

## **Audit Committee – 19 January 2010**

### **Regional Housing Pot Internal Audit Report**

#### **Summary of report:**

In scrutinising the regional housing pot internal audit report at its meeting on 8 December 2009, Audit Committee members requested assurance from accountable managers that the grant monies referred to within the report were not at risk of having to be potentially repaid.

This report details the housing standards and improvement manager's response to this request.

#### **Background papers:**

Internal audit reports/files/working papers.

#### **Recommendation:**

1. To note the contents of the report.

Rory Borealis

**Rory Borealis – Executive Director (Resources)**

**11 January 2010**

#### **Background:**

##### **Internal audit report – Regional Housing Pot**

An audit review of regional housing pot including regeneration, health through warmth scheme, Willenhall Lane travellers site, repair assistance (Black Country housing group care and repair and Birchills group repair scheme) and the kick start programme was undertaken as part of the 2008/9 annual audit plan. The council had been allocated regional housing pot grant of £3,328,000 by Government Office for the West Midlands for 2008/9 and additionally, the West Midlands Regional Assembly had allocated £971,000 to the council for the kick start programme for 2008/9.

Internal audit gave an overall limited assurance opinion on the system of internal control operating within the regional housing pot. A total of 17 actions for improvement were identified as part of the review with 12 being at high priority. The manager for housing standards and improvements confirmed that 12 of the 17 agreed actions had been fully implemented with the remainder to be implemented by 1 February 2010.

In scrutinising the regional housing pot internal audit report at its meeting on 8 December 2009, Audit Committee members requested assurance from accountable

managers that the grant monies referred to within the audit report were not at risk of having to be potentially repaid. The housing standards and improvement manager was asked by audit officers to provide a response to this request. This is detailed below.

### **Overview of the Regional Housing Pot**

The West Midlands Regional Assembly (WMRA) on behalf of the Department for Communities and Local Government (DCLG) are required to monitor the outcomes of the council's use of regional housing pot funds.

The remit for regional housing pot expenditure is broad. The WMRA's advice is that local authorities should set their own priorities for private sector and related regeneration investment and that they expect the funding to be directed towards this work.

Walsall Council's Cabinet has approved the overall framework for regional housing pot projects, which included direct reference to the adopted Housing Strategy and the borough wide Strategic Regeneration Framework. All projects that have been undertaken / proposed are in line with this and have tackled a variety of policy areas including:

- Regeneration master planning
- Comprehensive housing led area regeneration
- Tackling fuel poverty and high levels of winter deaths
- Enabling vulnerable households to live in adapted homes

The work has assisted in securing private sector investment into housing regeneration and stock improvement and enhanced partnerships have been developed with both National Health Service Walsall and Walsall Housing Group through this work.

### **West Midlands Regional Assembly Monitoring**

The WMRA, as part of its Regional Housing Board function, makes recommendations to government ministers on the use of housing capital funds in the region. Following ministerial approval of their recommendations, they advise local authorities in the region of their specific annual allocation.

While Regional Housing Boards are required by the DCLG to monitor the outcomes from the housing capital funds, they are not required to monitor spend.

The DCLG confirmed this position in June 2006 and the WMRA reconfirmed this position in writing in July 2009.

The council is required to provide an annual monitoring report to the WMRA on past performance and proposed future outputs. This requirement has been met by the council.

The council maintains a positive working relationship with the WMRA and this has included updating them on progress part way through the financial year.

High performance on outputs in previous financial years has maintained a high level of regional housing pot investment for the borough (only exceeded in the region by Birmingham City Council).

### **Outputs Delivered**

A copy of the latest output report forwarded to the WMRA in line with their monitoring requirements is detailed at **Appendix 1**. It can be seen that many of the output targets were exceeded.

A copy of an update on 2009/10 performance which was sent to the Regional Executive for their information (i.e. additional to their requirements), is detailed at **Appendix 2**.

