

**LBB RESPONSE TO THE INTERNAL AUDIT REPORT
HEALTH AND SAFETY – ESTATES
FEBRUARY 2017**

INTRODUCTION

1. London Borough of Barnet (LBB) is the statutory Duty Holder for building compliance on its entire estate and as such is accountable for ensuring that all buildings, Civic and Non-civic, are maintained in a safe and compliant state.
2. In order to fulfil its statutory obligations, LBB entered into a contract with Capita, who in turn created the Customer and Support Group (CSG) Estates team. This is the organisation responsible for the management and maintenance of the estate, including statutory compliance.
3. The contract defines, via Key Performance Indicators and the output specification, that for the Civic Estate, CSG Estates 'shall discharge its contractual obligations in respect of the management of the Authority's compliance with statutory instruments and shall undertake, or shall procure the undertaking of, appropriate checks and testing for all buildings where the Authority is deemed to have an obligation'.
4. Whilst accountability ultimately remains with the council, the contract effectively delegates responsibility for the management and maintenance of its Civic buildings, in compliance with current statutory regulations, to CSG Estates but this does not absolve LBB of its Duty Holder responsibilities. The 2016/17 Internal Audit Plan, approved by Audit Committee in April 2016, included an audit of Estates Health & Safety Compliance in Q1. A scoping meeting was held, and it was agreed to defer the audit to Q3 due to an ongoing improvement plan already underway within Estates to address gaps in the CSG management team and under-performance in both Property and Building Services.
5. In October 2016 the scope of the audit, which was commissioned by the council, was agreed. The intention was to provide independent assurance over the extent to which Civic Estate building compliance was being managed & maintained according to the agreed framework, in order to minimise risk as much as possible with fire safety, gas safety, electrical safety, lift safety and asbestos & legionella management. The findings of the internal audit have been helpful in identifying where improvements are needed in relation to estates compliance. This report appendix sets out the latest position with respect of the main findings and recommendations.

ISSUE

6. A number of recommendations and actions were agreed as part of the audit process. This report details progress against those actions to date, and the broader improvements that have and will be implemented to ensure that building compliance is managed and maintained to the highest possible standard.

AUDIT RESPONSE

7. Scope of the report.

a. The original scope of this report included the LBB Civic Estate which covers 6 buildings: North London Business Park 2, Barnet House, Hendon Town Hall, Friary House, Colinhurst House and Mill Hill depot but was broadened to cover community schools as time allowed. The audit therefore focussed on the delivery of property compliance activities across the estate managed and monitored by the CSG Estates team and specialist sub-contractors.

b. In the case of community schools, these buildings are not part of the Civic Estate. Schools are responsible for maintaining building compliance in their own buildings and may employ their own contractors to do so, or seek to utilise the services of CSG as a traded service. CSG are therefore not wholly responsible for managing inspections / surveys and / or any remedial works. The contractual responsibility of CSG is to only gather information on the status of compliance those schools, and to report that status to LBB, who still retain Duty Holder responsibilities. The responsibility for managing and maintaining building compliance lies with the schools themselves but accountability still falls to LBB, hence the need for CSG to monitor and report on the council's behalf.

8. **Generic improvement measures.** Following the audit a number of specific actions have been identified, along with areas for improvement, many of which have already been implemented or are in the process of being implemented:

a. **Roles & responsibilities:** The report highlights that progress has been made in the year to clarify roles and responsibilities, which flow from the original contract with Capita. LBB is the Duty Holder and therefore accountable for building compliance but as an organisation it does not have the technical knowledge and expertise to discharge all duties i.e. identification and management of building compliance risks. CSG have been contracted to carry out these functions on behalf of the council and as such, are responsible for managing and maintaining building compliance, and for reporting this to the council.

b. **KPI improvements:** The KPI measuring building compliance has been revised to fully encompass building compliance on the whole 'maintained estate' i.e. all buildings for which LBB retains responsibility for repair & maintenance.

