Internal Audit Report

Housing Stock Condition – Tenant Safety, Damp and Mould

07 December 2023

PL2303

Overall Assessment	Substantial Assurance

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2023/24 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2023. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall Assessment	Substantial Assurance

Overall opinion and summary of findings

Our review of the Council's approach Tenant Safety and the Dampness Improvement Plan provides substantial assurance that the Council has established effective controls and processes to identify, remediate and monitor cases of damp and mould in a timely and effective manner, in line with the requirements of the Scottish Housing Regulator.

The following areas of improvement have been identified which are intended to strengthen the Council's control environment:

- action should be taken to understand why a KPI to complete dampness surveys within 21 days is not consistently being met
- contract management and performance monitoring meetings should occur regularly, be appropriately recorded and KPIs monitored.

Areas of good practice

Our review identified:

- effective customer interface controls have been established to identify tenant vulnerabilities when tenants report cases
- a pro-active communication plan and awareness campaign has been established that enables tenants to identify root causes of dampness, mould, and condensation issues
- a working group has been established which meets regularly to oversee progress of the Dampness Improvement Plan.

Audit Assessment

See Appendix 1 for Control Assessment and Assurance Definitions

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Implementation of the Council's Dampness Improvement Plan	🟢	🟢	No issues noted	N/A
2. Customer Experience	🟢	🟢	No issues noted	N/A
3. Repairs of dampness and mould	🟠	🟠	Finding 1 – Dampness, mould, and condensation-performance monitoring and improvement	Medium Priority
			Finding 2 – Contract Management of Repairs and Maintenance Framework	Medium Priority

Internal Audit Report: PL2303: Housing Stock Condition – Tenant Safety, Damp and Mould

Background and scope

The City of Edinburgh Council is a social landlord to approximately 20,000 homes across the city and is responsible for ensuring the safety and well-being of tenants in Council-owned housing.

Following the tragic death of a two-year-old in Rochdale in December 2020 from a respiratory condition found to be caused by mould in his home, the coroner's report highlighted a link between dampness and mould in houses and serious health conditions. The Scottish Housing Regulator wrote to local authorities in January 2023 requesting landlords to ensure that they have 'proactive systems in place to identify and deal with any reported cases of damp and mould timeously and effectively'. Different housing regulatory authorities have also published detailed guidance for landlords to follow on damp and mould incidents. Some of those include:

- 'Spotlight report' by the Housing Ombudsman Service including 26 recommendations for landlords on damp and mould management

- 'Putting Safety First', a briefing note by the Scottish Housing Regulator (SHR) and other agencies on damp and mould management for social housing practitioners.

The Council has also developed a Dampness Improvement Plan, agreed at the Housing, Homelessness and Fair Work Committee in May 2023, to review and develop all processes and procedures relating to the treatment of dampness and mould in Council Homes.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the Council's Improvement Plan addresses the Scottish Housing Regulator's request to ensure that processes to identify and remediate cases of damp and mould in a timely and effective manner.

Risks

- Health and Safety
- Regulatory and Legislative Compliance
- Reputational
- Financial and Budget Management

Limitations of Scope

The following area was specifically excluded from the scope of our review:

- Insurance Services used by tenants who have experienced damage to their own property or belongings because of dampness and mould in Council homes.

Reporting Date

Testing was undertaken between 16 August and 14 October 2023.

Our audit work concluded on 14 October 2023 and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Dampness, Mould, and Condensation - Performance Monitoring and Improvement

Finding Rating	Medium Priority

A review of the tracker used to monitor Dampness, Mould, and Condensation cases across Council homes identified that the key performance indicator (KPI) target for completing dampness surveys within 21 days was not met in 50% of cases between January and 27 July 2023.

The tracker also contains target dates for completing internal repairs. It was noted, however, that the tracker does not identify instances when the target date has not been achieved. In four cases, a comment was noted to refer to other columns within the tracker, e.g., 'Recommended Works', but completion dates had not been recorded. Additionally, while there is a column in the tracker for the completion date of mould removal, no date was entered in two cases, and a comment was referred to another column which only gave details of recommended works.

A review of the Contract Handover report also identified that KPIs have not been established to monitor the timeliness of repairs carried out following the completion of a dampness survey.

