detectors in all properties with a gas appliance. There have been several challenges throughout the year, relating to data capture, resources and implementation. They have been effectively managed by the Compliance Team who have successfully reported 93% at year end and continue to work on the remaining outstanding properties. Due to the challenges with early adopting of the process, some properties were completed without data collation, there is also a small percentage of customers who have refused detectors being installed. The remaining properties will be targeted in Q1 24/25.
- 5.30 SHG use an external consultant Morgan Lambert to audit a minimum of 5% in line with sector standards for all LGSRs completed. Up to 31st March 2024 Morgan Lambert completed 433 audits with an averaging a monthly score of 98.68% which is a slight decrease from 99.41% in 23/24. Any failures have successfully been addressed with the relevant contractors.

Legionella

- 5.31 Of the 2443 communal areas, 90 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.
- 5.32 Pennington Choices are employed to undertake periodic independent audits on all areas of Legionella management. There have been 3 audits completed this year on LRAs (Legionella Risk Assessments) undertaken by AEC. Positive outcomes with only minor recommendations.
- 5.33 The data migration and implementation of Shine Compliance is being progressed with the first stages delayed due to integration with the nominated consultants, AEC who are responsible for conducting Legionella risk assessments. The issues encountered have been

addressed but taken longer to resolve. Expecting to go live in with all aspect of legionella compliance being managed through Shine in Q2 24/25.

- 5.34 Throughout the year the Compliance Team have encountered contract performance issues with the delivery of remedial actions and monitoring with the delivery contractor. Completing works not within the specified timescales. This is being addressed through the instigation of a service improvement plan. The plan and performance are reviewed and monitored fortnightly and monthly operation meetings for contractors' performance. Performance has steadily improved, with only a few actions left to be completed.
- 5.35 PWC undertook an internal audit in Q4 for legionella management, there was a medium recommendation and some minor recommendations. The medium recommendation was expected in line with our review with the contractor performance. There were several minor recommendations, relating to the automation processes, these are being picked up as part of the Shine implementation process.

Lifts

- 5.36 Throughout the 2443 communal areas, there are 70 lifts (across 44 buildings) which are required to be maintained in line with the Lifting Operations and Lifting Equipment Regulations 1998 (LOLER).
- 5.37 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.
- 5.38 Throughout 2023/2024 compliance was 100% throughout the year.

Other activities

- 5.39 In 2023/24 there has been great focus on competence and compliance of Contractors. The Compliance Team has successfully produced a contractor charter for contractors who undertake minimal works with SHG.
- 5.40 The Compliance Team has developed a bespoke comprehensive contractor register of all contractors, holding competency and training matrices, being managed through Evotix to allow close management of all contractors required documents. Supporting the groups approach on contract management.
- 5.41 The team has successfully Implemented phase 1 of the road map changes and continue to review the team's roles and responsibilities ensuring they are working in line with the SHG operating plans.
- 5.42 Completion of the migration to Shine Compliance for asbestos management information and all data transferred successfully.

- 5.43 Integration of Shine Vision for the voids team and Three Sixty Planning team to raise direct asbestos works through the system to ensure a streamlined auditable approach.
- 5.44 Implementation of a new third-party contractor management process, including the introduction of audits to provide further assurance.
- 5.45 Consistently inputting into the CX design and construction phases of the compliance system.
- 5.46 There have been several procurement exercises within the last 12 months, namely, Fire Risk Assessment Consultants, and Communal Fixed wire testing.
- 5.47 There have been several challenges with access and social challenges throughout 23/24, this has had an impact on FRAs and FWT. Despite the use of the legal process for access, issues such as hoarding, meter by passing, hygiene/infestations have all had an impact on performance. This will continue to be a challenge in 2024/25. The Compliance Team have worked closely with Neighbourhoods to set up a lead for complex cases, to ensure these cases are managed and progressed.
- 5.48 In Quarter 4 a legionella audit was completed by PWC, to review policies, procedures, and management processes for Legionella safety. The audit was determined as medium risk with some initiatives to be implemented as part of the future service management. All recommendations are in progress and due to be completed within Q2 of 24/25 reducing the risk.
- 5.49 All Compliance Team policies were updated and published internally and on SHG website.
- 5.50 The Compliance Team have already adopted and work to the principles set out in the Regulator of Social Housing's "The Safety & Quality Homes Standard" as part of their recently introduced Consumer Standards. Consumer Standards, for all health and safety actions arising from a risk assessment to be completed within a reasonable timescale.
- 5.51 The SHG audit approach and outcomes are in discussed in the Risk Report, this is being presented to the Audit and Risk Committee on 24.06.24.

6 2024/2025 INITIATIVES

- 6.1 The Compliance Team and Building Safety will merge in Q1 to allow full control and oversight of all buildings for compliance activities and fire safety.
- 6.2 A new team structure has been implemented as part of the merger, with the recruitment of a new Building and Fire Safety Manager. This new post will allow a focus on FRAs and Building Safety management.

- 6.3 Apart of the new structure there will be a review of the Building Safety service area to review SHGs approach and an action plan created of all identified opportunities.
- 6.4 There will be additional training undertaken for fire safety.
- 6.5 As part of the review there will be benchmarking opportunities ensuring there is an alignment with similar organisations to provide assurance of SHGs approach and response to the Building Safety Regulator.
- 6.6 The new structure allows further streamlining of reporting lines within the team, ensuring continuity and consistence.
- 6.7 There will be a focus in 24/25 on developing the Building Safety Case Reports for all high-rise buildings.
- 6.8 There will be a focus on procurement and a rationalisation approach for fire safety contracts to align specialists' contractors to reduce the number of different contractors.
- 6.9 There will be continued effort to get to 100% for CO detectors.
- 6.10 The team will continue to work closely with the Data team, and CX project to ensure all requirements are met and fulfilled.
- 6.11 The Compliance Team will continue to support the gathering of the TSMs data and consumer regulations in line with the criteria outlined with the Regulator of Social Housing.
- 6.12 There will be continual input to the service charge consultation with the Neighbourhoods team.

7 DATA STRATEGY- (DATA ASSURANCE TEAM)

- 7.1 Compliance data is reconciled monthly against all properties in CX, by the compliance team. The Data Assurance team include compliance data in the first phase of the data quality tool and data platform implementation for validation.
- 7.2 The Data Assurance Team will be facilitating a data quality working group to resolve data quality issues - with compliance as a focus.
- 7.3 As part of the data strategy there will be a Creation of a compliance dashboard once datasets are integrated (as part of the Data Platform project)
- 7.4 There will be a further stock rationalisation review undertaken to apply set criteria and methodology for a set asset register to be included for compliance activities promoting improved data standards.

8 CONCLUSION

- 8.1 SHG remains pro-active in reviewing performance and service delivery, continuously seeking new opportunities for improvement and development.
- 8.2 The Compliance Team have had a successful year, despite the challenges encountered throughout the year. Performance has remained in the upper quartile consistently and SHG continue to report high performance in the sector (HQN reports).
- 8.3 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.

9 RECOMMENDATION

- 9.1 That Stockport Homes Member Committee comment on the report.