



Havering
LONDON BOROUGH

AUDIT COMMITTEE

22 February 2022

Subject Heading:

Housing Compliance Audit

SLT Lead:

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Policy context:

LBH has a legislative duty to undertake compliance programmes and associated works to its properties owned and managed by the HRA.

Financial summary:

None, this is for information only

The subject matter of this report deals with the following Council Objectives

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

SUMMARY

The Council has a duty to ensure all of its properties which are owned and managed through the Housing Revenue Account are safe and meet all relevant statutory compliance. As part of the Council's assurance and governance approach

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toward housing compliance it undertook an independent audit of its compliance activities, using and external consultant, Mazars, and this report provides a summary of that audit and an update on the outcomes and actions identified.

RECOMMENDATIONS

That members note the contents of this report.

REPORT DETAIL

The Council has a duty to ensure its properties meet all of the landlord's health and safety requirements and has effective controls in place to manage and report on these.

Over the last 2 years significant work has been undertaken to improve the Council's compliance position and provide an assurance framework which ensures ongoing scrutiny is applied.

In addition to the improvement in performance, an improved governance approach has been implemented, with a dedicated Housing Compliance Board, Corporate Health and Safety Board, Senior Leadership Team and Cabinet Members scrutinising the compliance position monthly.

There has also been a significant drive towards improving data and systems used for managing compliance, with a dedicated IT work stream, focussing on making the IT systems and data management robust.

As part of the ongoing assurance Savills have been engaged to provide additional impartial expert support to the Council, advising on compliance matters. Mazars were engaged to undertake an external audit to provide independent assurance on the systems and processes used within the housing resident safety and compliance team. Their report is contained in appendix 1.

The audit was undertaken between Q4 2020 - Q1 2021 and completed in May 2021 however their final report was not agreed until October 2021. Many of the actions arising from the audit have already been completed and those that are set out in the action plan arising from the audit.

At the time the audit was completed 2 items showed limited assurance and 4 which need improvement, 2 items considered critical and 7 significant. All of these items identified had already been identified and included on both the compliance action plan and risk register, and were therefore already being worked on prior to the audit.

Cabinet will receive a report on the 26th January 2022 that will set out the wider actions the council is taking, in its roles as a landlord, to implement the

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requirements of the Building Safety Bill. The specific actions arising from the Audit will be included in the action plan required for the implementation of the Building Safety Bill.

The Council is determined to ensure that assurance of the systems and processes are robust and will repeat the audit in the summer of 2022 to confirm that the actions have been completed and the systems and processes can be relied upon.

The Mazars Report made a number of recommendations and the responses to these are set out below.

5.3.1 Accuracy of programme data.

The audit noted that the council relies on data held on spreadsheets rather than dedicated compliance software which increased the risk of errors due to the manual nature of updating required. They also noted that there was no regular process of ensuring that a number of databases being used were reconciled.

As part of the project to upgrade the council's housing compliance IT systems, a significant data cleansing exercise was undertaken to ensure all system contained the same data and an automated interface created between the Open Housing Management System and the asset management system, Keystone. This has now been completed and automated reconciliations are carried out which ensure that all systems hold the same information, with all information provide to contractors delivering the council's compliance programmes flowing directly from these systems.

In addition a new compliance module has been implemented in our core asset management system, Keystone, which will remove the use of spreadsheets and utilise automated workflows to manage compliance. This is operational for gas servicing and will be implemented for all work streams in Q4 2021/22.

5.4.1 Adding Properties to the gas register

As detailed above the Council had been using a number of databases which did not automatically interface, and this led to the potential risk of new properties not immediately being included on the compliance programme. Although a manual reconciliation was undertaken annually there was a risk of properties being missed and Mazars did identify some that were not listed. The automatic interface has now eliminated this risk.

5.1.1 Operational Procedures – Gas and Electrical

The audit noted that a number of compliance procedures were not documented, although the compliance team and contractors used a standard approach. New polices and management plans were introduced in 2020 for all compliance areas and the relevant procedures will be included in these as part of the implementation of the new compliance modules in Keystone.

5.2.1 Remedial Actions KPIs

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The audit noted the manual nature of producing the compliance KPIs. Once the new compliance module is implemented all KPIs will be system generated and remove the manual risk.

5.5.1 Overdue Fire Risk Assessment (FRA)

The audit noted that a number of FRAs were over 3 years old. There is no statutory timeframe for when an FRA needed to be completed, however our policy states that these should have been completed annually. The Council was aware of this issue and had a programme of Type 4 FRAs which planned.

This programme has been completed and we have a valid FRA for all relevant buildings and are now completing the cyclical programmes of re-assessments as per our policy.

