

CORPORATE COMMITTEE 2 DECEMBER 2021

Report title: Risk Management Assurance for the HFL Housing Programme

Wards: All

Portfolio: Deputy Leader (Planning, Investment and New Homes) Councillor Matthew Bennett

Report Authorised by: Eleanor Purser and Sara Waller: Strategic Directors for Sustainable Growth and Opportunity

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REPORT SUMMARY

The Corporate Committee receives regular reports from officers on risk and control matters across the Council and this includes the Regeneration Programme that is being delivered through Homes For Lambeth (HFL). This programme is one of eleven strategic programmes that the Council is undertaking and this report is to advise the committee of the current assessment of risk and corresponding control measures being taken.

FINANCE SUMMARY

There are no financial implications as a direct result of the recommendations in this report.

RECOMMENDATIONS

1. To note the actions described for each of the control measures which are mitigating the risk to successfully delivering the housing regeneration programme that is being delivered through Homes for Lambeth.

1. CONTEXT

- 1.1 This report is to give assurance to Corporate Committee that the Council is properly managing the risk identified in the risk register. It is recognised that the identification of risk and implementation of control measures is key to the successful delivery of the HFL programme.
- 1.2 This report relates to Lambeth's Borough Plan. The plan establishes the council's twenty goals and the HFL programme provides a significant contribution to the delivery of two of these:
 - **Affordable housing** – this programme is focused on ensuring that additional affordable homes are provided in the borough, with a strong emphasis on providing homes at Council Level Rent, in addition to Intermediate homes, of particular importance to our key public sector workers.
 - **Housing quality** – this programme includes the renewal of six council estates, providing improved quality homes for many residents, the new homes also being of higher environmental standards.

2. PROPOSAL AND REASONS

- 2.1 In consideration of the remit of the Committee and to support it with undertaking its function, we have agreed to regularly submit a risk management assurance report to the Committee. This report is in a format that has been agreed by the committee. This format identifies the risk, its cause and effect and details the Control Measures being implemented to manage the risk. We have identified the Control Owner for each of the Control Measures and detail how the Control Measures will be implemented.
- 2.2 We ask that the Committee notes the actions described for each of the control measures and considers how these mitigate the risk to successfully delivering the housing regeneration programme that is being delivered through Homes for Lambeth.
- 2.3 The Committee is asked to put forward their observations and recommendations to the Cabinet Member for Planning, Investment and New Homes.

3. FINANCE

- 3.1 There are no financial implications as a direct result of the recommendations in this report.
- 3.2 Maintaining control over risks will support successful delivery of the HFL programme within the financial parameters set out in the Business Plan approved in April 2020, as updated in the Joint Delivery Plan, approved by Cabinet in March 2021.

4. LEGAL AND DEMOCRACY

- 4.1 The report has been submitted to Corporate Committee in its role of monitoring the effective development and operation of risk management and corporate governance in the Council.
- 4.2 There were no further comments from Democratic Services.

5. CONSULTATION AND CO-PRODUCTION

Consultation on the preparation of this report and its recommendations has taken place both with senior officers within the Council, HFL and also the Cabinet Member for Planning, Investment and New Homes.

6. RISK MANAGEMENT

- 6.1 The HFL estate regeneration programme is one of the Council's eleven strategic programmes and is therefore reported as a strategic risk on the Council's risk register with a particular focus on risks associated with delivering the programme to plan and budget.
- 6.2 Risk NGSR0027 is "Failure to deliver the Homes for Lambeth regeneration programme to plan which would have impacts on the Council's ability to deliver more and better homes as well as implications for the long term management and maintenance of selected estates". This overarching HFL delivery risk is underpinned by 11 individual HFL group risks relating to Health & Safety, Macroeconomics, Governance, Scrutiny and Programme Management.
- 6.3 Table 1 below shows the scores used for the Risk Scoring Matrix.

Table 1

Likelihood	Very Likely = 4	Likely = 3	Unlikely = 2	Very Unlikely = 1
Impact	Major = 8	Serious = 4	Significant = 2	Minor = 1

- 6.4 The impact of failing to deliver this strategic programme is rated as Major and the likelihood of this occurring is rated Likely. Therefore, the risk score remains at 24 which is High. The risk appetite level is 16.
- 6.5 A risk appetite of 16 means that we are willing to consider all options and choose the one that is most likely to result in successful delivery. Risk will be minimised while also providing an acceptable level of business benefit. As the risk score is greater than the appetite score we have chosen to Treat the risk which means to put plans and measures in place to bring down the risk score.
- 6.6 Table 2 below, identifies control measures that are each designed to support the successful delivery of the regeneration programme.
- 6.7 The Control Measures column explains the identified situation, the actions taken thus far and actions to be taken next.

