

**Agenda Item No.** 5

**Report to:** Audit Committee

**Date of Meeting:** 1<sup>st</sup> February 2022

**Report Title:** Homes England – Compliance Audit Annual Report 2021-22 for Ashford Borough Council

**Report Author & Job title:** Mark James, Development Partnership Manager

**Portfolio Holder:** Cllr Paul Clokie, Portfolio Holder for Housing

<b>Key</b>	<p><b>Summary:</b></p> <p>The Council is fortunate to be supported in its affordable homes programme delivery by Homes England. Their grant awards have seen the Council deliver numerous affordable housing schemes, and notably their grant funding has helped provide Farrow Court, Danemore, the New Quarter buildings (Somerset Heights and Stour Heights) and a range of infill sites.</p> <p>Latterly, we have two projects on site that are receiving grant – one of which, at Halstow Way, is at a high enough grant level to enable the housing service to set a social rent, a genuinely affordable rent at about 60% of the open market rent value, meaning the homes are at an attainable and accessible rent level for those who will be placed there once the scheme completes in June 2022.</p> <p>The attached report from Homes England advises Members of the outcome of the Compliance Audit carried out on a sample of the Homes England funded housing schemes. The purpose of the Compliance Audit is to confirm that the provider (the Council) has complied with Homes England's policies, procedures and funding conditions.</p>
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**Decision:** No

**Recommendations:** The Audit Committee is recommended to note the contents of the report. The Chair is asked to confirm that he has signed the report.

**Policy Overview:** N/A

**Finance Risk Assessment:** N/A

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**Report Title: Homes England – Compliance Audit Annual Report  
2021-22 for Ashford Borough Council**

## **Introduction and Background**

1. Each year Homes England (formerly known as the Homes and Communities Agency) carries out Compliance Audits on housing providers who are in receipt of Homes England funding under the Affordable Housing Programme (2016-21) or other funding programmes (they have recently launched the 2021-26 programme). Sample schemes are selected and checks are made to ensure that the provider (the Council in this instance) has complied with Homes England's policies, procedures and funding conditions on all contracts and agreements entered into.
2. Providers are required to appoint an independent auditor to carry out these checks. The auditor then reports their findings to Homes England, who assess this and then issue a report of their own to the provider, advising them of the grade they have been given. These are:
  - Green, if they meet requirements
  - Amber, if there is some failure to meet requirements
  - Red, if there is a serious failure to meet requirements
3. It is vitally important, given the scale of the council's affordable homes delivery programme and the need to be seen as an efficient deliverer of projects that Ashford Borough Council continues to meet the requirements set out by Homes England. Reputationally this has considerable merit for the authority as well and stands the authority in good stead as we seek to obtain further grant awards to help accelerate the affordable homes programme.
4. Failure to comply will not only jeopardise the Council's reputation but put at risk future schemes and tarnish the positive perception that the council has worked hard to build with central government and its many agencies. Given the scale of the pipeline the Council is putting together, which was detailed to Cabinet in December 2021, being seen as a reliable trustworthy deliverer, but also an ambitious partner through the Continuous Market Engagement process is paramount.

## **2021-22 Compliance Audit**

1. After a period in which Homes England's spot checks had not picked any of Ashford Borough Council's schemes for further attention, in 2021-22 the Council was once again selected for a Compliance Audit. The scheme selected was the new build scheme at East Stour Court, in Mabledon Avenue, Ashford. The scheme is part of the Council's DAHLIA brand of independent living accommodation for older people (DAHLIA standing for Desirable Affordable Housing Linking Independence and Age). It consists of 24 x 1-bedroom flats and 5 x 2-bedroom flats, which were being completed as the audit was being carried out.