c. **Management reporting:** The current reporting framework includes monthly reporting to council senior management. Moving forwards, in order to improve reporting, detailed compliance reports will be provided to LBB as part of the monthly and quarterly reporting cycle, with any areas of risk highlighted, together with relevant mitigating action. In addition, monthly performance meetings will be chaired by the LBB Head of Estates, at which such risks & issues will also be discussed. Significant risks will be escalated to the CSG Partnership Operating Board (POB) and Senior Commissioning Board (SCB) by the LBB Head of Estates and / or Head of Health, Safety and Wellbeing, as required.

d. **Compliance testing:** Over the course of the last six months a comprehensive programme of compliance testing has already been taken forward across all properties where LBB have a retained responsibility. A programme is in place to ensure that the compliance status of the full estate i.e. Civic and Non-civic buildings alike, is systematically assessed and understood. This work plan will also be used as an ongoing framework to ensure the frequency of building compliance

risk assessments and inspections are fully understood by staff and can be clearly tracked and monitored to ensure long-term compliance, as far as is practicable. A central tracker system, called Info Exchange, is used to store evidence of all relevant health and safety procedures performed and to support the programming of health and safety activity. This will also support the service to ensure building compliance is comprehensively managed going forward. At the time of writing, 81% of the 331 inspections / surveys have been completed and no issues of significant concern have been highlighted. The testing programme will be completed by 1 May 17 and further compliance tests will be taken forward on an ongoing basis according to statutory timescales.

e. **Inspection / survey frequencies:** There is no statutory frequency for the undertaking of Legionella risk assessment included in HSG274 (the industry standard). 24 months is considered good practice though, and this is reflected in the CSG Estates contract output specification. This frequency was and is being adhered to by the sub-contractors so there was no increase in risk as a result of this identified anomaly.

f. **Escalation protocols:** It was well understood by CSG Estates that LBB Head of Estates and LBB Head of Health, Safety and Wellbeing were to be informed by CSG Estates of any significant risk associated with building compliance without delay. However, the report noted that there was no written escalation protocol. In response, a protocol has now been drafted.

g. **Remedial works:** The report also identifies areas for further improvement, mainly in relation to the execution of remedial work and governance. One of the findings was on remedial works in a school and was therefore not within CSG Estates direct control to resolve. In the case of the other two findings, neither were urgent. One was scheduled to be completed as part of wider refurbishment work and the other as planned maintenance activity. Process flow charts for use by CSG Estates staff have been developed and will be reviewed annually or amended when procedures dictate. Staff are trained in their use and these are included as part of new starter induction process. All other recommendations identified in the audit report are actively being addressed through a robust action plan and all items are due to be completed by 28th April 2017, as defined in Enclosure 1.

h. **Strengthening the estates function:** It should also be noted that CSG have now made a number of necessary changes, in order to address the shortfalls and strengthen their estates team in Barnet, including replacing the Head of Building Services. Since the audit, they have also supplemented the on-site team with members from the National Compliance Team, who centrally co-ordinate the data on the info exchange system across the partnership and form part of the escalation process for non compliant issues. The National Compliance Team hold weekly meetings and localised delivery to account, and ensure continuity in statutory compliance practice. As a result, all the current processes, procedures and asset registers are now up-to-date and are being used to manage compliance activity on all the assets where the London Borough of Barnet has retained responsibilities.

i. **Sub-contractor management:** CSG Procurement are supporting CSG Estates in appointing long-term supply chain members that satisfy LBBs policy and procedures and European regulations. This will be concluded by end of September 2017. Until this point the existing supply chain will be employed in the delivery of services and alternative providers may also be procured on a short-term basis.

j. **Community School compliance:** Revised letters to schools have been sent out in order to obtain the required information. Should that information still not be forthcoming, a new escalation protocol has been developed for staff to follow in order to ensure as far as is practicable, that the information will be provided.

k. **Ongoing compliance testing:** A comprehensive programme of compliance survey and inspections will be embedded into all future planned preventative maintenance programmes. As a result of changes proposed as part of the recent CSG contract review process, performance against the delivery of this compliance programme will also be subject to measurement under a Key Performance Indicator, on a quarterly basis. Furthermore, the requirement to order works arising from compliance surveys / inspections within five working days will be measured as part of this KPI, along with the requirement to immediately (same day) make-safe any installation / facility deemed to present an immediate health and safety risk.

