

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 16 January 2024 at 5.00 pm

**Present
Councillors**

E Buczkowski, C Connor, J M Downes,
G Duchesne, L Knight (Vice Chairman),
R Roberts and S Robinson

**Apologies
Councillor(s)**

L G J Kennedy

**Also Present
Councillor(s)**

D Broom, J Buczkowski, S J Clist, J Wright and D Wulff

**Also Present
Officer(s):**

Andrew Jarrett (Deputy Chief Executive (S151)), Paul Deal (Corporate Manager for Finance, Property and Climate Change), Tanya Wenham (Operations Manager for Public Health and Housing Options), Suzanne Kingdom (Auditor), David Parker (Democratic Services & Policy Research Officer) and Sarah Lees (Democratic Services Officer)

**Councillors
Online**

A Glover, S Keable and J Lock

**Also in
Attendance**

J Masci (Grant Thornton, online)

52. APOLOGIES

Apologies were received from Cllr L Kennedy.

The Vice Chairman, Cllr L Knight, chaired the meeting in the Chairman's absence.

53. PUBLIC QUESTION TIME

The following questions were asked by members of the public:

Paul Elstone

Question 1

Construction activities on St Georges Court started in August 2018. The public were told that due to additional groundwork requirements the build time would be 2 years. That was five and a half years ago.

The project is still not fully complete and with no visible sign of any of the 39 properties being occupied in the short term.

Can a date be provided as to when it is expected that the first residents will move in and the tax payers of MDDC will start to see any benefit from this disastrous development?

Response:

It is currently envisaged that the first housing tenants will be occupying St George's Court by the end of March 2024.

Question 2

It is noted that currently two (2) of the properties at Haddon Heights Bampton have been sold that two (2) are currently shown as Sold Subject to Contract and five (5) remain available for sale.

These five (5) properties are shown with a market value of over £3 million.

When is it planned for this Council to take full ownership of any unsold properties, will this be before the 31st March 2024?

Response:

We are currently working to get the remaining units transferred by the 31/3/24

Question 3

How will this purchase be funded, will it be from reserves or loans?

Response:

Previous reports have indicated that this transfer will be funded from reserves.

Question 4

At the last Cabinet Meeting a request was made and supported, that information should be provided in advance of the meeting and in written form. This opposed to a verbal report being given referencing power point slides etc.

The reason for this request being it gave Cabinet Members more time to absorb what was being presented and then ask appropriate and meaningful questions.

The same also applies of course to members of the public and which would be fully in support of this new administrations stated intent of greater public engagement.

Of this Committees Agenda only one of the items has advanced information provided. This importantly not being the 3 Rivers Soft Closure key actions and dates etc.

Will the Audit Committee Chair take a similar position to Cabinet this by requesting written information including data in advance even at short notice if absolutely required.

Response:

It was felt that a verbal update would suffice as regular updates on the soft closure progress is being made to the Cabinet. Many of the tasks, contained in the closure programme, are by their very nature commercially confidential, so could only be included in a part 2 report. The Committee is assured by officers that sufficient progress is being made against a well-considered closure programme. This ensures both cost and risk exposure is minimised – a key part of the role of this Committee.

Barry Warren

My questions are prompted by item 7 on the agenda **3 Rivers soft closure timetable – verbal update.**

The MDDC Constitution Article 2, paragraph 2.3 (b) advises on the role and function of all Councillors and includes these words ‘actively encourage community participation and citizen involvement in decision making.’

The Leader advised recently, in respect of restricted documents, that elected members represent the public and therefore the public do not need to see the documents.

Item 7 is to be a verbal update from an officer and so neither elected members nor members of the public will know what is to be reported. This prevents elected Members having the opportunity to consider the information which will be provided or have time to consider formulating relevant questions.

As the time scale for the major portion of the closure of 3 Rivers is now being driven by the need to get the accounts audited, which is a far quicker timeline than the original period of perhaps two years suggested by the S151 Officer. This subject of 3 Rivers involves the potential loss of several millions of pounds of public money.

Do the Audit Committee consider a verbal report is going to allow proper consideration of the unknown information to be given?

How can the actions of Audit Committee accepting a verbal report be considered as actively encouraging community participation and citizen involvement in decision making.?’

Response

The decision to soft close 3 Rivers has already been made in a public forum. This is a verbal update that has been requested by the Committee to ensure that key steps/tasks are being planned and delivered in a timely fashion in order to minimise both financial and risk exposure to the Council. Which is clearly the role of this Committee.

