



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**



Council

26 November 2020

Report of: Councillor Robert Reid

Cabinet Member for Housing and Planning

Housing Compliance Audit 2020 including Riverside Inquiry and Housing Development Update

To provide Members with an update and information regarding the Housing Compliance Audit and the Riverside Independent Inquiry 2020.

Report Author

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

Reviewed by:	Chris Stratford, Interim Assistant Director Housing	17 November 2020
Approved by:	Karen Bradford, Chief Executive	18 November 2020
Signed off by:	Councillor Robert Reid, Cabinet Member for Housing and Planning	18 November 2020

Recommendation (s) to the decision maker (s)

1. To review the Housing Compliance Audit and improvement plan to meet the recommendations indicated within the Housing Audit plan and agree that the Rural and Communities Overview and Scrutiny Committee receive quarterly updates on the progress being made within the work programme.
2. To approve 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 Social Housing Regulator and is jointly working with the Regulator towards compliance as a matter of priority.**
- 5. That the Council notes the recommendations contained in the attached Independent Consultants Report, and requests that officers be required to update the Rural and Communities Overview and Scrutiny Committee on progress to achieve full implementation of the recommendations on a quarterly basis.**
- 6. The Council notes that the HSE report dealing with potential breaches relating to the management of asbestos during the carrying out of the Riverside hot water and heating repairs will be submitted to the Rural and Communities Overview and Scrutiny Committee once received.**

1 Background to the Housing Compliance Audit Report

- 1.1 A review of Housing Compliance - Gas, Electrical, Legionella, Asbestos and Fire Safety was undertaken at South Kesteven District Council, although part of the approved internal audit periodic plan for 2020/21 this audit was brought forward. This Housing Compliance Audit report is appended to the 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. Since August 2020 the Housing Service 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 Housing Compliance 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 the key actions:

- 4.1 The last safety check and next safety check date will be recorded on the housing compliance programmes maintained on spreadsheets.
- 4.2 The Council will investigate implementing a software system to maintain and manage the housing compliance safety checks/servicing programmes.
- 4.3 An electrical testing programme will be implemented.
- 4.4 The Council will agree a frequency at which the programmes will be reconciled.
- 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.
- 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.
- 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.
- 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.
- 4.10 The Council will implement a contract for fire safety.
- 4.11 A full survey and risk assessment of the fire integrity of sheltered accommodation and flats will be arranged.
- 4.12 Going forward the fire risk assessments will be subject to annual review.
- 4.13 A suite of performance information for housing compliance - gas, electrical, legionella, asbestos and fire safety will be agreed by Council.
- 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.
- 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.
- 4.16 An up to date Housing Asset Management Strategy will be Implemented.
- 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.
- 4.18 Once a full review of the Asset Management Strategy has been completed appropriate consultation with tenants and leaseholders will be undertaken.
- 4.19 The Housing Asset Management Strategy will be disseminated to all the relevant staff.
- 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:
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.
- 4.24 The Improvements Team training matrix will be maintained up to date.
- 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.

- 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.
- 4.27 The Council will review and agree the escalation procedures based on the risk to the Council and statutory/regulatory requirements.
- 4.28 The escalation procedures will then be applied according to the agreed escalation procedures.
- 4.29 An audit trail of the escalation will be maintained.
- 4.30 The Council will agree the housing compliance areas where internal quality assurance checks will be undertaken.
- 4.31 The checks will then be undertaken accordingly.
- 4.32 Monitoring will be undertaken to ensure that the required internal quality assurance audits/checks are being undertaken.
- 4.33 The 1,675 records on the asbestos register will be investigated.
- 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.
- 4.35 The Council will investigate introducing a flag for asbestos on the housing/repairs system.
- 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
- 4.37 Members can refer to the Improvement Plan (Appendix 2) for further high-level details and reporting of progress against the above items will be submitted to Rural and Communities Overview and Scrutiny Committee.