5.5.2 Missing FRA Remedial Actions

As noted above, we currently use spreadsheets to monitor a number of compliance programmes. Our new keystone module will remove a large element of this manual process, automating the cyclical monitoring and servicing programmes, and we are developing systems to raise and monitor progress any repairs which are identified. Ahead of full implementation of systems which will remove this manual approach a regular secondary checking approach by the Resident Safety and Compliance Manager has been implemented.

5.5.3 Completion of FRA Remedial Actions

As 5.5.2

5.5.4 Contract Management Meetings

Although regular progress meeting were undertaken these were not always minuted. Full minuted formal contract meetings are now undertaken with all compliance contractors.

5.6.1 Updating the Asbestos Register

2 properties were missing from the property list provided by the asbestos contractor despite surveys having been completed. This has been rectified by the interface between systems.

Whilst the audit highlighted some issues there has been a continued and concerted effort by all officers involved to continue to make Havering's properties as safe as possible.

There is a significant issue across the sector in recruiting qualified compliance staff and this has also affected the Council, and we are considering alternative approaches should we continue to struggle to recruit to some technical roles. With the impending Building Safety Bill coming into force into 2022, which introduces an increased level of scrutiny from the new Building Safety Regulator,

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there is a huge demand on certified contractors which has impacted on some authority's ability to deliver compliance programmes, and this has been made especially difficult when coupled with Covid and the supply chain issues.

Despite these challenges the Council have been able to maintain almost 100% compliance through proactive approaches and good relationship with contractors, and we look to maintain this position in the future.

To ensure effective assurance on the housing compliance programme we will commission Mazars to carry out a further audit in 2022.

IMPLICATIONS AND RISKS

Financial implications and risks:

This report is for noting and has no finance implications arising

Legal implications and risks:

This report is for noting and has no legal implications arising

Human Resources implications and risks:

This report is for noting and has no HR implications arising

Equalities implications and risks:

No EQHIA has been completed as this paper is for information only

Appendices

1. Mazars Housing Compliance Audit Report
2. Housing Compliance Action Plan

Appendix 2

Housing Compliance Action Plan

	Recommendation	Priority	Management Response Action	Responsibility	Timescale	Progress
1	LBH should document key operational procedures for gas and electrical safety. These procedures should outline key processes, such as when letters should be sent to tenants for gas servicing, and how new build properties should be added to the gas register.	Significant	<p>Policies have been rewritten and were shared.</p> <p>Procedures are in place to ensure that the Council manages gas and electrical risks appropriately.</p> <p>However, it is noted that these are not drawn together in a procedural manual and we will amend the current policies/management plans to include relevant processes.</p>	Resident Safety and Compliance Manager	March 2022	The process maps have been completed as part of the keystone implementation and will be incorporated into the policies once the system is tested and fully live in early January
2	<p>LBH should:</p> <ol style="list-style-type: none"> 1. Ensure all overdue remedial actions are included in its performance reporting. KPIs should include all actions that became overdue in the 	Significant	Due to the manual nature of our approaches some errors in reporting were found, this will be addressed once we go live with the new Keystone modules which will automatically generate	Resident Safety and Compliance Manager	Servicing Module – Jan 2022	Keystone will provide automatic KPIs for all compliance programmes once

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	<p>month (rather than a 'snapshot' of those that are overdue at the time of reporting.</p> <p>Investigate how these actions were missed in KPI reporting to ensure future reporting includes all overdue remedial actions.</p>		<p>KPIs and highlight overdue actions. This is part of the CADI IT project.</p>			<p>live in January 2022</p> <p>T</p>
3	<p>LBH should amend the programmes where our testing highlighted data integrity issues through sampling, as detailed in Section 7 of this report.</p> <p>4The Authority should review the mechanisms for recording landlord health and safety compliance data where it is received, and put in place a suitable control framework to prevent programme data becoming inaccurate.</p> <p>LBH should perform reconciliations for each area of landlord health and safety, reconciling its register or programme against an independent source of data that includes a complete list of properties that require a risk assessment or service (housing management system/asset management system).</p> <p>Reconciliations should be performed on a periodic basis going forward, and any discrepancies noted should be investigated.</p>	Critical	<p>Due to the manual nature of our approaches some errors in reporting were found, this will be addressed once we go live with the new Keystone modules which will automatically generate servicing and aid in tracking jobs. This is part of the Cadi project.</p> <p>Keystone will carry out an automatic reconciliation daily with Open Housing to ensure one version of the truth. It will run the servicing elements and highlight actions that are reaching their overdue date by way of a jeopardy report.</p> <p>In lieu of Keystone going live a 20% per month spot check of FRA actions being captured is taking place, we have looked back 5 years to ensure all newly acquired properties are on the gas servicing schedule and the special project and compliance manager is doing spot checks on data</p>	Resident Safety and Compliance Manager	Immediately – 6 months	<p>Keystone will provide automatic KPIs for all compliance programmes once live in January 2022</p> <p>An automatic interface is now working between systems which automatically reconcile data</p>