The key rationale behind making this a verbal update is due to the currency of actions/decisions in order to give the Committee the most up to date information. Again, as I am sure many can understand there is a conflict between the Council’s intention to keep as much of this information in the public domain whilst also ensuring any commercially sensitive details are kept in part 2.

I can also confirm that the Cabinet will be formally updated on the company's soft closure progress in their next financial monitoring report.

Responses provided to the two members of the public were provided by the Deputy Chief Executive (S151 Officer).

54. **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

55. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 5 December 2023 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

56. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

57. **HOUSING OPTIONS INTERNAL AUDIT DAP REPORT - RISKS IN RELATION TO HOMELESSNESS (00:13:00)**

The Operations Manager for Public Health and Housing Options had been invited to the meeting to assist the Committee with their understanding of the risks to the Council in relation to Homelessness. This had been requested as a result of the Committee having received the Internal Audit of the Housing Options Internal Audit at the last meeting.

The following information was brought to the Committee's attention:

Risks

- CR12 on the risk register covered the general housing crisis relating to housing supply, affordability and the knock on effect this had on homelessness approaches.
- Particular risks relating to Housing Options
 - Increase in homelessness approaches to the housing options team and insufficient staff resources to deal with these within statutory requirements
 - Increased numbers of households entering temporary accommodation and having to stay longer due to lack of affordable accommodation to move on to
 - Increased cost to the Council for temporary accommodation due to longer stays and greater demand
 - Lack of available accommodation that was affordable and suitable for the household type (such as families with children and care leavers) resulting in use of inappropriate placements

Mitigations/Actions currently in place

- Proposed re-structure had been put forward to ensure sufficient resources were in place to deal with homelessness demand, provided prevention measures, supported households out of temporary accommodation and to sustain tenancies in the private sector, managed the use of own stock

temporary accommodation and assisted non-UK nationals under the various refugee schemes.

- Review of homelessness policy over the course of 24/25 to take account current demand and prevention measures
- Greater focus on prevention opportunities through the introduction of a housing initiatives plan
- Housing initiatives plan to be presented to Homes PDG early 24/25 for agreement. The plan aimed to increase access to private rented accommodation, incentivise landlords to work with the Council and encourage the use of empty homes as affordable accommodation.
- Engagement with landlords continued to ensure the quality of accommodation available and to prevent tenants being evicted. Landlords were encouraged to work with the Council before eviction became necessary to resolve any issues.
- Purchase of properties to be used as temporary accommodation instead of using hotel rooms. One existing house in multiple occupation (HMO) had been running successfully for three years providing 6 en-suite rooms. Purchased two additional HMOs in 2022/23 which were being renovated to provide further accommodation. One was in partial use and once complete would provide 8 rooms, the other was almost fully complete and would provide 6 en-suite rooms.
- Under the local Authority Housing Fund further single household properties had been purchased and by 31st March 2024 there would be 10 additional properties available. This included one four-bed property for use by Afghan refugees and 9 two/three bed homes for use to help support the homes for Ukraine scheme. Longer term these homes would be available for general temporary accommodation. These properties helped to reduce the impact of refugees on the general homelessness approaches and spend on hotel accommodation.
- Drafting of a service level agreement between Mid Devon Housing and Housing Options had started to formalise the arrangements for use of council owned homes as temporary accommodation.
- The Homes for Ukraine scheme (HfU) had been extended which meant guests would be able to remain with their hosts longer reducing the burden on homelessness and the private rented sector.
- Under the HfU scheme grants were provided to assist Ukrainian households to settle into the private rented sector, again this was aimed at reducing the need for temporary accommodation where a hosting relationship has ended.
- A further round of Local Authority Housing fund was expected for 2024/25 which could be used to provide more temporary accommodation for general use.

Discussion took place with regard to:

- The extent of kitchen facilities in Houses of Multiple Occupation (HMO's).
- Each room, which was usually quite large in size, had its own cupboard and fridge freezer.
- Whether providing 'lodging' facilities was an option for Council tenants who could then 'keep' the rent?
- Leasing schemes were being investigated with the Legal team.

- The Housing Assistance Policy provided financial incentives to people who met certain criteria.
- The value of trauma based education as a way of keeping people in their homes.
- The Housing Options Team were always keen to work with charities to help and inform tenants, for example, with budgeting advice.
- The Government would continue to provide funding for the Homes for Ukraine Scheme for a further year at least although the amount of money available had reduced.
- A recent Devon County Council newsletter had mentioned care leavers running training programmes called 'Total Respect'. It was hoped Mid Devon could link into that.

The Committee thanked the Operations Manager for Public Health and Housing Options for her informative presentation.

