



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

**Rural and Communities Overview
and Scrutiny Committee**

12 November 2020

Report of: Councillor Robert Reid

Cabinet Member for Housing and
Planning



Housing Compliance Audit 2020 and Updated HRA 3 year rolling New Build Programme

Report Author

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Corporate Priority:	Decision type:	Wards:
Administrative	Regulatory	All Wards

Reviewed by:	Chris Stratford, Interim Assistant Director Housing	2 November 2020
Approved by:	Karen Bradford, Chief Executive	3 November 2020
Signed off by:	Councillor Robert Reid, Cabinet Member for Housing and Planning	3 November 2020

Recommendation (s) to the decision maker (s)

- To review the Compliance Audit and action plan to meet the recommendations indicated within the audit plan and agree to receive quarterly updates on the progress being made within the work programme.**
- To note and provide comments on the revised 3 year rolling HRA New Build Housing Investment programme, and support the principle that the housing service should focus on compliance priorities, utilising where necessary funds released through rationalising the HRA New Build Housing Investment programme proposals.**

- 3. That Officers provide necessary updates to members regarding key performance and delivery of programmes to ensure capital investment and compliance objectives are achieved.**
- 4. To note that the Council has reported itself to the Regulator and jointly working with the Regulator towards compliance as a matter of priority.**

1 The Background to the Report

- 1.1 A review of Housing Compliance - Gas, Electrical, Legionella, Asbestos and Fire Safety was undertaken at South Kesteven District Council as part of the approved internal audit periodic plan for 2020/21. This Housing Compliance Audit report is appended to this Committee report as Appendix 1.
- 1.2 In 2019 the Council's Housing Development and Improvement department and the Repairs department, were combined to form the Improvement and Repairs Team. This team was led by the Head of Improvements and Repairs. This position at the time of the audit was vacant. The Housing department is currently led by the Interim Assistant Director – Housing.
- 1.3 The Council's housing compliance safety checks are managed by the Improvement and Repairs Team. The Improvements Team is led by the Improvements Manager and the Repairs Team is led by the Repairs Manager.
- 1.4 Fire safety, legionella, asbestos and gas safety are managed by the Improvement Team and the checks/servicing is undertaken by Council appointed contractors. The electrical safety checks are the responsibility of the Repairs Team.
- 1.5 A stock condition database and the asbestos register are maintained on the APEX system. The gas, solid fuel, oil fuelled, legionella, electrical and fire safety checks/ servicing programmes are managed and maintained on a series of excel spreadsheets.
- 1.6 This review has confirmed that the Council does not have adequate controls for housing compliance - gas, electrical, legionella, asbestos and fire safety in place. The auditors identified gaps in the control framework and weaknesses in adherence to the controls for managing housing compliance safety checks.
- 1.7 The audit concluded that there are seven high, eight medium and one low priority management actions.

2 The key findings from the report were:

- 2.1 The following controls are operating effectively in practice:
- 2.2 The supply and provision of high visibility jackets for Fire Wardens are the responsibility of Corporate Operations to co-ordinate centrally. Personal protective equipment stocks are not maintained and are ordered on an individual basis;
- 2.3 The objective of the Housing Asset Management Strategy is to guide the future shape and direction of the Council's housing assets to ensure they meet corporate objectives and customer expectations and sets out the frequency of housing compliance safety checks;
- 2.4 Right to Buy applications and all relevant works carried out on void properties are notified to the Stock Database Officer to update the stock condition database. The Stock Database Officer then notifies all the relevant staff in the Improvement and Repairs Team; and
- 2.5 The gas programme is managed by the gas contractor although the gas safety programme is maintained by the Council on a spreadsheet and includes the last safety check and the next safety check due date.