9. **Action plan.** CSG has already commenced a number of activities to support LBB in addressing the issues raised in the audit and to improve the property compliance testing and inspection regime. In partnership with the Council, an action plan has been developed to address these issues, with a target deadline for completion of all actions by 1 May 2017. Details are shown in the table at Enclosure 1.

SUMMARY

10. Actions were already being taken forward to improve the service and the audit has provided further scrutiny of the council's approach. CSG employs a proactive approach to cyclical maintenance which by its very nature not only supports in long term asset effectiveness but is also designed to identify issues and faults. In reality, maintaining a compliant estate is a complex process which requires an ongoing focus on risk mitigation.

11. CSG's processes and procedures for the management of all building compliance activity (inspections, surveys and remedial works) on the Civic Estate were broadly understood by their staff. However, the audit found instances where the documentation of processes required improvement and some cases of processes not being followed as they should have been. CSG accept these criticisms and the council is content that they are now taking the appropriate action to resolve the shortcomings.

12. The council's governance over building compliance, via the monthly Assets and Capital Board, was an appropriate mechanism for senior management to be able to oversee and respond to highlighted associated risks. Accordingly, risks were identified, which ultimately led to a number of control measures being actioned, not least a CSG Estates improvement plan and the commissioning of the audit. However, the audit has highlighted that improvements to the quality of management information are required, together with the agreement of documented escalation protocols. This has now been addressed, with details set out in the accompanying appendices.

ENCLOSURE 1 TO
APPENDIX 2 TO
INTERNAL AUDIT
QUARTER 4
PROGRESS REPORT
2016-17
DATED APRIL 17

LBB / CSG ESTATES

ACTION PLAN SUMMARY

Ref	Finding (Heading)	Agreed Action	Action Update 27.03.2017	Owner	Revised implementation date	Status as at 5 Apr 17
1.	Performance Reporting	<p>a) We will establish a mechanism to ensure that operational performance and compliance status in relation to the whole of the non-civic estate is reported back to senior stakeholders within the Council. This will provide them with an opportunity to scrutinise and challenge Health and Safety activity.</p> <p>Target Date 28 April 2017</p>	<p>Info Exchange is fully populated with the non-civic estate properties informed from a review of all assets which has determined where LBB have responsibility.</p> <p>A monthly report and quarterly service report will be issued to the LBB commercial and any escalations to POB and SCB. providing a full report of compliance, a forward plan of works along with budget implications, across the whole property estate where</p>			

			<p>LBB have retained responsibility.</p> <p>Action – a draft report to be prepared for review and sent to Chris Smith for comment/sign off.</p>	Capita National Compliance Manager	28/04/17	Partly implemented
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1.		<p>b) We will continue to progress with SPIR 3 to ensure the contractual position between CSG and the Council in relation to responsibilities for all of the non-civic estate is agreed. We will submit a change request to alter the contract once the entire suite of KPI's has been reviewed in March 2017.</p> <p>Target Date 28 April 2017</p>	<p>SPIRs 1 & 2 provide commercial coverage for the management of compliance. Additional SPIRs have been drafted for the specialist surveys identified through the recent compliance checks- Fire Risk Assessments, DDA Audits, and Asbestos re-inspections.</p> <p>Action – Issue SPIRs to CSG PMO for commercial review and agreement</p> <p>A review of the KPIs is underway and suggested amendments are currently under review with the CSG commercial team.</p> <p>Action – CSG commercial team to provide update regarding the KPIs to LBB.</p>	<p>CSG Head of Building Services & CSG Estates Operations Manager</p> <p>CSG Director of Estates and CSG Operations Director</p>	<p>28/04/17</p> <p>28/04/17</p>	<p>Partly implemented</p> <p>Partly implemented</p>
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1.		<p>c) We will document an escalation protocol that sets out what the Council want to be notified of and how the Council should be notified. This protocol will be followed in the event that issues are identified.</p> <p>Target Date 28 April 2017</p>	<p>Draft workflow protocol being finalised, responsible parties to be notified of responsibilities.</p> <p>Action- Finalise protocol and inform all parties of responsibilities.</p>	LBB Head of Estates & CSG Director of Estates	28/04/17	Implemented
1.		<p>d) Monitoring arrangements will be defined to ensure activity set out in the programme to understand the compliance state of the non-civic is delivered in line with requirements.</p> <p>Target Date 28 April 2017</p>	As per item 1a.	Capita National Compliance Manager	28/04/17	Partly implemented