Dampness, Mould, and Condensation performance dashboards are presented to the Housing, Homelessness and Fair Work committee twice annually as part of the overall update on the Dampness Improvement Plan. The dashboards contain data about the geographical location of cases raised (by locality) as well as reasons why repairs have been delayed. However, no information is presented to committee about the age of cases raised. The Committee is therefore unaware of and unable to scrutinise cases that have not been resolved for significantly overdue period.

Additionally, the Dampness, Mould and Condensation case tracker does not have a specific column to identify vulnerable tenants and subsequent costs associated with decants, where applicable.

Risks

- **Health and Safety –** dampness surveys and repairs not completed in a timely manner leading to potential health and safety impact for tenants
- **Supplier, Contractor and Partnership Management** – lack of performance monitoring to complete repairs in timely manner.
- **Governance and Decision Making** – Committee is unaware of, and unable to scrutinise, cases that have gone significantly overdue.

Recommendations and Management Action Plan: Dampness, Mould, and Condensation - Performance Monitoring and Improvement

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	a) Steps should be taken to understand why the KPI to complete a dampness survey within 21 days is not consistently being met.	a) Housing Operations (HO) reviewed current and predicted demand for surveys in the future and;	Executive Director of Place	Head of Housing Operations	28/05/2024

		• Will recruit and train three additional in-house Preservation Surveyors bringing the total to four in the Dampness Team • In addition to the two existing preservation contractors, another has been procured with agreement to carry out damp surveys. • Regularly review survey waiting times and deploy resources according to demand in each housing locality		Housing Team Operations Manager	
	b) Consideration should be given to establishment of a KPI for completing internal and preservation repairs in a timely manner (with valid exceptions, e.g., mixed tenure) omitted.	b) • KPI for internal preservation repairs to be agreed and set at next contract meeting • KPI timescales to be communicated to all stakeholders			31/03/2024
	c) The dampness, mould and condensation tracker should be updated to ensure all completion dates of works are recorded in the appropriate columns.	c) Dampness case tracker is updated weekly with completions information			28/02/2023
1.2	Dashboards presented to the Housing, Homelessness and Fair Work committee should include a summary of outstanding repair works by age to allow scrutiny and escalation of significantly overdue repairs.	The dashboard presented to HHFW committee will include all open cases since April 2023			31/05/2024
1.3	The Dampness, Mould and Condensation case tracker should be reviewed to ensure that a column is added to easily identify vulnerable tenants and costs associated with decants, where applicable.	This action was discussed with key officers during the course of the audit and an updated version of the tracker was provided demonstrating implementation of a Vulnerability column.		Head of Housing Operations Senior Repairs and Materials Officer	**Completed** – November 2023.

Finding 2 – Contract Management of Repairs and Maintenance framework

Finding Rating	Medium Priority

As part of audit fieldwork, Internal Audit requested the last three minutes of monthly contractor meetings with two suppliers:

Contractor 1: Internal Audit was provided monthly meeting notes for three months (May, June, and September 2023). There was no evidence available to confirm that monthly contract meetings were held in July and August 2023. Management advised that performance discussions have been held with the contractor but were not documented. While contract performance is a standing item on agendas with contractors, insufficient information was available within the minutes to verify what KPIs have been established and discussed.

Contractor 2: Only one minute (February 2023 meeting) was available to demonstrate that contract management meetings were being held with the contractor. Meeting notes indicated that discussions took place on KPIs but did not state numbers or percentages that the contractor must adhere to. The KPIs differed from those developed with the Council'[s Commercial and Procurement Services (CPS) during the procurement process and the Contract Handover report was also noted as not signed by the service area despite repeated requests from CPS.

Risks

- **Supplier, Contractor and Partnership Management** – contractor performance is not monitored against agreed performance targets.

Recommendations and Management Action Plan: Contract Management of Repairs and Maintenance framework

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	The Contract Handover report should be signed by the service manager, and agreed KPIs reviewed to ensure they are being recorded and monitored. Monthly contract review meetings should resume, with performance against agreed KPIs recorded and scrutinised.	• Contract Handover report to be signed by Willie Gilhooly (acting service manager at the time of framework procurement) • Contract review meetings will continue to take place every month • Measurement of performance by all contractors against KPIs to be analysed and recorded at each contract meeting	Executive Director of Place	Head of Housing Operations Housing Team Operations Manager	31/05/2024

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed	🟢	Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory	🟢	Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity	🟠	Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity	🔴	Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	**N/A**	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Finding Priority Ratings

Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.