3 The audit identified the following findings where management actions were agreed:

- 3.1 For solid fuel, fire safety and legionella, the programme is held on a spreadsheet. The spreadsheets do not include key information like the last safety check, next safety checks and any notes relating to remedial actions or access to the property; (High)
- 3.2 For electrical testing, it was noted a testing programme for 2020 has not been implemented. The housing management system and the stock condition database is not reconciled to the housing compliance safety checks/servicing programmes to ensure that every property is accounted for; (High)
- 3.3 For sheltered accommodation/communal areas, fire alarm testing, extinguisher checks and emergency lighting checks are undertaken. On matching the fire alarm testing, extinguisher checks and emergency lighting checks programmes, eight sheltered accommodations/communal areas were identified where one or more of these checks was not being undertaken; (High)
- 3.4 For gas, electrical, fire safety and legionella a log of remedial actions (further actions/improvements required) is not maintained and testing at this visit has highlighted that the further actions/improvements required are not always followed up, an audit trail is not always maintained of actions taken if any and monitoring is not undertaken to ensure that the remedial actions identified have been actioned; (High)
- 3.5 Certificates/servicing records for the housing compliance safety checks undertaken are not maintained in a central location. For example, the electrical certificates may be retained by Repairs or by the Improvement Team within their project files. For a sample of 20, in six cases the electrical certificates were not provided to us and in 12 cases the electrical certificates for works carried out at the property were provided instead of the actual electrical testing certificates; (High)
- 3.6 An external contractor undertook the fire risk assessments in 2017. Currently there are no arrangements in place (a contract with a fire safety contractor is not in place for this service). The previous management action identified, in our February 2019 audit report, the need for full survey and risk assessments of the fire integrity of sheltered accommodation to be undertaken yet in this audit it has not been undertaken. Council policy requires fire risk assessments to be reviewed annually, however we noted that the fire risk assessments have not been subject to this annual review in 2020; (High)
- 3.7 Senior Management and the Council are not provided with regular reports (and core KPI data) on the performance of housing compliance safety checks; (High)
- 3.8 An up to date Housing Asset Management Strategy is not in place. The last Asset Management Strategy was prepared and approved in 2013 and covered the five year period between 2013 and 2018; (Medium)
- 3.9 Up to date housing compliance safety checks policies and procedures are not in place; (Medium)
- 3.10 Training/refresher training records for the Improvement Team was not maintained up to date at the time of the audit; fire awareness training was started by three members of staff in July 2019, February 2020 and July 2020 however this has not been completed; monitoring of training is not undertaken to ensure the training matrix/training records is maintained up to date; (Medium)

- 3.11 Fire safety testing identified that for a sample of five blocks: in 16 cases the fire alarm testing was undertaken between four and 14 days after the last test and in two cases the fire alarm servicing was undertaken at every three months instead of every six months. For fire alarm servicing, fire extinguisher servicing and emergency lighting testing the spreadsheets do not always include the date of the previous visit and test; (Medium)
- 3.12 For a sample of 20 properties, testing of solid fuel checks identified that in one case access to the property has not been gained since 2018 and in two cases was not gained in 2019. For the two properties with oil fuel the contractor highlighted that the tanks were too close to the fence/house. An escalation process is not in place and it could not be established if any review/action was undertaken; (Medium)
- 3.13 Internal quality assurance audits are not undertaken on housing compliance safety checks/servicing to assure the works undertaken by the operatives/contractors; (Medium)
- 3.14 A review of the Asbestos Register identified 1,675 property records where the records are documented as active however no further details are recorded for the properties; (Medium)
- 3.15 On completion of asbestos surveys, the contractor provides the Council with a PDF of the survey report, however the results of the survey are only uploaded to the Asbestos Register when the spreadsheet is received from the contractor every three months. For repairs, on testing information being provided to operatives and contractors it was noted that asbestos is not flagged on the housing system and as a result for each repairs job the staff are required to check manually for the most up to date asbestos information; (Medium) and
- 3.16 The Council's web page does not include information on safety in the home regarding legionnaires disease, preventing mould, damp and condensation, annual gas/other fuel servicing, and asbestos. (Low)

4 The Compliance Audit includes detailed findings and actions to be completed by dates in brackets. The key actions are:

- 4.1 The last safety check and next safety check date will be recorded on the housing compliance programmes maintained on spreadsheets (by 31st December 2020)
- 4.2 The Council will investigate implementing a software system to maintain and manage the housing compliance safety checks/servicing programmes (complete)
- 4.3 An electrical testing programme will be implemented (31st January 2021)
- 4.4 The Council will agree a frequency at which the programmes will be reconciled (31st January 2021)
- 4.5 The gas, solid fuel, oil fuelled, legionella, asbestos, electrical and fire safety programmes/records will then be reconciled to the housing management system and stock condition database at the agreed frequency. (31st December 2020)
- 4.6 Eight records were identified where one or more of the checks (alarm servicing, fire extinguisher checks and/or emergency lighting) was not being undertaken at the property. For the eight cases identified a review will be undertaken to identify the checks to be undertaken and they will be undertaken accordingly (31st December 2020)

