

Internal Audit Report
Social Housing White Paper
February 2023



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If you have any questions about this report, please contact Andrew Wood, Audit Manager Andrew-Wood@Tamworth.gov.uk

The matters raised in this report are the ones that came to our attention during our internal audit work. While every care has been taken to make sure the information is as accurate as possible, internal audit has only been able to base these findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be needed. This report was produced solely for the use and benefit of Tamworth Borough Council. The council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

01 AUDIT CONTEXT

Approach

This review was undertaken as part of the 2022/23 Internal Audit Plan endorsed by the Audit and Governance Committee.

Our work has been performed in accordance with the principles of the Public Sector Internal Audit Standards.

Scope & Background

We have reviewed each area in accordance with the audit brief agreed with management prior to our visit. **Appendix 1** provides detail of the scope of our work.

Our approach was to assess the risks inherent within the system and then document and evaluate the adequacy of controls in operation. For each system, the key controls operated by management were assessed against the controls we would expect to find in place if best practice in relation to the effective management of risk, the delivery of good governance and the attainment of management objectives is to be achieved.

We report by exception and only highlight those matters that we believe merit acknowledgement in terms of good practice or undermine a system's control environment, and which require attention by management.

The audit covered the time period April 2022 to March 2023.

Background

The Charter for Social Housing Residents: Social Housing White Paper was published on the 17th November 2020. The White Paper describes a new charter for social housing residents which sets out what they should be able to expect and what will be done to ensure

landlords live up to this new charter. The new Charter includes a number of expectations such as: to be safe in your home, to know how the landlord is performing, to have your complaints dealt with promptly and fairly, to be treated with respect, to have your voice heard by your landlord, to have a good quality home and neighbourhood to live in and to be supported to take your first step to ownership.

The White Paper sets out wide-ranging proposals to transform and strengthen the regulatory regime to ensure it holds all landlords to account for the services they deliver. Changes to the regulatory regime intended include; establish a proactive consumer regulation regime with active oversight of landlord performance, including introduction of routine inspections and reporting issues of concerns.

Whilst there is no defined timescale when the legislation will be passed, the Social Housing Regulation Bill had its first reading in the House of Lords on 8 June 2022. As at 2 March 2023, the bill has been through all stages in the House of Lords and Commons and will return to the Lords for consideration amendments. Whilst the Housing White Paper requirements are being addressed by the Council, alongside, there are other considerations which include the health impacts of damp and mould and also the requirement to collect, publish and submit 22 tenant satisfaction measures (TSM's).

At the time of the audit the Council project has seen the completion of the self-assessment and the identification of actions to address current non-compliance through an improvement plan. It is envisaged that the improvement plan will cover a three year period.

Acknowledgements

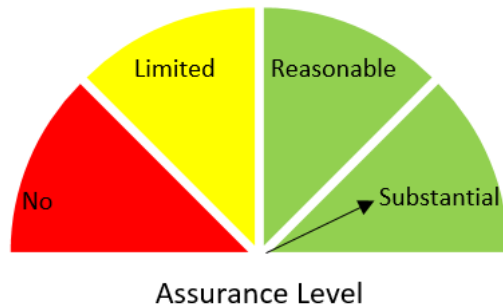
We would like to thank all staff involved in this review for their co-operation and assistance.

02 EXECUTIVE SUMMARY

Audit Opinion

We categorise our opinions according to the assessment of the controls in place, the level of compliance with those controls and how they mitigate risk. Each of the issues identified has been categorised according to risk. Detailed assurance definitions and risk definitions are set out in **Appendix 2**.

In our opinion the Audit and Governance Committee can take **Substantial Assurance** that the controls upon which the organisation relies to manage risks material to the achievement of the organisation's objectives are suitably designed and effective.



No recommendations have been made.

Rationale for the audit opinion

While the Council at this stage cannot demonstrate that it meets the requirements of the White Paper, assurance can be given that the design of controls is adequate and demonstrates that preparations are in progress to ensure that the requirements of the paper will be considered, evaluated, monitored and actioned.

There is an awareness of the White Paper and revised inspection regime. Staff, Members, and tenants have been updated on the preparedness for meeting requirements in the Social Housing (regulation) Bill. Audit noted that agenda items for the Cabinet, Corporate Scrutiny and Homeless Prevention and Social Housing Sub-Committee included self-assessment compliance, improvement plan and resourcing requirements. The chair and vice chair of the Tenant Consultation Group have been nominated to attend the Homeless Prevention and Social Housing Sub Committee.

YD Consultants were appointed to complete the self-assessment work. The work undertaken by the consultants consisted of an initial desktop document review and meetings with Councillors, senior management, officers and tenants. The self-assessment against the five consumer standards, was undertaken.

