

AUDIT & ACCOUNTS COMMITTEE
2 FEBRUARY 2022

HOMES ENGLAND COMPLIANCE AUDIT REPORT 2021-22 - HRA 5 YR DEVELOPMENT PROGRAMME

1.0 Purpose of Report

- 1.1 To inform the Committee the outcome of the Homes England Audit 2021/22 for the Council's 5 year Housing Revenue Account (HRA) Development Programme.
- 1.2 To advise the Committee of any actions taken and enable the Council to sign of the Audit on Homes England's Information Management System by the end of April 2022.

2.0 Background Information

- 2.1 As a Homes England grant recipient, the Council is routinely audited by external auditors (on behalf of Homes England) on the delivery of its Housing Revenue Account (HRA) 5 year development programme. Schemes for audit are randomly selected.
- 2.3 The Compliance Audit Programme provides assurance that organisations receiving grant have met with all Homes England's requirements and funding conditions and that providers have properly exercised their responsibilities as set out in the Capital Funding Guide, contract and any other supplementary compliance audit criteria.
- 2.4 The scope of the audit includes matters such as compliance with grant conditions, compliance in rent setting, contractor appointment and management and compliance in obtaining relevant planning and other approvals.
- 2.5 Homes England use the audit findings to inform future investment decisions and to assure them that public funds have been used properly.
- 2.7 It is part of the grant conditions that the outcome of the audits are reported to the Council's Senior Leadership Team and relevant Committee.
- 2.8 In 2020/21 The Council was audited (by Council appointed Independent Auditor Beever and Struthers and reported to Homes England) on a development scheme at Westhorpe, Southwell. It was concluded that the Council breached two elements of the audit checklist but that in breaching those checklist points, it did not misapply public funds and was awarded an Amber Grade. The Council took the necessary steps to ensure the breaches the Audit highlighted were addressed and a process review was undertaken to resolve the issues and reduce the risk of future audit failure as reported to the Accounts and Audit on 21st April, 2021.

3.0 HRA Compliance Audit Scheme

- 3.1 The Council was successful in a bid (August 2020) to the Department for Levelling Up, Housing and Communities (formerly the Ministry for Housing, Communities and Local Government) for funding for local housing authorities as part of the Next Steps Accommodation Programme (NSAP) to deliver the Council's vision to support the longer terms housing needs of rough sleepers.

- 3.2 The Council received grant (Sept 2020) for both capital and revenue assistance to purchase and fund support (managed by Framework) of six former almshouses at Northgate, Newark, for use as Move-on accommodation costing a total of £704,000. (Includes additional works to properties to reach appropriate EPC standards). The Council received grant for capital to the total of £387,200 (55% of total cost) and the remaining £316,800 (45%) was funded by the Council from the Homeless Prevention Fund. Revenue funding costs totalled £43,700 and the Council received grant totally £88,560 from MHCLG for the lifetime of the bid (3 years and 8 weeks).
- 3.3 The above scheme was selected for audit by Homes England as part of the HRA Audit Compliance Programme due to receiving grant.

4.0 Audit Findings

- 4.1 Standardised checks (off-site) were made by Council appointed Independent Auditors (Beever and Struthers) on a scheme in the district chosen by Homes England: Six Former Almshouses at Newark, Northgate. During the audit, the Independent Auditor checks the scheme for compliance using questions from Homes England's published checklists. The Independent Auditor reviews the information contained on file and reports any findings against Homes England's policy and procedures.
- 4.2 The Homes England Lead Auditor reviews the Independent Auditor findings and records any inconsistencies against their audit checklist that covers reconciliation of data as well as compliance with the capital funding guide. Breaches are used as the basis for awarding grades to the provider. The Compliance Audit Report awards Providers a red, amber or green grade based on the number and severity of breaches recorded.
- 4.3 The Grading structure is such that:
- Green Grade – the provider meets the requirements through identifying no high or medium breaches.
- Amber Grade – one or more high or medium breaches but the authority has not misapplied public funds.
- Red Grade – one or more high level breaches and there is a risk that the authority has misapplied public funds.
- 4.4 The outcome of the Homes England Compliance Audit for Newark and Sherwood District Council's has now been agreed by Homes England's Chief Accounting Officer and has concluded that the Council (Provider) has complied with all the programme requirements and guidance. A **GREEN** grade has been assigned and no breaches were identified. The full Homes England Audit Findings are attached as appendix A.

5.0 Equalities Implications

- 5.1 There are no equalities implications.

6.0 Digital Implications

6.1 There are no direct digital implications except for the training required to support use of the Homes England IMS system.

7.0 Financial Implications

6.1 Failure to meet Homes England's requirements could adversely affect the Council's ability to access funding for new homes, thus impacting on the Community Plan objective to deliver new affordable homes.

8.0 Community Plan - Alignment to Objectives

7.1 Create more and better quality homes through our roles as landlord, developer and planning authority.

9.0 Comments of Director(s)

9.1

10.0 RECOMMENDATION(S)

That the Committee note the findings of the Compliance Audit have been accepted by the Council.

Reason for Recommendation(s)

The Committee is assured of any required improvements implemented as a result of the Audit.

Background Papers

Homes England Compliance Audit Report 2021/22

For further information please contact Jill Sanderson, Housing Development Officer on Extension 5624

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