Table 2 – Control Measures

Control Ref	Control Measures	Control Owner
NGSR0027/003	<p>Standardisation of key documents</p> <p>A number of the small site projects are under construction, with others in the latter stages of their gateway process. Taking these projects to contract close has allowed the council and HFL to co-develop a suite of standard form documents for use across the programme, including commissioning letters, licenses for enabling works, agreements for lease, leases and development loan agreements. Sale and purchase agreements and underleases for the transfer of affordable homes between HFL Build and Homes and related acquisition loan agreements between council and HFL Homes have been used for one project (Knight's Walk Phase 1) and, adapted as necessary for future projects, will be added to the suite of agreed form documents. A protocol for the use of standard form agreements will be included in the plain English annex to the next iteration of the Shareholders' Agreement between council and HFL.</p>	Tom Branton

NGSR0027/004	<p>Compulsory Purchase Orders (CPO) commencement for South Lambeth Phase 2 and Westbury phase 2 are forecast for 2021</p> <p>CPOs are considered a last resort and have proven to not be necessary thus far. We no longer expect to commence a CPO in 2021, however, where it becomes necessary for the Council to promote a CPO in order to achieve vacant possession, the process including all decision-making stages and all resource requirements, financial and non-financial, will be mapped out in detail before commencement.</p>	Tom Branton
NGSR0027/005	<p>Robust programme delivery planning to be reviewed and approved by HFL and council annually</p> <p>A 3-year business delivery plan, with a 2-year horizon, was approved and published in April 2020. Key strands of this were reported on and updated in the Joint Delivery Plan, approved and published in March 2021. The next Joint Delivery Plan will be published in March 2022 and will provide a performance update at that stage.</p>	Tom Branton
NGSR0027/006	<p>A commissioning framework which has regular performance review and gateway processes is in place</p> <p>As above, the standard form of commissioning letters, as well as other documents have been agreed for use by Council and HFL.</p> <p>A gateway process was agreed for the small sites projects in 2020. To-date the small sites gateway process has been used to take two projects through all stages to HFL and Council approval. Lessons have been learnt and will be applied to future projects. The agreed gateway process will be adapted as necessary for the estate regeneration projects.</p>	Tom Branton
NGSR0027/007	<p>HFL procurement practices and processes are robust in order to ensure that best value is achieved</p> <p>HFL procurement practices and processes closely mirror those of the council, departing where necessary to reflect the different status of HFL companies - e.g. HFL Homes as a registered social landlord. The HFL Boards have legal responsibility to ensure compliance with applicable law and regulation, which they discharge through the oversight and supervisory role of its Executive Team but also through Board oversight of procurement practices, process and outcomes</p>	HFL Board
NGSR0027/008	<p>Ensure that HFL has sufficient professional and technical capacity to deliver their programme</p> <p>Due diligence is being completed on HFL's capacity plans (employee skills and numbers; procurement of consultants and delivery partners; systems, processes, strategies and policies) to ensure they can deliver the refreshed programme of regeneration</p>	HFL Board
NGSR0027/009	<p>Ensure that council team has sufficient professional and technical capacity to deliver their parts of the programme and to act as commissioner of and client to HFL</p> <p>The council team has been in place since early 2020 but requires some strengthening to reflect the growing number of projects entering the delivery stage. A restructure of the Housing Delivery team has been finalised and recruitment for key roles is underway.</p>	Tom Branton