### **Potential Claw Back**

There has been no suggestion from the WMRA that they have concerns about the delivery of outputs by Walsall Council on this initiative. As highlighted above, many output targets have been exceeded. Many of the outputs are tangible, for example demolition of 'x' number of houses which can be seen from a site visit. As a result, claw back is not anticipated.

### **Resource and legal considerations:**

While the WMRA is required by DCLG to monitor the fund outcomes of regional housing pot they do not monitor spend.

### **Citizen impact:**

Report scrutiny assists in demonstrating that the council and its officers are protected and provides an assurance to stakeholders about the security of the council's operations. This scrutiny is due to concerns regarding the potential for claw back of funds.

### **Performance and risk management issues:**

Many Audit Committee activities are an important and integral part of the council's performance/risk management and corporate governance frameworks. In selecting specific reports for detailed scrutiny the committee is able to ensure that operational and control issues are being dealt with appropriately and that managers' agreed actions are being implemented. Managers have been asked to respond to members' concerns in this important area.

### **Equality Implications:**

None arising from this report.

### **Consultation:**

DCLG and WMRA consultation is achieved via the allocation of regional housing pot to the council. WMRA is required by DCLG to ensure outcomes of regional housing pot expenditure are achieved. Walsall Council's Cabinet approved the overall framework for

regional housing pot projects, which included direct reference to the adopted Housing Strategy and the borough wide Strategic Regeneration Framework.

**Author:**

David Blacker – Chief Internal Auditor

☎ 01922 652831

✉ [blackerd@walsall.gov.uk](mailto:blackerd@walsall.gov.uk)

**Appendix 1 West Midlands Local Authority Regional Housing Pot allocations Monitoring 2009/10**

<b>LA: Walsall MBC</b>			
<b>08/09 Achieved outcomes</b>	<b>Allocation amount 08/09</b>	<b>Private sector leverage 08/09 (where information is available)</b>	<b>Outcome identified / being pursued for 2009/10</b>
<p><b>Target Exceeded –</b> 300 private homes made safe and decent through grant</p> <p><b>Target Exceeded –</b> 695 homes improved overall as a result of council action (RHP grant, council funding)</p> <p><b>Target Met –</b> 120 properties benefiting from environmental works in Blakenall NDC.</p> <p><b>Target met-</b> 6 properties acquired in Goscote through grant.</p>	<p><b>Regeneration and Growth</b> <b>£3,328,000</b></p>	<p><b>Target met :</b> <b>£52,074</b> invested by Walsall Housing group into property improvements.</p> <p><b>Target met :</b> <b>£622,000</b> invested by Walsall Housing group 142 properties demolished on</p>	<p><b>Improvement to Private Sector stock and similar activity</b> <b>£3,328,000</b></p> <p><b>Target</b> 150 private homes made safe and decent through grant</p> <p><b>Target</b> 400 vulnerable households assisted in improving their private homes – decency, fitness , health and safety</p> <p><b>Target:</b> To acquire the remaining 2 private properties on the former Goscote Estate.</p>

<p><b>Target Met</b> External works to 34 properties in the Birchills area as phase 1 of the regeneration of Birchills.</p>		<p>the Goscote Estate as part of comprehensive redevelopment proposal</p>	<p><b>Target</b> External works to 40 properties in the Birchills area as Phase 2, 3 and 4 of the regeneration of Birchills.</p> <p><b>Target</b> Pump prime stalled sites in strategic priority areas to accelerate delivery of additional private sector housing. Number of units kick started to be confirmed in 2010 outcomes monitoring.</p> <p><b>Aspirational Target</b> The work of the council on projects funded by RHP is anticipated to help secure Community Energy Saving Programme (CESP) to aid Birchills or another priority area of the borough through joint work with energy providers.</p>
---	--	---	---