- 4.7 A log of remedial actions identified for housing compliance safety checks/servicing on gas, solid fuel, oil fired, electrical and fire safety will be maintained documenting the remedial actions, the target date for resolving the actions and the date the actions were resolved.
- 4.8 This log will be subject to regular monitoring to ensure that the remedial actions are resolved and on a timely basis (31st December 2020)
- 4.9 Certificates/servicing records for gas (including solid fuel and oil fuelled), legionella, electrical testing and fire safety will be maintained on a central location on the server and will be made available to all the appropriate staff (31st December 2020)
- 4.10 The Council will implement a contract for fire safety (31st January 2021)
- 4.11 A full survey and risk assessment of the fire integrity of sheltered accommodation and flats will be arranged (31st October 2020)
- 4.12 Going forward the fire risk assessments will be subject to annual review (31st December 2020)
- 4.13 A suite of performance information for housing compliance - gas, electrical, legionella, asbestos and fire safety will be agreed by Council (31st December 2020)
- 4.14 Performance management reports will be produced and reviewed each month by the Repairs Manager, Improvements Manager and the Assistant Director Housing for gas, electrical, fire safety, legionella and asbestos (31st December 2020)
- 4.15 As a minimum the Council will be provided with performance and KPI data on housing compliance: gas, electrical, fire safety, legionella and asbestos every quarter (31st December 2020)
- 4.16 An up to date Housing Asset Management Strategy will be Implemented (31st December 2020)
- 4.17 The frequency of the review of the Housing Asset Management Strategy will be agreed and reviewed accordingly including the addition of version control. (31st December 2020)
- 4.18 Once a full review of the Asset Management Strategy has been completed appropriate consultation with tenants and leaseholders will be undertaken. (31st December 2020)
- 4.19 The Housing Asset Management Strategy will be disseminated to all the relevant staff (31st December 2020)
- 4.20 Electrical safety procedures will be implemented for tenanted and sheltered housing properties.
- 4.21 Fire safety procedures will be implemented for housing properties.
- 4.22 The following policies/procedures will be reviewed and updated as required: (31st December 2020)
1. Asbestos Management Policy.
 2. Asbestos Removal Procedures to Contractor - Voids.
 3. Property Services Asbestos Management Strategy.
 4. Procedures to ensure servicing of gas burning appliances within Council owned housing stock.
 5. Fire Safety.

6. Shower Head Procedure – Voids.

- 4.23 There are three members of staff who should complete their online fire awareness training (completed)
- 4.24 The Improvements Team training matrix will be maintained up to date (completed)
- 4.25 A monitoring system will be put into place for Managers to ensure all relevant health and safety training and job-related training has been undertaken and the matrix is maintained up to date (completed)
- 4.26 All relevant staff and contractors will be reminded to ensure that the housing compliance safety checks for gas, oil fuel, solid fuel, legionella, fire safety and electrical is undertaken in accordance to the timescales set by the Council. (completed)
- 4.27 The Council will review and agree the escalation procedures based on the risk to the Council and statutory/regulatory requirements (completed)
- 4.28 The escalation procedures will then be applied according to the agreed escalation procedures. (30th November 2020)
- 4.29 An audit trail of the escalation will be maintained. (30th November 2020)
- 4.30 The Council will agree the housing compliance areas where internal quality assurance checks will be undertaken. (31st December 2020)
- 4.31 The checks will then be undertaken accordingly. (31st December 2020)
- 4.32 Monitoring will be undertaken to ensure that the required internal quality assurance audits/checks are being undertaken. (31st December 2020)
- 4.33 The 1,675 records on the asbestos register will be investigated (31st December 2020)
- 4.34 The Council will engage/discuss with the asbestos contractor with a view of obtaining the asbestos information for uploading to the stock condition database on a more frequent basis. (31st December 2020)
- 4.35 The Council will investigate introducing a flag for asbestos on the housing/repairs system (31st December 2020)
- 4.36 The Council's web page to include information on safety in the home regarding legionnaires disease (this only applies to homes with communal water tank facilities and not domestic homes), preventing mould, damp and condensation, annual gas/other fuel servicing and asbestos (30th November 2020).