- Home Standard
- Tenancy Standard
- Neighbourhood and Community Standard and
- Tenant Involvement and Empowerment Standard
- Rent Standard.

For each of the consumer standards a set of actions required has been identified.

The improvement plan includes actions prioritised into red, amber and green. The plan does not include a target date or owner. The improvement plan was reported to Cabinet in November 2022.


A budget allocation of £100k to resource the self-assessment program and its implementation has been approved by Cabinet and included as a proposed policy change to Council as part of the Budget 2023/24 approval. It is anticipated that the co-ordination of the Assistant Director Neighbourhoods as a Project lead, Tenant & Leaseholder Regulatory Manager and dedicated ICT resource requirement be required for up to two years.

At this stage in the project, there are no weaknesses identified in the operation of the controls that need to be addressed. However, whilst an improvement plan has been developed there is no target date or owner for the actions. A financial allocation has been approved by Cabinet, however the resource has not been decided, whether it be through internal staff or the use of external consultants. Until the action plan has measurable timescales, a Project Initiation Document and plan cannot be finalised. Governance arrangements are still to be decided.

We understand from key staff and note from a review of the Cabinet Forward Plan that these matters will be addressed and reported to Cabinet in April 2023. Once a defined plan with resource allocations and governance arrangements are in place, the Council should progress to ensure the White Paper requirements are implemented. This should be the forward focus during 2023/24. A further audit will be undertaken during 2023/24 to assess the progress of the preparations.

Key risks evaluation

As part of the scoping process key risks were identified and agreed in the Terms of Reference. Our evaluation of the controls in place to mitigate these risks is shown below:

| | | | |
|------------------|--|-------------|---|
| Key Risks | There is a significant failure in preparing for the implementation of the Housing White Paper which will lead to non-compliance with legislation. Resulting in significant reputational risk and potential financial consequences for the Council. | Substantial |  |
|------------------|--|-------------|---|

Value for money

None noted

Direction of Travel

The Social Housing White Paper was audited in 2022 where a substantial assurance was given. The direction of travel remains the same.

APPENDIX 01: ASSIGNMENT BRIEF

MANAGEMENT OBJECTIVE: There are suitable internal controls in place to effectively manage the preparation for the regulatory compliance arising from the Housing White Paper

AUDIT FOCUS: This is a risk based systems review of controls in place to mitigate identified risks in accordance with key controls identified below.

KEY RISKS AND CONTROLS TO MITIGATE THE RISK:

| | |
|---|---|
| <p>There is a significant failure in preparing for the implementation of the Housing White Paper which will lead to non-compliance with legislation. Resulting in significant reputational risk and potential financial consequences for the Council.</p> | <ul style="list-style-type: none">➤ Key staff are aware of the requirements of the Housing white paper.➤ Changes to the legislative requirements are received and plans updated, as required.➤ A self- assessment gap analysis of current legislative requirements against the requirements of the Housing White paper requirements has been completed.➤ An action plan has been developed to address gaps.➤ There is adequate and experienced resource to implement the actions.➤ Stakeholders are involved in the implementation process.➤ Implementation will be progressed through a programme of tasks with key timescales.➤ Progress is monitored and reported and action taken to address any issues. |
|---|---|

AUDIT APPROACH:

- Walkthrough test of controls to verify framework exists and samples chosen to verify application of control where necessary.
- Discussion with key members of staff
- Testing on a sample basis to evaluate consistent application of controls

- Observation

INFORMATION REQUIREMENTS

- Information may be requested as the audit progresses.

APPROVAL:

The terms of reference have been agreed with the relevant manager and head of service in advance of the audit.

INTERNAL AUDIT PERFORMANCE INDICATORS:

| KPI | Description |
|------------------------------------|---|
| Effective completion of audit work | 100% of draft reports are issued within 6 weeks of commencement of work. |
| | 100% of closure meetings conducted within 5 days of completion of audit work. |
| | 100% of draft reports to be issued within 10 working days of closure meeting. |
| Customer Satisfaction | Achieve an average score of 4 or more. |

DEFINITION OF AUDIT OPINIONS AND RECOMMENDATION PRIORITIES:

| Overall Audit Assurance Opinion | Definition |
|---------------------------------|---|
| Substantial | There is a sound system of internal control designed to achieve the organisation’s objectives. The control processes tested are being consistently applied. |
| Reasonable | While there is a basically sound system of internal control, there are some weaknesses which may put the organisation’s objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied. |
| Limited | Weaknesses in the system of internal controls are such as to put the organisation’s objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied. |
| No | Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area. |

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