1.		<p>e) We will put mechanisms in place to provide Council management with assurance that CSG are fulfilling their responsibilities. This may include employing a client-side Compliance Officer or making use of CSG's compliance arrangements.</p> <p>Target Date 28 April 2017</p>	<p>The local team will deliver, manage and maintain the compliance programme and provide updates to the client monthly as agreed through the service report.</p> <p>The local team will be policed and audited by our National Compliance Team, headed by Ken Bendle, to ensure to CSG are fulfilling their responsibilities along with adopting best practice through continuous improvement.</p> <p>Action – a draft report to be prepared for review and sent to Chris Smith for comment/sign off.</p>	Capita National Compliance Manager	28/04/17	Partly implemented
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2.	Inspections (Operating Effectiveness)	<p>Agreed Action: The forward planning report will be sent to the contractor or school along with the exceptions report on a monthly basis, in order to help reduce the number of inspections performed after their due date.</p> <p>Target date: 17 March 2017</p>	<p>Completed - The forward planning reports are in already in place and are being issued to the relevant parties. Evidence of this has been provided to PWC 14/03/17.</p> <p>Note- forward planners are sent to schools that have contracted with CSG via traded services.</p>	Capita National Compliance Manager	17/03/17	Implemented
3.	Remedial Works (Control Design)	<p>Agreed Action: a) The timeliness of commissioning and completing remedial work will be monitored against defined expected timescales. Issues of non-compliance against these timescales and the subsequent action taken will be reported back to Council management and reviewed through ACB. Emphasis will be placed on reporting progress associated with urgent remedial works.</p> <p>Target Date 31 March 2017</p>	<p>Suggested timescales to respond are: Priority 1- Instruct making-safe on the same working day of request. Follow-up with order for remedial works within 5 working days.</p> <p>Reporting and escalation in accordance with the proposed protocol as per 1c.</p>	<p>CSG Head of Building Services</p> <p>CSG Head of Building Services</p>	<p>31/03/17</p> <p>31/03/17</p>	<p>Implemented</p> <p>Implemented</p>

3.		<p>b) Schools will be asked to provide evidence of the remedial works undertaken to confirm the risks have been appropriately addressed.</p> <p>Target Date 31 March 2017</p>	<p>As per transferred assets, letters have been prepared in conjunction with HB Law and were sent to all schools by Friday 31st March 2017 These detailed the schools responsibilities along with a request to provide the relevant information to enable reporting and risk management by the CSG team.</p> <p>Cambridge Education to be invited to review content of correspondence</p>	CSG Director of Estates	30/04/17	Partly Implemented
			<p>Action – letters to be issued to schools.</p> <p>We will also be implementing a notification process where schools will inform CSG before any works commence to ensure risks are adequately managed.</p>	CSG Director of Estates	30/04/17	Partly implemented
			<p>Action – Draft process to be prepared for review by Chris Smith.</p>	Capita National Compliance Manager & CSG Head of Building Services	30/04/17	Partly implemented

3.		<p>c) We will establish approval limits that determine when the commissioning of remedial works needs to be approved by the Council. An audit trail of approvals will be retained.</p> <p>Target Date 31 March 2017</p>	Reporting and escalation in accordance with the proposed protocol as per 1c.	CSG Head of Building Services	31/03/17	Implemented
3.		<p>d) We will devise a systematic spot checking methodology that includes the sample size to be checked (e.g. 5-10% of works will be checked).</p> <p>Target Date 31 March 2017</p>	<p>A post Inspection form has been created which resides within the Info Exchange system, to facilitate a robust post inspection regime. This will be rolled out to the CSG team and implemented. The process will be checked & monitored centrally by the National Compliance Team and reported through the monthly service report to the LBB client/ LBB Head of Estates and escalated to POB / SCB as necessary.</p> <p>Action – Post inspection form and process to be rolled out to the CSG and implemented.</p>	<p>Capita National Compliance Manager & CSG Head of Building Services</p>	30/04/17	Partly implemented