5 Revised HRA 3 year rolling programme

- 5.1 Given that the focus of the housing team will be actioning the improvement plan, achieving compliance, and the actions highlighted above the HRA new build programme has been rationalised accordingly, to ensure robust target delivery objectives, release funds for stock improvement activities and focus investment proposals over a more reliable timeline of 3 years.
- 5.2 **Background to the Programme**
- 5.3 The key outcomes in the 2017-2021 Housing Strategy includes the following:
- 5.4 Maximising Council investment in affordable housing using traditional, off-site and modular construction options.

- 5.5 The continued delivery of Council housing to meet social housing needs.
- 5.6 Best use of existing land and property that can be converted to housing as quickly as possible.
- 5.7 Cabinet approved the progression of feasibility work on 10 Council owned sites in January 2018 with the potential to deliver around 105 new homes in the district.
- 5.8 Further work was subsequently carried out on these and other Council owned sites to determine potential routes for delivery of new housing schemes as part of a wider assessment of options for strategic housing delivery in South Kesteven.
- 5.9 The appraisal of other Council sites in addition to the initial ten approved by Cabinet at 5.3 has also been carried out because of increased levels of housing need for one-bedroom accommodation. In addition, A review of several Council garage sites has been completed to identify those with development potential for this type of accommodation and proposals are being progressed. The availability of funding arising from planning section 106 commuted sums towards the development of affordable homes. The commuted sums are time limited so two Council sites have been identified to utilise these funds towards the provision of affordable homes in Bourne and Stamford.

6 Development programme previously

- 6.1 A number of schemes have been developed further from the initial feasibility carried out. The schemes, including those at section 2.0 had been progressed with the outcome detailed in the table below:

Current Housing Development Programme 2019-20					
Location	Details	No of Homes	Targeted Start on Site	Overall Budget	Outcome
Earlesfield Lane Grantham	Council owned land	4 x 1-bed homes – modular construction	2018-19	£0.8m	Completed 19-20
Kinoulton Court Grantham	Council owned land	10 x 1-bed homes – modular construction	2018-19	£1.3m	Completed 19-20
Former Blessed Hugh Moore School Grantham	Council owned land	85 homes	2019-20	£9m	Withdrawn
Trinity Road, Stamford	Council owned land	5 x 1 and 2 bed bungalows	2019-20	£0.9m	Start on site deferred to 20-21
Meadow Close Bourne	Council owned land	7 x 1 and 2 bed bungalows and flats	2019-20	£0.8m	Start on site deferred to 20-21
Low Road, Barrowby	Acquisition	25 homes	2019-20	£3m	Planning refused
Beaufort Drive, Bourne	Acquisition	30 homes	2019-20	£4.35m	Planning not submitted
Swinegate, Grantham	Council owned land	24 homes	2019-20	£3.68m	Deferred to 20-21
Kesteven Rd, Stamford	Council owned land	23 homes	2019-20	£2.76m	Deferred to 22-23

- 6.2 The impact of Covid-19 has resulted in some sites being deferred to 2020-2021 as detailed in the table above.
- 6.3 Feasibility work on other sites in the pipeline has been ongoing to determine the more deliverable sites and provide continuity in the Council's supply of new homes in the district. This in line with the preferred options for delivery detailed at item 0 above.
- 6.4 **Development programme going forward**
- 6.5 Due to the uncertainty around the acquisition of properties via another developer as detailed in the table above, acquisitions have been taken out of the Development programme. Any future acquisitions will be presented to Cabinet for approval in the form of a business case.
- 6.6 For further certainty on budget spend for members, we have reduced the Development programme to a 3 year rolling programme which will allow the Development Team to report on more accurate forecasting.
- 6.7 The table below outlines the new proposed Development programme based on a 3 year spend and no acquisitions.