5 Background to the Riverside Independent Consultants Inquiry Report

- 5.1 Appendix 3 to this paper is the Executive Summary report of the Independent Consultants into the Council's management of the works contract which was commissioned to repair hot water and heating services within the Riverside housing complex. The inquiry was conducted by Julie Picken, an independent HR Consultant, who has previously completed employment investigations for Council's and had the necessary background knowledge and experience. The Consultant will also provide a presentation at the Committee meeting of her findings to assist with members appreciation of the report detail.
- 5.2 The Council's Riverside Upgrade project was to rerun all existing heating services from the main plant room to each of the 90 properties on the Riverside Scheme by replacing the original pipework between the main boiler and each property. Work began on site on 29 April 2019 and should have been completed by the end of August 2019. The project had experienced several delays with residents, many of whom were elderly or vulnerable, were still reliant on temporary heating and hot water measures in January 2020.
- 5.3 On 31 October 2019 during a site visit the HSE issued a Prohibition Notice enforcing a cease and desist notice on the construction/improvement project at Riverside. The Prohibition Notice was based on the concern that construction / improvement work was

being undertaken by contractors without the proper asbestos survey information having been provided by the Council as the employer responsible for the correct checks having taken place. It came to light from a subsequent disciplinary investigation that the wrong asbestos survey information had been provided for the type of work being carried out by the contractor at the start of the project in April 2019 and this had not been identified by contractors or SKDC employees. As a result, contractors, SKDC employees, residents and the general public could have been put at risk of exposure to asbestos.

- 5.4 The legislation governing the management of asbestos is set out in Section 2 and 3 of the Health and Safety at Work Act 1974, the Control of Asbestos at Work Regulations 2012 and the Construction (Design and Management) Regulations 2015. South Kesteven District Council (SKDC) have a Corporate Health and Safety Asbestos Management Policy and the Property and Facilities Asbestos Management Procedure which provide guidance and set the standard required when managing asbestos. The anticipated final HSE report including findings and sanctions is now anticipated in December 2020. The Independent Consultants report only touches upon the actions of officers relating to the management of the general contract of works, and the objectives are as identified below.
- 5.5 Objectives were:
- 5.6 a) To investigate the facts and provide a report of the findings and recommendations.
- 5.7 b) Based on the evidence gathered, identify appropriate actions for the Council to consider adopting when approaching projects of this nature in future.
- 5.8 **Key Findings were:**
- 5.9 **a) To explore available information relating to the approach taken by SKDC in the past to provide hot water and heating services to the residents of Riverside.**
- 5.9.1 Replacement of parts of the hot water and heating system in 2012 and 2016, given the age of the connecting pipework, was perhaps short-sighted.
- 5.9.2 Serious issues with hot water and heating began in 2016.
- 5.9.3 Lack of a central point to record issues and complaints and management oversight.
- 5.9.4 Lack of action by the Council to fully investigate and resolve the root cause of the concerns until a decision to replace the pipework was made in January 2019.
- 5.10 **b) To explore the commissioning process used to appoint the Contractor to carry out the work on site and whether this followed the agreed SKDC process.**
- 5.10.1 The Council's Contract and Procurement Procedure Rules were correctly followed in appointing the contractor.
- 5.10.2 The Project Officer may not have been suitably qualified in commercial heating to provide accurate information to the Framework provider, to enable a suitable contractor to be recommended.
- 5.10.3 Pre-contract actions were not completed by the contractor or the Council before work started.
- 5.11 **c) To explore the management of the project from when work began on site on 29 April 2019 until completion.**
- 5.11.1 The following actions as required by SKDC policies/processes were not completed or correctly followed by the Project Officer: Project Check Sheet not completed, FH10

notification not sent to HSE, no records of contract management meetings or evidence of weekly site visits to monitor safe practices, no risk register, the Construction Phase Plan not completed by the contractor, yet this was not challenged.

- 5.11.2 The Corporate H&S Asbestos Management Policy and Property and Facilities Asbestos Management Procedure had not been followed resulting in the Project Officer providing the contractor with the wrong asbestos survey information and the HSE issuing a prohibition notice.
- 5.11.3 Lack of management oversight of the Project Officer's actions.
- 5.12 **c) To explore the management of the project from when work began on site on 29 April 2019 until completion.**
 - 5.12.1 The CPPR process was not followed as no-one was appointed to manage the contract and progress works during the Project Officer's 7 weeks sickness absence.
 - 5.12.2 The H&S Compliance Officer's concerns about site management, when the project was 2 months behind schedule and the Project Officer absent, did not result in any action to robustly manage the contract and get the works on track.
 - 5.12.3 From 1 November 2019 there was a more structured and robust approach to deal with the asbestos effectively and manage the contract.
- 5.13 **d) To explore the impact of the project on Riverside residents.**
 - 5.13.1 Considerable hardship endured due to the project not completing until February 2020, instead of the end of August 2019.
 - 5.13.2 Temporary measures put in place were insufficient to provide enough hot water and heating during the cold winter months.
 - 5.13.3 Most residents are elderly and retired, some with long term health issues, so the impact was significant.
 - 5.13.4 Residents felt let down, not cared about and lied to.
 - 5.13.5 A regular and an approachable presence on site after 1 November 2019 were welcomed.
- 5.14 **Recommendations from the Independent Inquiry**
 - 5.14.1 Single point for incoming calls from residents concerning hot water and heating issues.
 - 5.14.2 Manage the collated data to facilitate analysis and regular formal review by senior managers.
 - 5.14.3 Complete review into Council properties with similar commercial type hot water and heating systems.
 - 5.14.4 Ensure Project Officers appointed to procure works and manage contracts are suitably qualified.
 - 5.14.5 Project Officers to work more collaboratively from the outset and utilise internal expertise to identify risks and mitigating actions e.g. H&S, Asbestos, Equality.
 - 5.14.6 Develop a communications plan tailored to residents' specific needs.
 - 5.14.7 Be honest if problems arise and provide opportunities to explain and respond to concerns.
 - 5.14.8 Continue with work to deliver one shared drive for the team and a standard file structure.

