



Audit Committee



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Report for:	Audit Committee
Title of report:	Homes England Compliance Audit Report
Date:	20/03/2024
Report on behalf of:	Councillor Simy Dhyani, Portfolio Holder for Housing
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A Compliance Audit Report Ref 20240117
Background papers:	None
Glossary of acronyms and any other abbreviations used in this report:	None

Report Author / Responsible Officer

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Corporate Priorities	A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for those most in need
Wards affected	Kings Langley
Purpose of the report:	1. To report on the outcome of a Homes England Compliance Audit.
Recommendation (s) to the decision maker (s):	1. To acknowledge the Compliance Audit Report

	and its recommendation.
Period for post policy/project review:	The project will be subject to a lessons learnt exercise during the defects period and carried out over the next six months.

1 Introduction/Background:

Homes England provide grant funding for the construction of affordable housing through their Affordable Homes Programme. Over the last 2 years The Council have been allocated £20,004,268 from Homes England to support our development programme. The funding received has been for the following group of projects.

Sites	New homes	Funding Received
5 Garage Sites (Beechfield, Housewood, Dione Rd, Sempill & Sleddale)	25	£2,539,399.00
Randalls Ride	30	£1,998,739.00
St Margaret's Way	46	£4,559,954.00
Marchmont	32	£3,793,600.00
Paradise Depot	56	£7,112,576.00
Total	189	£20,004,268.00

2 Homes England Audit Compliance

Audit and Process

Homes England conduct an annual audit programme for projects receiving their funding. The process ensures that providers of affordable housing receiving grant funding have complied with Homes England's requirements and funding conditions and have properly exercised their responsibilities as set out in Homes England's Capital Funding Guide.

The Council were selected for an audit to be undertaken on a garage site in Beechfield, Kings Langley where four new houses had been constructed.

To conduct the audit The Council were required to appoint an Independent Auditor. Following the Independent Auditor completing their report Homes England undertake a review to identify any breaches and provide a grade that is either **RED, AMBER OR GREEN**. The audit process and timeline is set out below:

1. Homes England notified The Council on the 21st June 2023 that they will be audited.
2. The Council had to appoint an Independent Auditor by 16th August 2023.
3. Independent Auditor (Saffer Cooper Consultancy) completes a checklist and submits their findings within 5 weeks.
4. The Council's Housing Development Team had 10 working days to review and comment on the findings of the Independent Auditor.
5. Homes England assess the Independent Auditors report between October to December 2023.
6. Homes England issued report to The Council on the 17th January 2024.
7. The Councils Audit Committee are required to acknowledge the report and confirm agreed recommendations all within 3 months of receiving report.

Outcome

The Compliance Audit Report can be seen in Appendix A and confirms a GREEN rating.

The audit identified 1 minor breach around design costs that had been included in the build cost but should have been identified separately as an on cost.

The Councils Housing Development Team accepted the breach, but raised the observation that the Capital Funding Guide point 3.4.6 advises “Where the development contract is design and build, the on costs may include the builder’s design fee element of the contract sum”. As the point did not state that the figure must be included within the on-cost, the Council’s Housing Development Team felt that keeping the fee within the works element was a true reflection of the contracted works.

The Councils Housing Development Team have implemented a check for all Homes England funded projects that are being delivered via a Design and Build contract to ensure that all contractor design costs will be included within the scheme on-cost and taken out from the contract works element for existing and future projects.

The team will continue to tightly monitor the delivery programme and be prepared for any future audits.

3 Financial and value for money implications:

Grant funding from Homes England is utilised to finance the delivery of new build housing for the Housing Revenue Account, the Council’s housing landlord function. The assignment of a ‘Green’ grade for this audit provides assurance to Committee and to Homes England that grant funding received by the Council has been properly applied. The receipt and application of Homes England funding is monitored and managed closely by the Council’s Investment and Delivery service and Financial Services.

4 Legal Implications

There are no legal implications arising from the report.

5 Risk implications:

Any RED rating or failure to comply with the audit outcome may impact future availability of funding from Homes England.

6 Equalities, Community Impact and Human Rights:

There are no Equalities, Community Impact or Human Rights Implications arising from this report.

7 Sustainability implications (including climate change, health and wellbeing, community safety)

There are no sustainability implications arising from the report.

8 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

There are no Council infrastructure implications arising from the report.

9 Conclusions:

The Council received a **GREEN** rating for the Beechfield, Kings Langley development as a result of the Homes England Compliance Audit. In order to complete the audit and ensure compliance, the report and its recommendation must be acknowledged by the Audit Committee.

10 Recommendation

The audit report and its recommendation are acknowledged and signed off by Audit Committee and confirmation of this acknowledgement is recorded in the Homes England Investment Management System.