



All Members

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Dear Members

Audit Committee – 30 September 2025

I am now able to enclose, for consideration at the next meeting of the **Audit Committee**, the following reports that were unavailable when the agenda was printed.

Agenda.No. Item 4 Minutes of the previous meeting

4. Minutes of the previous meeting (Pages 3 - 8)

Written Answers to the Public Questions raised at the meeting on 24 June 2025.

Yours sincerely,

Sarah Lees
Clerk to the Audit Committee

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Audit Committee Public Questions and Answers (24th June 2025)

Name of person submitting	Questions
Barry Warren Page 3	Are any elected members involved in deciding what is included in the 'risk matrix, and any comments attached to any item? Response from the Chair of the Audit Committee: The members of this committee own the Risk Register and they have the opportunity to include or amend it as they see fit. A relevant bullet point in paragraph 2.3 is 'CR9a: Reputational Impact of 3 Rivers was removed in May 2025. The company undertook no operational activities in 2024/25 and was formally dissolved on the 26 November 2024 and all assets/liabilities were transferred to the Council during the 2023/24 financial year. As such it has been decided that this corporate risk can now be removed. Any updates on the assets transferred to the Council will be made in the standard financial performance reports received by the Cabinet.' <u>Question 2.</u> Who decided this removal please? Response from the Chair of the Audit Committee: This was the recommendation of the Leadership Team to this committee for their consideration and approval.

Question 3.

Is there a written minute or note of a meeting when this decision was made?

Response from the Chair of the Audit Committee:

The minutes of this meeting will endorse that recommendation and remove the item from the register.

At the Audit Committee Meeting on the 3rd of December 2024 it is minuted “It was felt that the reputational damage regarding 3 Rivers would last for a long time. Dissolution of the company was but one event in a long series of events. There were still unsold properties to deal with.’

It was agreed that the Head of Finance, Property and Climate Resilience would report back the comments made by the Committee to the Leadership Team and that the risk would be reviewed, removing reference to the closedown risk and focusing on the remaining reputational risk.

Question 4.

The matrix in Appendix 2, page 28 of your bundle shows that the ‘Risk Owner’ is the Chief Executive. Is it considered that the actions now being proposed or undertaken are in accord with the intention or spirit of the agreement recorded on the 3rd of December 2024?

Response from the Chair of the Audit Committee:

At its March 2025 meeting, this committee removed any reference to the closedown risk. The unsold properties are a risk this Council took on in closing the company, in line with member’s wishes.

Question 5.

Are members really convinced that the reputational damage caused by 3 Rivers can be removed by transferring properties to the Council? They were BOUGHT by the Council for millions of pounds – not transferred.

Response from the Chair of the Audit Committee:

See the above answer to Q5.

Question 6.

Properties at Bampton have not been all sold and there are price reductions. Land at Knowle Lane was overpriced and remains unused. St. George's Court is still not completed and let with questions around structural surveys. All these monies could be earning interest for the council but are not. Are members satisfied that this is not causing 'reputational damage' to the Council?

Response from the Chair of the Audit Committee:

See the above answer to Q5. Discussion took place during the meeting, which agreed a future reporting method that would supersede the current process.

**Paul
Elstone**

Question 1

This Administration has spent and intends to spend tens of millions of pounds on modular social housing but there is no entry on the Corporate Risk Register covering this.

I have provided all Audit Committee Members with a document that reveals other Councils have been "bitten" by failing modular build companies.

The consequences have been raised in both House of Commons and House of Lords Select Committees.

This Council has placed large orders and made large stage payments to their MMC Supplier ZED PODS, but I could not find any reference to any risk assessments or possible failure mitigation.

I understand that ZED PODS have never built any modules, they subcontract out both module construction and installation.

ZED PODs until relatively recently had major modular build contracts with a company called Impact Modular.

A company now in Administration - with the Administrator attempting to recover their outstanding debts including from the ZED PODs shareholders.

ZED PODS are now using a company called Dragon Heart Homes to build the modules. This is a newly formed - start up - Company and which took over Impact Modular's factory facilities in Peterborough.

In view of the size of the monetary commitment and the apparent lack of risk/mitigation assessment; will this Audit Committee firmly recommend that this Councils MMC Social Housing plans be added to the Corporate Risk Register?

Response from the Chair of the Audit Committee:

The committee debated and approved the contents of the report.

Question 2

The removal of the 3 Rivers Reputation Risk item from the Corporate Risk Register is premature.

This Council purchased a number of assets from 3 Rivers in March 2024 for vast sums of public money and has had to impair a lot of that money.

This Administration approved the purchase of 5 Haddon Heights properties, for £3.135 million, which have not sold and are now being written down by £264,000 and the purchase of land at Knowle Lane, for £3.66 million, which was immediately impaired by £2 million and lies unused.

Page 7	The loss of investment interest income on the total of £6.8 million for the past 15 months is around £424,000. A total loss so far to this Councils General Fund near to £700,000 - and currently increasing by around £28,000 per month. In simple terms if this loss had not been incurred, it would have meant there was no need for this Administration to increase leisure centre car parking fees or Council Tax at all this year - let alone to the maximum 3 percent. 3 Rivers is still impacting Council finances and reputation. Will this Audit Committee accept that it would be a major reputational issue to try and hide this by removing this from the Risk Register? Response from the Chair of the Audit Committee: See the above answers to Q4, Q5 and Q6 for the previous questioner.
Nick Quinn	Agenda Item 10: Draft Statement of Accounts: Specifically the Annual Governance Statement, which starts on page 197 of your papers. <u>Question 1</u> Para 1.2 states "Previous weaknesses highlighted within prior Value for Money conclusions have been addressed through the closure of the arm's length company and the ongoing work to refund the overpayment of rent arising from the historic error in the calculation". The Council had previously said it intended to limit the refund of overpayments to a maximum of 6 years; does this unqualified statement on the refund indicate that the Council now intends to refund tenants with ALL of their rent error overpayments, or should the statement be altered to read "SOME OF the overpayments"?

Question 2

Paragraph 4.2 sets out a number of principles. Principle A states: “Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law”. Will Audit Committee agree that limiting the refund of Tenant Overpayments does not demonstrate adherence to the main principle of “Behaving with Integrity and a Strong Commitment to Ethical Values”?

Question 3

I believe paragraph 5.2 deliberately understates the size and impact of the Housing Rent Errors. The use of the phrase “for a number of years” does not adequately describe the considerable 22 year period that this had been going on, and describing it as “this isolated error” really does not come near to properly describe wrongly setting the rent of 2,800 properties for every week of those 22 years. This was not an ‘isolated’ error - it was 3,203,200 errors, amounting to Millions of Pounds! Will Audit Committee please ask that paragraph 5.2 is reworded in order to properly reflect the seriousness of this error?

Response from the Chair of the Audit Committee:

Obviously these are the draft accounts and Annual Governance Statement (AGS) which have been made public and will be subject to rigorous audit by our external auditors prior to returning back to the Committee for formal approval. I am currently content with how our officers have prepared these documents in compliance with the necessary financial and legal requirements governing the completion of local authority accounts. I can confirm that we will consider your comments either during this evening’s debate on our draft accounts and the AGS or at a subsequent meeting when we finally approve them.