

# CABINET

## Jubilee Court – Outcome of Homes England Audit Report Cabinet – 7<sup>th</sup> March 2024

### Report of Chief Officer – Housing and Property

PURPOSE OF REPORT			
The report is to update Cabinet members on the recent audit report and recommendation made by Homes England.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/> Referral from Cabinet Member
Date of notice of forthcoming key decision	N/A		
This report is public			

#### RECOMMENDATIONS OF COUNCILLOR CAROLINE JACKSON

- (1) That Cabinet note the report.

##### 1.0 Introduction

- 1.1 In October 2021, Cabinet received a report confirming that a bid had been successful under the Rough Sleeping Accommodation Programme (administered by DLUHC and Homes England) allowing the council to receive the funding and take forward the acquisition of Jubilee Court, Lancaster to provide 12 apartments designated for rough sleepers. The scheme completed in March 2023.
- 1.2 In order to receive the funding, the council had to acquire Investment Partner Status with Homes England initially and subsequently enter into contract with Homes England agreeing to the full terms of its Capital Funding Guide.
- 1.3 As part of the administration and monitoring arrangements, Homes England routinely undertake compliance audits to assess adherence with the Capital Funding Guide. As a new provider, Lancaster City Council was randomly selected for audit in 2023/24.

##### 2.0 The Audit Process

- 2.1 The audit process requires each provider to appoint a suitably qualified and accredited external auditor to undertake the audit. KPMG was selected for this purpose. The checklist i.e. the series of audit questions was released to KPMG, and their auditing team worked closely with key officers (Kathy Beaton was the Project Lead supported by Rebecca Lord as Principal Accountant) to gather the evidence and submit their findings to Homes England.

- 2.2 Homes England has a traffic light scoring system to assess the audit findings:-
- Green – The Provider meets the requirements
  - Amber – There is some failure by the Provider to meet the requirements
  - Red – There is serious failure by the Provider to meet requirements (leading to sanctions/reclaiming of grant)
- 2.3 Homes England has now released the audit report setting out the awarded grade and judgement summary for Jubilee Court which is attached at Appendix 1. The awarded grade is Green. One minor breach was identified and detailed in the report. Namely that the original scheme cost input on to the system at the time of the original bid differed to the actual scheme cost.
- 2.4 The estimated scheme cost for Jubilee Court at the time of the bid was £1.273M comprising £1.05M acquisition cost and £253K for refurbishment costs. This figure was reported to Cabinet at their meeting on the 21<sup>st</sup> October 2021. Cabinet authorised a capital contribution of up to £750K and combined with the grant funding of £576K, resulted in a revised project cost of £1.326M at the commencement of the project. Cabinet authorised any additional costs to be funded from homelessness reserves. The actual cost reported at the time of the audit in 2023 was £1,346,317.48.
- 2.5 The audit report has highlighted that the final scheme cost should have been updated in the IMS system. The feedback is welcomed and constructive for the purposes of future bids. In terms of follow up actions, Homes England request that for any current bids in the IMS system, any changes to the original bid should be reviewed to ensure future compliance before the final grant claim is made. One further bid is live within IMS in respect of Alder Grove, Marsh, Lancaster, for the construction of four new properties. Officers will ensure that all information submitted at bid stage will be updated before the final grant claim is made.

### **3.0 Details of Consultation**

- 3.1 Consultation has been limited to the council's external auditors KPMG and Homes England.

### **4.0 Options and Options Analysis (including risk assessment)**

- 4.1 As the report is for noting, no options and options analysis is needed.

### **5.0 Conclusion**

- 5.1 It is a requirement of Homes England to formally report the audit findings to Cabinet and within three months of receipt of the audit report, that the Provider inputs the date of the Cabinet meeting confirming acknowledgement of the audit report findings and recommendations.

## **RELATIONSHIP TO POLICY FRAMEWORK**

The adopted Homes Strategy 20-25 sets out the council's housing and regeneration priorities over the Strategy period. Section 13 sets out the council's ambitions priorities and actions to tackle homelessness and rough sleeping including a clear intention to bid for future revenue and capital funding to bring forward longer term move on accommodation for rough sleepers.

## **CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

None

#### **LEGAL IMPLICATIONS**

There are no legal implications arising from this report.

#### **FINANCIAL IMPLICATIONS**

As detailed in section 2.4 the actual cost reported at the time of the audit in 2023 was £1,346,317.48.

Subsequently, there has been further spend in 2023/24 which currently totals £11,479.74. This amount alongside further expected expenditure can be managed from the £23,000 capital slippage approved by Cabinet on 12<sup>th</sup> September 2024 (minute 24(4) refers).

#### **OTHER RESOURCE IMPLICATIONS**

##### **Human Resources:**

None known.

##### **Information Services:**

None known.

##### **Property:**

None known.

##### **Open Spaces:**

None known.

#### **SECTION 151 OFFICER'S COMMENTS**

This report concludes Home's England's audit regarding Jubilee Court. Although one minor area of noncompliance was highlighted during the audit the overall assessment was green confirming that the City Council had met the requirements of the scheme

#### **MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring Officer has been consulted on the report. It is noted that there has been a procedural error with the input of the Jubilee scheme costs. Officers, as a matter of good governance and practice, should review the audit and consider how project management can be improved going forward.

#### **BACKGROUND PAPERS**

<https://modgov.lancaster.gov.uk/documents/s80630/Proposed%20Property%20Acquisition.pdf>

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