## Appendix 2 Position Statement December 2009 Outputs to date and anticipated for 2009/10

### Improvement to Private Sector stock and similar activity

Original reported Output Targets 2009/10	Achieved outcomes To 30 <sup>th</sup> November 2009	Revised Target for 2009/10	Comment
<b>Target</b> 150 private homes made safe and decent through grant	<b>Target already exceeded</b> 177 private homes made safe and decent through grant	<b>Revised Increased Target</b> <b>200</b> private homes made safe and decent through grant	Considerable positive work done in tackling excess winter deaths related to excess cold in private homes. Successful partnership with both nPower and NHS Walsall has been expanded. Highlighted by HINTS as a best value direct approach to tackling excess seasonal deaths and fuel poverty.
<b>Target</b> 400 vulnerable households assisted in improving their private homes – decency, fitness , health and safety	<b>On Target</b> A total of 308 properties have been improved.	<b>No revisions to target proposed.</b>	The final quarter of each year usually sees an increase in rate of property improvements as grant schemes are being completed.
<b>Target:</b> To acquire the remaining 2 private properties on the former Goscote Estate .	1 of the 2 Goscote properties purchased.	Additional property to be acquired as part of the Moxley SRF Programme and comprehensive redevelopment of the Harrowby Road estate.	Negotiations on the purchase of the remaining property in Goscote and Moxley continue. Use of CPO powers is planned if agreement cannot be reached.
<b>Target</b> External works to 40 properties in the Birchills area	<b>Target already exceeded</b> 55 properties already completed a further 30 to be	<b>Revised Increased Target</b> 85 properties to improve.	

as Phase 2, 3 and 4 of the regeneration of Birchills	done by end of financial year.		
<b>Target</b> Pump prime stalled sites in strategic priority areas to accelerate delivery of additional private sector housing. Number of units kick started to be confirmed in 2010 outcomes monitoring.	<b>This project has been replaced with the Kickstart Project for which Walsall secured significant funding for example – Waterfront South</b>		
<b>Aspirational Target</b> The work of the council on projects funded by RHP is anticipated to help secure Community Energy Saving Programme (CESP) to aid Birchills or another priority area of the borough through joint work with energy providers.	<b>On Target</b> Centrica /British Gas have chosen Walsall as one of only a strictly limited number of councils in the UK to benefit from this initiative. They are investing funds with whg (circa £4M) and seeking to do similar with Accord Housing.	<b>Not applicable</b>	During Qtr 4 we will investigate the opportunities to link our health through warmth project to this scheme to maximise benefits for the borough.
<b>Additional Initiatives in line with programme.</b>	<b>Achieved outcomes To 30<sup>th</sup> November 2009</b>	<b>Revised Target for 2009/10</b>	<b>Comment</b>
<b>Strategic Housing Land Availability Assessment</b>	<b>On Target</b> Due for completion February 2010.	<b>Not applicable</b>	This borough wide study will highlight areas for housing investment for a 10-15 year period and aid with delivery of strategic housing functions.



<b>Birchills Masterplan</b>	<b><u>On Target</u></b> Masterplan commissioned	<b>Not applicable</b>	Area based housing and regeneration master plans are being undertaken to highlight the key priorities for future action / investment. Both are within the SRF priority list. The RHP contribution towards these is match fund to other funds i.e. whg investment / VIEW
<b>Darlaston Masterplan</b>	<b><u>On Target</u></b> Masterplan commissioned	<b>Not applicable</b>	
<b>Empty Properties</b>	<b><u>On Target</u></b> Initial work planned for Qtr 4 2009/10 in advance of 2010/11 to address long term empty properties within the borough	<b>Not applicable</b>	The new Housing Renewal Assistance Policy to be considered by Full Council in January 2010 sets out the detailed criteria for both of these projects which directly complement other RHP initiatives.
<b>Renewable energy and hard to improve units</b>	<b><u>On Target</u></b> Initial work planned for Qtr 4 2009/10 in advance of 2010/11	<b>Not applicable</b>	