3.		<p>e) Spot checks will be recorded in the post works inspection section on Info Exchange to ensure documentation of the check is retained.</p> <p>Target Date 31 March 2017</p>	As per item 3d above.	Capita National Compliance Manager & CSG Head of Building Services	30/04/17	Partly implemented
4	Contracts (Operating Effectiveness)	<p>a) We will undertake a review of the contractors used to ascertain the number of contractors for which a signed contract cannot be located. We will investigate any instances where a contract cannot be retrieved and take appropriate action, ensuring there is an interim solution in place.</p> <p>Target date 7th April 2017</p>	<p>This is being resolved by the work led by Kurtis Lee to broaden the number of term-contractors with clear specifications for each.</p> <p>Action - Training will be delivered to team to improve knowledge of LBB's standing orders/procurement procedures.</p>	CSG Director of Estates & CSG Head of Building Services	30/04/17	Partly implemented

4.		<p>b) We will review how contracts are filed to ensure they can be easily retrieved should they need to be.</p> <p>Target date 7th April 2017</p>	Action – establish with procurement how contracts are held	CSG Director of Estates	30/04/17	Partly implemented
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4.		<p>c) A listing of contractors and approved subcontractors will be maintained.</p> <p>Target date 7th April 2017</p>	Action - Establish a contractor matrix, in liaison with the procurement team, identifying all contracts including contract dates, maximum value, current spend to date etc. This will be reviewed monthly to enable effective management and controls.	Capita National Compliance Manager & CSG Head of Building Services	30/04/17	Partly implemented
5	Schools Compliance Schedule (Control design)	<p>a) The compliance schedule will be sent to schools on a bi-annual basis. The schools will continue to be given deadlines by which to respond.</p> <p>Target date 7th April 2017</p>	Action - Draft and issue a letter to schools out of scope to request evidence of compliance activities.	CSG Director of Estates	30/04/17	Partly implemented

5.		<p>b) An escalation protocol will be defined that outlines the procedures to follow if schools do not respond within the allocated timeframe or schools are non-compliant. This will detail how this information will be reported back to Council management and to whom.</p> <p>Target date: 7 April 2017</p>	Reporting and escalation in accordance with the proposed protocol as per 1c.	LBB Head of Estates & CSG Director of Estates	30/04/17	Partly implemented
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6.	Service Programme work plan: Frequency of Inspections (Operating Effectiveness)	<p>Agreed Action: The Info Exchange Tracker system will be aligned to the programme to ensure frequencies of inspections are undertaken as dictated in the programme.</p> <p>Target date: 24 March 2017</p>	<p>The Info Exchange system will track all inspection dates providing an early warning where appropriate enabling the effective management of the forward inspection programme. The process will be checked & monitored centrally by the National Compliance Team and reported through the monthly service report to the LBB client.</p>		24/03/17	Implemented
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7.	Policies and procedures (Operating Effectiveness)	<p>a) Policies and procedures will be reviewed and updated annually with all relevant parties involved in the review, and the approval process defined.</p> <p>Target date: 7 April 2017</p>	<p>Policies and Procedures will be stored in the document library within the Info Exchange system, these will be reviewed annually. Amended as required and signed off by LBB and CSG.</p> <p>Action – Review current policies and procedures identify gaps along with an action plan for completion. Completed documents to be stored in the document library.</p>	CSG Head of Building Services & LBB Head of Estates	30/04/17	Partly implemented
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7.		<p>b) Supporting procedures will be written for electrical maintenance, fire safety, lift safety and gas safety, along with all other relevant property compliance service programme items, dovetailing into the Council's policies and procedures.</p> <p>Target date:7 April 2017</p>	<p>Action –Create scoping documents and a responsibility matrix for all compliance areas.</p>	<p>Capita National Compliance Manager & CSG Head of Building Services</p>	30/04/17	Partly implemented
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