58. **3RIVERS SOFT CLOSURE TIMETABLE - VERBAL UPDATE (00:39:00)**

The Committee had requested at the last meeting that it receive information regarding the timetable in relation to the soft closure of 3Rivers.

The Deputy Chief Executive (S151) provided the Committee with a verbal update which included the following information:

After the decision taken to soft close 3Rivers, officers and the company's board immediately agreed a structured close down programme. This programme was used at a weekly officer progress meeting which assigned tasks and tracked actions points.

The summary headings could be relayed in open discussion, however, many of the sub headings were commercially sensitive and would need to be discussed in Part II if that was the Committee's wish.

The key generic actions being undertaken were:

- St Georges Court
- Haddon Heights, Bampton
- Knowle Lane in Cullompton
- Park Road in Tiverton
- Banksia House in Tiverton
- The managed properties that 3Rivers look after on behalf of MDDC
- The remaining 5 car parking spaces in Halberton
- The working capital loan
- The position on company overheads
- Insolvency advice
- Associated redundancies
- Interest charges
- Completion of statutory accounts
- Company closure

These were the 14 key headings which had numerous bullet points and action points that sat beneath them but they were all commercially sensitive and they had people information in them as well. So that was what the officer working group was currently working to at each weekly meeting.

In addition officers were also providing progress updates on sales, transfers, write offs and other key issues regularly to Cabinet. The next update would be in the February Cabinet Monitoring Report. All actions included within that programme were currently on schedule with a plan and financial estimates previously provided were still materially accurate.

As far as an over view of material actions, the purchase of St Georges Court by the Housing Revenue Account was progressing well and was likely to exchange in the coming few weeks. There were two sales at the Haddon Heights development site and two properties had firm offers on them and legal work was progressing well to transfer all of the other company assets and liabilities.

A brief discussion followed with regard to the Committee's wish to have a Part II discussion at the next meeting to better understand the detail regarding the 3Rivers soft closure plan. This was **AGREED** on the understanding that Members treated all information received during that discussion as confidential.

59. **REVISION OF THE FINANCIAL REGULATIONS(00:45:00)**

The Committee had before it a report * from the Deputy Chief Executive making recommendations for amendments to the Financial Regulations of the Authority, reflecting the forthcoming introduction of International Accounting Reporting Standard 16 (IFRS16) and updating the Authority's approval limits.

The contents of the report were outlined with particular reference to the following:

- There had been a need to make some minor amendments to reflecting the forthcoming introduction of International Accounting Reporting Standard 16 (IFRS) and update the Authority's approval limits.
- A review would be needed of all contracts and payments.
- The new process would need to be embedded and accounting actions undertaken correctly and in accordance with these new international regulations.

Tracked changes were highlighted at the following sections:

- 3.3
- 5.1.13
- 5.1.17
- 5.1.23
- 6.6
- 13.0
- Some tweaks to the glossary
- Extra column in Appendix A

- Wording which was no longer relevant was proposed to be removed.

Consideration was given to the following:

- New arrangements regarding contracts which although unavoidable, the Committee was felt was unnecessarily over burdensome.
- Old process still being referred to in the Financial Regulations because post Brexit guidance had still not been received.
- Changes to the Financial Regulations would seem more meaningful when the draft accounts were received by the Committee in May.

RECOMMENDED to Council that the revisions to the Regulations are approved.

(Proposed by Cllr S Robinson and seconded by Cllr R Roberts)

Reason for the decision

Failure to comply with legislation could lead to non-compliance and potentially prosecution and claims for damages. Failing to review thresholds and procedures could lead to inefficient practices damaging value for money assessments.

Note: * Report previously circulated.

60. **EXTERNAL AUDIT UPDATE REPORT (01:07:00)**

The following verbal update was provided by Grant Thornton regarding their responsibilities as the Council's external auditors:

- The previously advised position regarding the audit had not changed since the last meeting. However, all the work had been completed, there had just not been enough time to pull together a report for this meeting due to a very tight timescale.
- Their audit would now go through a 'moderation' exercise to ensure it was not unduly harsh or over generous.
- The Value For Money report would come to the next meeting of the Committee

61. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:10:00)**

The Committee had before it, and **NOTED**, the items identified in the work programme for the next meeting. It was also requested that the following come to the next meeting of the Committee:

- Part II item on 3Rivers soft closure timetable
- Grant Thornton's report on Value For Money
- Statement of Accounts for 2022/2023
- Annual Governance Statement for 2022/2023

(The meeting ended at 6.13 pm)

CHAIRMAN