Financial Year	Budget Amount	Homes Delivered
21-22	£10.5m	46
22-23	£15m	130
23-24	£18.5m	173

7 Working with other Providers

- 7.1 The Strategic Housing Market Assessment (SHMA) highlights the need for all sizes of housing from one bed units upwards. The open market housing is currently providing two bedroom upwards in the form of houses. There is very limited development of special needs and elderly accommodation being provided across the district and this is an area that has been highlighted in the SHMA. The other housing type being overlooked is bungalow accommodation, the reason being that this type of accommodation is 'land hungry' expensive to develop with lesser financial returns.
- 7.2 The affordable housing provisions across the area is very similar to that of the private market. The following percentage types of affordable accommodation required is as follows:
- | | |
|-------------------|--------|
| One bedroom - | 10/15% |
| Two bedroom - | 40/45% |
| Three bedroom - | 30/35% |
| Four bedrooms + - | 10/15% |
- 7.3 The one- and two-bedroom requirement includes the need for one- and two-bedroom bungalows for the over 55's which should all be developed with physical disabilities in mind.
- 7.4 Planning gain sites are picking up the need for affordable two- and three-bedroom houses and marginally four-bedroom houses following negotiations with developers. The Council's

Development programme has provided some much needed one- and two-bedroom properties in the form of flats and some bungalows.

7.5 The Council's RP partners working in partnership with the Council are attempting to provide general needs housing consisting of all size accommodation based on the above percentages in Grantham, Stamford and Bourne. The tenure on these sites are based on the SHMA recommendation of 60% affordable rent and 40% affordable home ownership. However, these developments are not meeting the affordable housing needs across South Kesteven in the quantity required, especially affordable rented (both social and affordable).

7.6 Therefore, the areas needed to be concentrated on are as follows: -

Size and Type of Accommodation	Tenure Type	Comments
One-bedroom flats	Social rent	Requirement would be for a development of supported accommodation for the vulnerable homeless.
One bedroom terraced/quarter houses	Social and affordable rent	Available for 'move-on' accommodation from the supported unit(s) in the four main towns
One-bedroom bungalows	Social and affordable rent	Available for all ages, but with particular attention paid to developing around a 'core' of extra care and care home facilities, especially in Stamford, Bourne and then the Deepings
Two-bedroom houses/flats	Social and affordable rent	The affordable rented are currently being provided on planning gain sites and RP sites (with funding support) so efforts should be made to concentrate on social rent
Three-bedroom houses	Social and affordable rent	As above

7.7 The Council are also working with Registered Provider partners on 'Rural Exception' sites to meet the needs of the local community and also 'Entry Level' sites to bring forward a wider affordable housing tenure form for the wider South Kesteven community, working with both RP's and private developers. The biggest issue in SK is affordability especially in the southern part of the District.

7.8 **Homes England**

- 7.9 The Council has just been awarded £87,000 from the Ministry of Housing, Communities and Local Government for the Next Steps Accommodation Programme, to provide temporary accommodation for rough sleepers. In accessing this grant money, the Council will become an Investment Partner.
- 7.10 Homes England have announced the next Affordable Homes Programme for 2021-2026. It is our intention to bid for grant for the Development programme on a Continuous Market Engagement basis, meaning we will bid for each site on its individual merit. This will ensure the Council will still use funds from Right To Buy receipts and it's 1 for 1 obligation which cannot be used alongside the grant funding.

8 Reinvesting in our own Stock

- 8.1 The HRA will refocus the balance of Capital budget in reinvesting in our own housing stock.
- 8.2 Budget bids have been prepared for the 2021-22 financial year with more emphasis on Compliance, Carbon Reduction, Fuel Poverty, SAP Ratings, and general modernisation of the existing stock.
- 8.3 Emphasis will be on the Heating and Ventilation of our 'off-grid' stock. Electric heating upgrades to properties with electric heating such as storage heaters or electric radiators.
- 8.4 In the region of 600 council properties still have solid fuel heating, an enhanced programme is due to begin from 21/22 on removing solid fuel heating and replacing with electric heating with the addition of solar panels and battery storage.
- 8.5 There are emerging issues with previously installed electric heating where solid fuel has been removed and these mainly focus around fuel poverty. An Overarching Strategy for Energy Efficiency is required to determine the objectives of the Council to minimise our Carbon Footprint without adding to the fuel poverty of our tenants. This would include the need to identify programmes to improve the thermal efficiency, energy conservation, and SAP rating of existing homes.

