

MID SUFFOLK DISTRICT COUNCIL

TO: Mid Suffolk Cabinet	REPORT NUMBER: MCa/22/45
FROM: Cabinet Member for Housing	DATE OF MEETING: 6 February 2023
OFFICER: Holly Brett – Corporate Manager - The Councils' Companies	KEY DECISION REF NO. CAB406

HOMES ENGLAND COMPLIANCE AUDIT – NEEDHAM MARKET MIDDLE SCHOOL SITE

1. PURPOSE OF REPORT

- 1.1 In July 2022 Homes England required a compliance audit to be undertaken on the affordable housing development at Needham Market Middle School site in relation to the grant received for the development from Homes England totalling £1,420,000
- 1.2 In November 2022 the Council received the outcome of the audit from Homes England, which gave the scheme an amber rating for compliance.
- 1.3 Homes England require Mid Suffolk District Council to acknowledge the contents of the report so that this can be reported on Homes England's Investment Management System. Homes England require this acknowledgement to be made by February 2023.

2. OPTIONS CONSIDERED

- 2.1 There are no options to consider.

3. RECOMMENDATIONS

- 3.1 That Mid Suffolk District Cabinet formally acknowledge the compliance audit received from Homes England in relation to the affordable housing development at Needham Market Middle School

REASON FOR DECISION

To meet the obligations set out in the funding agreement between the Homes and Communities Agency (now Homes England) and Mid Suffolk District Council in relation to the Shared Ownership Affordable Homes Programme 2016-2021

4. KEY INFORMATION

- 4.1 The Council owned site at the former Needham Market Middle School is currently on site, with predicted completion of the final units in March 2023. There are a mix of tenures within the scheme, shared ownership, affordable rent and social rent. The development was part funded through a grant allocation of £1,420,000 from the Government's Shared Ownership and Affordable Homes Programme 2016-2021. Homes England through their Investment Management System require providers in receipt of grant funding to include milestones for delivery which relate to payment of the grant. Homes England carry out audit and compliance checks of providers at regular intervals to ensure the paperwork and governance procedures are in place for the delivery of grant funded affordable housing.

- 4.2 MSDC appointed RSM Risk Assurance Services Ltd to provide records and information to the compliance repository, with Council officers who project manage housing development schemes providing the evidence and paperwork to the auditors.
- 4.3 The new affordable homes development at the Needham Market Middle School received £1,420,000 of grant funding from Homes England through the Shared Ownership Affordable Homes Programme 2016-2021. The scheme received £568,000 at acquisition of the site in July 2019, £497,000 at start on site in November 2020 and will receive final practical completion payment of £355,000 in March 2023
- 4.4 The audit was returned with an amber rating, this means that there were “some failures to meet requirements”. The audit has identified one medium breach with no risk of misapplication of public funds.
- 4.5 An amber rating means that on review of the evidence provided, the outcome of the audit has shown the provider has failed to comply with some of the programme requirements and guidance, in this case one requirement.
- 4.6 The breach relates to the valuation of the site not being valid at exchange of purchase contracts when the site was purchased from the County Council. The valuation was sought in February 2016 and contracts were exchanged in August 2016. The Capital Funding Guide requires valuations to be valid within three months of exchange, therefore the valuation was out of date.
- 4.7 The provider is responsible for ensuring remedial action is taken in accordance with the recommendations listed in the Compliance Audit system to ensure further breaches of this nature do not reoccurring in the future and Capital Funding Guide requirements are met.

5. LINKS TO CORPORATE PLAN

- 5.1 Links directly with the housing corporate objective and delivery of new housing, owned and managed by the Council, as set out in the housing delivery plan.

6. FINANCIAL IMPLICATIONS

- 6.1 MSDC appointed RSM Risk Assurance Services Ltd to provide records and information to the compliance repository at a cost of £3600 to the Council.
- 6.2 MSDC received £1,420,000 from the Homes England affordable homes programme to deliver 41 affordable homes at Needham Market.

7. LEGAL IMPLICATIONS

- 7.1 None

8. RISK MANAGEMENT

- 8.1 Key risks are set out below:

Key Risk Description	Likelihood 1-4	Impact 1-4	Key Mitigation Measures	Risk Register and Reference*
Failure to meet the requirements of the Capital Funding Guide	2	2	Ensuring that the Capital Funding Guide criteria measures are fully understood, documented	Affordable Housing delivery

could adversely affect the Councils' ability to access funding for new homes from Homes England.			and implemented throughout the life of the project and that these are checked by a CM	register no. 15
--	--	--	---	-----------------

**Name of risk register where risk is currently documented and being actively managed and it's reference number*

9. CONSULTATIONS

9.1 None undertaken.

10. EQUALITY ANALYSIS

Equality Impact Assessment (EIA) not required as this report is for formal acknowledgement only.

11. ENVIRONMENTAL IMPLICATIONS

11.1 There are no environmental issues arising from this report.

12. APPENDICES

None

13. BACKGROUND DOCUMENTS

13.1 None

14. REPORT AUTHORS

Holly Brett, Corporate Manager - The Councils Companies