- 5.14.9 Quarterly Audits of projects to be conducted by H&S Compliance Officer and Asbestos Co-ordinator and feedback provided to the Project Officer and Senior Manager.
- 5.14.10 H&S Compliance Officer and Asbestos Co-ordinator to conduct unannounced site visits to carry out observations and ensure compliance with SKDC policies and legislation.
- 5.14.11 Tighter project management and governance.
- 5.14.12 Key stages of projects to be formally signed off by the Project Officer, checked and countersigned as correct by a Senior Manager.
- 5.14.13 Templates to be developed to facilitate this process and provide a clear audit trail of robustly managing contracts.
- 5.14.14 Managers at all levels to conduct regular one to one meetings to ensure accountability for actions and checking of outputs.
- 5.14.15 Continue with efforts to create more of a “one team” culture across both sites.
- 5.14.16 Continue the recent practice of Project Officer’s checking each other’s project folders, including site visits.

5.15 **Action Plan in response to the Recommendations**

- 5.16 The Council can be re-assured that the Housing department did not wait until the findings of this report before implementing changes within the team.
- 5.17 The Council can note that all of the recommendations above have been implemented and that the team have learnt much from the Independent Inquiry.
- 5.18 The Housing Service has a new Interim Assistant Director for Housing and has appointed a new Improvements Manager to ensure that the team have adequate resource and the right skillset to lead the service.
- 5.19 Further works have been undertaken during summer 2020 to replace the whole system at Riverside and as such no residents will have issues with their heating or hot water system. This project has been closely managed and residents have been kept informed on progress of these works and as a result there have been no complaints received during this period.

6 Revised HRA 3 year rolling programme

- 6.1 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.
- 6.2 **Background to the Programme**
- 6.3 The key outcomes in the 2017-2021 Housing Strategy includes the following:
- 6.4 Maximising Council investment in affordable housing using traditional, off-site and modular construction options.
- 6.5 The continued delivery of Council housing to meet social housing needs.
- 6.6 Best use of existing land and property that can be converted to housing as quickly as possible.

- 6.7 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.
- 6.8 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.
- 6.9 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.

7 Development programme previously

- 7.1 A number of schemes have been developed further from the initial feasibility carried out, please see 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	Withdrawn *
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

*This scheme was discussed at Rural OSC and it was confirmed that it had been withdrawn due to planning consent not being approved. Consideration is being given to another site.

7.2 The impact of Covid-19 has resulted in some sites being deferred to 2020-2021 as detailed in the table above.

7.3 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.

7.4 **Development programme going forward**

7.5 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.

7.6 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.

7.7 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

8 Working with other Providers

8.1 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 bedrooms 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.

8.2 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%

8.3 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.

8.4 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.

8.5 The Council's Registered 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).

8.6 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

8.7 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.

8.8 **Homes England**

- 8.9 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.
- 8.10 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.

9 **Reinvesting in our own Stock**

- 9.1 The HRA will refocus the balance of Capital budget in reinvesting in our own housing stock.
- 9.2 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.
- 9.3 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.
- 9.4 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.
- 9.5 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.