9 Consultation and Feedback Received, Including Overview and Scrutiny

- 9.1 Members were invited to attend an all Councillor briefing on the 3rd November 2020 to receive a presentation on the Compliance Audit and the amended HRA 3 year rolling new build programme where they were able to ask questions about the findings and implementation of the recommendations.
- 9.2 This report will also be submitted to Governance and Audit Scrutiny Committee on the 19th November 2020 for their consideration also given that the audit findings from RSM are standard agenda items for that Committee.
- 9.3 The Council has reported itself to the Regulator for the non-compliance and a letter will be received by all tenants on or around the 4th November 2020 outlining the findings of this report and the next steps.

10 Available Options Considered

- 10.1 The Council could have chosen not to report the findings of the Compliance Audit to the Regulator and completed the works required. This would be extremely high risk in case there had been an incident at one of our properties.

11 Preferred Option

- 11.1 The Committee to note and approve the findings and recommendations in the Compliance Audit and endorse the revised HRA 3 year rolling programme with a revised focus on improvements and achieving compliance as soon as reasonably practicable given the need some fundamental works to be completed such as a stock condition survey on all Council properties and implementation of a new compliance IT system for maintenance.

12 Reasons for the Recommendation (s)

- 12.1 The Council is required to undertake a lot of remediation work to be compliant in the housing and improvement service that it provides its tenants. It is unacceptable that we are non-compliant and as such reported ourselves to the Regulator.

13 Next Steps – Communication and Implementation of the Decision

- 13.1 All tenants will have received a letter outlining the findings of the compliance audit and that they will be contacted about accessing their property. Further tenant information is available on a new web page and this will be reviewed and updated to ensure this provides ongoing detail for tenants seeking further information.
- 13.2 A section on the Councils website will be dedicated to the Compliance Audit, information about the Regulator, some frequently asked questions and also a telephone number and dedicated email for any queries from tenants.
- 13.3 A Communications Strategy has been drafted and a Leadership team (including the Chief Executive and Leader of the Council) are meeting weekly to monitor progress.

14 Financial Implications

- 14.1 The HRA financial business plan and supporting financial framework will need to be reviewed in light of the emerging pressures to respond to the compliance issues and the change of emphasis for the capital programme. This shift in focus will be considered and put forward as part of the budget preparation work that is currently underway.
- 14.2 There will be significant implications on the improvement budget but the full extent of the need for additional funding will not be known until the stock condition survey has been completed, and a new Asset Management and revised HRA Business Plan are developed in the latter part of 2021.
- 14.3 IT system upgrade costs for the installation and commissioning of the Housing Technical Services compliance system will need to be considered for approval during the current financial year due to the urgency to respond to the audit findings.

Financial Implications reviewed by: Richard Wyles, Interim Director of Finance

15 Legal and Governance Implications

- 15.1 The Council has a legal obligation to its tenants which is why it has reported itself to the Regulator.
- 15.2 The audit report highlights failure to comply with regulations and lack of governance on some work streams.
- 15.3 There is significant work to be done by the housing service which is all outlined in the action plan and timelines.
- 15.4 Given the seriousness of the issues raised, the Council must ensure that the immediate risks are rectified in accordance with the timescales; and that systemic changes to

housing management are implemented. The Monitoring Officer has additional powers to report on breaches of the law, should the improvements not be made.

Legal Implications reviewed by: Shahin Ismail, Director of Law and Governance

16 Equality and Safeguarding Implications

16.1 No equality and safeguarding implications.

17 Risk and Mitigation

17.1 There are significant risks currently in the areas that the Council are non-compliant with. The Council needs to focus on rectifying these as soon as possible.

18 Community Safety Implications

18.1 N/A

19 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

19.1 N/A

20 Other Implications (where significant)

20.1 None

21 Background Papers

21.1 RSM Housing Compliance Audit

Report Timeline:	Date of Publication on Forward Plan (if required)	Not required
	Previously Considered by: Rural and Communities Overview and Scrutiny Committee	Not applicable
	Final Decision date	Not applicable