NGSR0027/011	<p>Opportunities to secure third party financial support e.g from the GLA to be maximised</p> <p>Available Affordable Housing (AH) grant and ring-fenced recycled Right to Buy receipts are fully allocated in the approved Business Plan (as updated in the Joint Delivery Plan). In April 2021 HFL submitted an application to GLA for AH grant in GLA's 2021-26 funding programme, GLA have awarded c.£28m funding to the HFL programme to support the delivery of Social Rent and Affordable Home Ownership homes. Programme plans and financial models will be refreshed to reflect this award and reported in the Joint Delivery Plan for 2022/23. The sum of recycled Right to Buy receipts in the GLA ringfence is monitored and any changes reported by the council to HFL. Other funding/grant opportunities will be sought and exploited, where possible, as a result of council and HFL closely monitoring government and other relevant communications.</p>	Tom Branton
NGSR0027/012	<p>Maintain a watching brief on the impacts of Covid 19 and Brexit and take mitigating actions</p> <p>Assessing and mitigating the impact on the HFL programme of adverse changes in construction costs, homes values and other relevant factors due to Covid 19 and/or Brexit and/or Building Safety Bill is a critical aspect of HFL's activities, led by the HFL Boards. HFL maintains an awareness of the industry-wide response and has adopted relevant measures. E.g. Covid 19 clauses in contracts, industry recognised working patterns to accommodate social distancing, use of technology to enable remote monitoring of sites for H&S compliance and to enable virtual consultation on plans and designs. Project appraisals will reflect latest cost estimates, taking into account the assessed impact of these various events and making prudent allowances for contingency. The refresh of the business plan and supporting financial models to inform the Joint Delivery Plan for approval in March 2022 will more fully reflect the assessed impact of these events. Recent tendering of schemes going to site such as Hydethorpe etc provide real world feedback that will inform the wider programme.</p> <p>The impact on projects and programme of any change in state aid law as a result of Brexit is being kept under review. Advice will be sought from council legal and external lawyers when legislation and/or change of regulation is introduced.</p>	HFL Board

7. EQUALITIES IMPACT ASSESSMENT

- 7.1 An independent programme level EQIA has been completed across the six estates.
- 7.2 The findings and action plans resulting from the independent study was considered by the Equalities Panel on 17 March 2020 and reported on as part of the HFL Delivery Plan and HFL Corporate Plan Cabinet Member Delegated Decision Report (CMDDR), 30 March 2020.
- 7.3 A review of progress made implementing the mitigations identified in the 2020 EQIA, as well as future actions planned for 2021-2022, was presented to the council's Corporate Equalities Panel on the 23 February 2021.

8. COMMUNITY SAFETY

- 8.1 Maintaining control over risks will support the successful delivery of the HFL programme. Projects within the programme are being designed to have personal outdoor space for each home with consideration given to security. Communal spaces will discourage anti-social behaviour and support community activity.

9. ORGANISATIONAL IMPLICATIONS

Environmental

- 9.1 Maintaining control over risks will support the successful delivery of the HFL programme. Projects within the programme will deliver new homes that are more efficient in how they are built and run.

Health

- 9.2 Maintaining control over risks will support the successful delivery of the HFL programme. Projects within the programme are being designed to address issues regarding community adaptability and resilience as well as social and cultural life.

Corporate Parenting

- 9.3 Maintaining control over risks will support the successful delivery of the HFL programme. Projects within the programme will deliver a significant number of one bedroom affordable homes which are generally the type of property that Lambeth care leavers bid for when they are ready to live independently.

Staffing and accommodation

- 9.4 Not applicable.

Responsible Procurement

- 9.5 Not applicable.

10. TIMETABLE FOR IMPLEMENTATION

- 10.1 Not applicable.

Audit Trail				
Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Matthew Bennett	Cabinet Member for Planning, Investment and New Homes.	22.11.21	23.11.21	
Eleanor Purser and Sara Waller, Strategic Directors	Sustainable Growth and Opportunity	16.11.21	22.11.21	All
Tom Branton, Director of Regeneration and Housing Growth	Sustainable Growth and Opportunity	16.11.21	17.11.21	All
Andrew Forde-Johnston, Assistant Director of Finance	Finance and Property	16.11.21	19.11.21	Finance & Risk sections
Greg Carson, Legal Services	Legal and Governance	16.11.21	22.11.21	4.1
Chloe Morris, Democratic Services	Legal and Governance	03.11.21	08.11.21	4.2

Report History	
Original discussion with Cabinet Member	22.11.21
Report deadline	19.11.21
Date final report sent	23.11.21
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	No
Date first appeared on forward plan	N/A
Background information	<p>Equalities Panel Report Feb 2021 (appendix B to Council and Homes for Lambeth Joint Delivery Plan) https://moderngov.lambeth.gov.uk/ieListDocuments.aspx?CId=225&MId=13761&Ver=4</p> <p>Homes for Lambeth Delivery Plan and Homes for Lambeth Corporate Plan, CMDRR including Appendix 4 – Equalities Impact Assessment https://moderngov.lambeth.gov.uk/ieDecisionDetails.aspx?Id=6562</p>
Appendices	N/A