10 **Consultation and Feedback Received, Including Overview and Scrutiny**

- 10.1 Members were invited to attend an all Councillor briefing on the 3 November 2020 to receive a presentation on the Compliance Audit, the amended HRA 3 year rolling new build programme and the Riverside Inquiry where they were able to ask questions about the findings and implementation of the recommendations.
- 10.2 This report was received by the Rural and Communities Overview and Scrutiny Committee on the 12 November 2020 where there was a comprehensive discussion regarding the content of the Housing Compliance Audit and the Riverside Inquiry.
- 10.3 The Rural and Communities Overview and Scrutiny Committee on the 12 November 2020 also received a presentation by Julie Picken and were able to ask questions regarding her investigation at Riverside and she confirmed the scope of her brief and findings. The Committee welcomed this and agreed that these reports should be considered by Council.
- 10.4 The Committee approved the recommendations and will receive quarterly reports on progress for the Council to become compliant in the areas raised in the Compliance Audit and they will be kept updated on discussions with the Regulator

- 10.5 The Housing Compliance report will also be considered by Governance and Audit Scrutiny Committee on the 19th November 2020 given that the audit findings from RSM are standard agenda items for that Committee.
- 10.6 The Council has reported itself to the Social Housing Regulator for the non-compliance on the Housing Compliance and a letter was sent to all tenants on or around the 4th November 2020 outlining the findings of this report and the next steps.

11 Available Options Considered

- 11.1 The Council could have chosen not to report the findings of the Housing 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.
- 11.2 The Independent Inquiry was requested by members of the public and Councillors to provide an opportunity to fully investigate the issues with the project and to provide the Council with lessons learnt for future projects.
- 11.3 There was not a 'do nothing' option for appointing this piece of work to be undertaken.

12 Preferred Option

- 12.1 The Council approve the findings and recommendations in the Housing 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.
- 12.2 The Council note the findings and recommendations in the Independent Inquiry and ensure that the service implements all of these for future projects and keeps the Rural and Communities Scrutiny Committee informed.

13 Reasons for the Recommendation (s)

- 13.1 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.
- 13.2 It was requested by the Overview and Scrutiny Committee that they scrutinised the Independent Inquiry into the Riverside project which has been completed and recommended that Council noted the process that had taken place.

14 Next Steps – Communication and Implementation of the Decision

- 14.1 All tenants have received a letter outlining the findings of the Housing 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.
- 14.2 A section on the Councils website will be dedicated to the Housing Compliance Audit, information about the Regulator, some frequently asked questions and also a telephone number and dedicated email for any queries from tenants.
- 14.3 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. An Improvement Plan is appended to this report as Appendix 3 for Council to note its progress in addressing the actions required.

- 14.4 The tenants at Riverside will be communicated with to make them aware of the Inquiry outcomes following Council.

15 Financial Implications

- 15.1 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.
- 15.2 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.
- 15.3 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.
- 15.4 There were financial implications from the Riverside project – there was a direct payment award of £44k to the affected tenants, individual compensation payments for damaged personal items totalling £11k and waived service charges that totalled £49k over the affected period. The costs associated with the works totalled £500k and these were budgeted capital costs. The total costs were met from within the HRA budget for 2020/21.

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

16 Legal and Governance Implications

- 16.1 The Council has a legal obligation to its tenants which is why it has reported itself to the Regulator for non-compliance in the Housing Audit.
- 16.2 The audit report highlights failure to comply with regulations and lack of governance on some work streams.
- 16.3 There is significant work to be done by the housing service which is all outlined in the action plan and timelines.
- 16.4 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.
- 16.5 The Council has a legal obligation to its tenants which has failed on the Riverside project.
- 16.6 The Independent Inquiry report highlights that the Council's Contract and Procurement Procedure Rules were correctly followed in appointing the contractor, but poor governance was a key factor highlighted in the report.

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

17 Equality and Safeguarding Implications

- 17.1 No equality and safeguarding implications.

18 Risk and Mitigation

- 18.1 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.
- 18.2 The risks were not properly managed during the Riverside project which have been highlighted in the Inquiry findings. The Housing team should mitigate these for future projects and ensure appropriate procedures are complied with and documented.

19 Community Safety Implications

- 19.1 Other than those matters covered within the report relating to compliance and the independent report from the Consultant investigating the management of the project works at Riverside there are no other wider community safety implications.

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

- 20.1 N/A

21 Other Implications (where significant)

- 21.1 None

22 Background Papers

- 22.1 Appendix 1 RSM Housing Compliance Audit
- 22.2 Appendix 2 Housing Improvement Plan
- 22.3 Appendix 3 Riverside Independent Inquiry

Report Timeline:	Date of Publication on Forward Plan (if required)	Not required
	Previously Considered by: Rural and Communities Overview and Scrutiny Committee	12 November 2020
	Final Decision date	26 November 2020