2. Ashford Borough Council received £39,177 per unit for East Stour Court, a total of £1,136,140. This was through the 2016-21 Affordable Housing Programme to assist it in delivering this scheme. Some members may recall that previously the grant awards for independent living schemes had a different acronym (CASSH – the Care and Support Specialised Housing Fund) but all awards now are made from the one funding ‘pot’.
3. The independently appointed auditor appointed was Greg Trimmer of Trimmer CS Ltd. He undertook the audit between 11<sup>th</sup> and 20<sup>th</sup> August 2021. Following his audit, Ashford Borough Council was advised of the outcome in August 2021 and his report was submitted to Homes England accordingly.
4. The attached report (Appendix A) from Homes England confirms that the council was pleasingly awarded a Green Grade with no breaches of funding conditions or recommendations for improvement. Ashford Borough Council has had four Compliance Audits now since 2014 and in each audit has been awarded a Green Grade.
5. As stated, this is pleasing as we seek to extend our strong rapport with Homes England and to be seen by them as a trusted deliverer of affordable housing and also that we go about that with strong and robust processes that ensure we comply with the conditions that the funding awards carry.

## **Recommendations**

- I. Members are asked to note the contents of the Homes England Compliance Report for the 2021-22 financial year.
- II. The Chair is asked to confirm that he has signed the report.

## **Contact and E-Mail**

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# Compliance Audit Report – 2021/22

## 29UB – Ashford Borough Council

Final Grade	Green - Meets requirements
Independent Auditor Organisation	Trimmer CS Limited
Independent Auditor Name	Greg Trimmer

### Report Objectives and Purpose

Compliance Audits check Provider compliance with Homes England's policies, procedures and funding conditions. Standardised checks are made by Independent Auditors on an agreed sample of Homes England schemes funded under affordable housing programmes. Any findings, which may be a result of checks not being applicable to the scheme or an indication of procedural deficiency, are reported by the Independent Auditor to both the Provider and Homes England concurrently. The Homes England Lead Auditor reviews the findings and records those determined to be 'breaches' in this report. Breaches are used as the basis for recommendations and final grades for Providers. Grades of green, amber or red are awarded; definitions are provided on page 2 of this document.

Further information is available at: <https://www.gov.uk/guidance/compliance-audit>.

### Provider's Acknowledgement of Report

The contents of this report should be acknowledged by your Board's Chair or equivalent. Confirmation of this acknowledgement should be recorded in the IMS Compliance Audit System by your Compliance Audit Lead on behalf of your Board's Chair or equivalent. Online acknowledgement should be completed within three calendar months of the report email notification being sent.

### Confidentiality

The information contained within this report has been compiled purely to assist Homes England in its statutory duty relating to the payment of grant to the Provider. Homes England accepts no liability for the accuracy or completeness of any information contained within this report. This report is confidential between Homes England and the Provider and no third party can place any reliance upon it.

## Compliance Audit Grade Definitions

<b>Green Grade</b>	No high or medium severity breaches identified, although there may be low breaches identified. The Homes England audit report will show that the provider has a satisfactory overall performance but may identify areas where minor improvements are required.
<b>Amber Grade</b>	One or more medium severity breaches identified. The Homes England audit report will show that the provider has failed to meet some requirements but has not misapplied public money. The provider will be expected to correct identified problem(s) in future schemes and current developments.
<b>Red Grade</b>	One or more high level severity breaches identified, the Homes England audit report will show that the provider has failed to meet some requirements and there has been a risk of misapplication of public funds.

## Compliance Audit Grade and Judgement

<b>Final Grade</b>	Green - Meets requirements
<b>Judgement Summary</b>	On review of the evidence provided, the outcome of the audit has shown the provider has complied with all the programme requirements and guidance. A GREEN grade has been assigned and no breaches were identified.

## Scheme/Completions details

<b>Scheme ID/ Completion ID</b>	<b>Address/Site ID</b>	<b>Scheme type</b>
975805	East Stour Court- Ashford- 16/21Ashford,TN24 8BG	Rent

## Audit Results

Number of Schemes/Completions Audited	1
Number of Breaches Assigned	0
Number of High Severity Breaches	0
Number of Medium Severity Breaches	0
Number of Low Severity Breaches	0