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4	<p>LBH should:</p> <ol style="list-style-type: none"> 1. Ensure it adds the properties highlighted to the gas register. <p>Conduct a review of new build properties more than 24 months old, to ensure these properties are included on the gas register and have not been missed. LBH should also document a process for ensuring these properties are added, and this should be communicated to all parties involved.</p>	Critical	<p>We accept there were five that were not on the register. This was due to the recipient of the information leaving the council without actioning. The others would have been picked up when we did our reconciliation and interfaced every UPRN from Open Housing to Keystone in June prior to going live with the servicing module.</p> <p>Moving forward all newly acquired properties, upon receiving a rent account and UPRN into Open Housing will be automatically interfaced with Keystone which will run the servicing programs which will mean no properties are lost.</p> <p>We checked back 5 years to check for any properties not on the servicing schedule and found none.</p>	Resident Safety and Compliance Manager	January 2022	Completed
5	<p>LBH should:</p> <ol style="list-style-type: none"> 1. Remove the properties highlighted from the gas register. <p>Document a process for ensuring disposals are removed from the register, and this should be communicated to all parties involved.</p>	Minor	We will define a process for adding and removing properties from relevant systems.	AD of Property Services	March 2022	An automatic interface is now working between systems which automatically reconcile data
6	LBH should:	Minor	We will amend the policies and management plans	AD of Property Services	January 2022	Complete

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	<p>1. Include reference to PCM's post inspections of gas servicing in its Housing Compliance policy.</p> <p>Ensure PCM's post inspection visits capture all its gas safety contractors.</p>					
7	<p>LBH should monitor the number of post inspections completed by PCM against the total number of gas services completed, to ensure PCM is adhering to its 5% contractual target.</p>	Minor	<p>This will form part of monthly contract meetings.</p>	<p>Resident Safety and Compliance Manager</p>	<p>November 2021</p>	<p>Complete</p>
8	<p>LBH should ensure all its properties have a valid and up to date FRA. The properties highlighted as being overdue should be monitored and reported on an ongoing basis, and clear timescales for completing these FRAs should be agreed with Oakleaf.</p>	Significant	<p>Three years is our policy but there is no statutory timescales, just a matter of reasonableness. We risk assessed our property portfolio and prioritised completing Type 4 FRAs in high risk properties.</p> <p>All blocks will have an FRA type 4 by October 21</p>	<p>Resident Safety and Compliance Manager</p>	<p>October 2021</p>	<p>Completed October 2021</p>
9	<p>LBH should:</p> <ol style="list-style-type: none"> 1. Ensure all FRA remedial actions are added to the master action tracker. 2. Whilst this process is manual, LBH should implement a secondary check to ensure every action from an FRA is added to the tracker after exporting actions to Excel. This should involve a comparison between the total number of actions exported to the total number of actions added to the master action tracker. 	Significant	<p>This is a result of the manual approach currently taken and will be resolved once the keystone modules go live.</p> <p>We have as an interim measure implemented an additional checking approach to ensure the risk of errors is reduced.</p> <p>A monthly 20% check of FRAs is ongoing to ensure all actions are captured</p>	<p>Resident Safety and Compliance Manager</p>	<p>March 2022</p>	<p>Partially complete</p>

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	Conduct a full review of FRA remedial actions raised in FRAs, confirming they have been included in the master action tracker. A risk-based approach should be adopted for this review, beginning with priority A actions in its high-risk properties.					
10	<p>LBH should:</p> <p>1. Ensure FRA remedial actions are completed before their due dates.</p> <p>Ensure clear timetables are put in place for overdue actions, which set out when overdue actions will be completed by. This should be actively monitored to ensure actions are completed in a timely manner and sufficiently monitored.</p>		The Resident Safety and Compliance manager now undertakes weekly audits of the FRA action sheet, to ensure all information has been updated correctly	Resident Safety and Compliance Manager	Immediate	Complete
11	LBH should hold formal contract management meetings with Oakleaf on a periodic basis to discuss operational and strategic issues, and the contractor's performance. Meetings should be minuted, and actions discussed in meetings should be tracked through to completion.	Significant	Monthly contract meetings are now in place	Resident Safety and Compliance Manager	Immediate	Complete
12	LBH should ensure data from all surveys completed by Cube are added on to the asbestos register. LBH should seek a comprehensive list from Cube of all surveys completed in a given period, and this data should be reconciled to the asbestos register.	Significant	<p>Prior to works all contractors must either undertake their own asbestos or obtain the relevant information from LBH where we hold it.</p> <p>Our asbestos team check all asbestos reports received from our contractors and verify these before uploading to our database, and undertake</p>	Asbestos and Legionella manager	Immediate	Completed

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			reconciliations to keystone database			
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