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To: Cllr Ian Dunbar (Chairman)

Councillors: Sian Braun, David Cox, Jean Davies, Ron Davies, Adele Davies-Cooke, Rosetta Dolphin, Mared Eastwood, George Hardcastle, Ray Hughes, Dennis Hutchinson, Ted Palmer, Mike Reece, Paul Shotton and David Wisinger

21 June 2018

Dear Councillor

You are invited to attend a meeting of the Community and Enterprise Overview & Scrutiny Committee which will be held at 10.00 am on Wednesday, 27th June, 2018 in the Delyn Committee Room, County Hall, Mold CH7 6NA to consider the following items

A G E N D A

1 APOLOGIES

Purpose: To receive any apologies.

2 DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

Purpose: To receive any Declarations and advise Members accordingly.

3 MINUTES (Pages 3 - 8)

Purpose: To confirm as a correct record the minutes of the meeting on 16 May 2018.

4 FORWARD WORK PROGRAMME (Pages 9 - 16)

Report of Community and Enterprise Overview & Scrutiny Facilitator -

Purpose: To consider the Forward Work Programme of the Community & Enterprise Overview & Scrutiny Committee.

5 **DISABLED FACILITIES GRANT INTERNAL AUDIT REPORT 2017** (Pages 17 - 44)

Report of Chief Officer (Planning, Environment and Economy) - Deputy Leader of the Council and Cabinet Member for Housing

Purpose: To outline the findings of the 2017 scheduled Internal Audit review of the Disabled Facilities Programme and to discuss the control measures developed in response.

6 **NORTH EAST WALES (NEW) HOMES BUSINESS PLAN 2018/27** (Pages 45 - 52)

Report of Chief Officer (Housing and Assets) - Deputy Leader of the Council and Cabinet Member for Housing

Purpose: To receive an update on the work of the New Homes Board.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

The following appendix is considered to be exempt by virtue of Paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

The public interest in withholding the information outweighs the interest in disclosing the information until such time as the commercial arrangements have been finalised.

NORTH EAST WALES (NEW) HOMES BUSINESS PLAN 2018/27 (CONFIDENTIAL APPENDIX TO AGENDA ITEM NUMBER 6) (Pages 53 - 62)

Yours sincerely



Robert Robins
Democratic Services Manager

COMMUNITY & ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE
16 MAY 2018

Minutes of the meeting of the Community & Enterprise Overview & Scrutiny Committee of Flintshire County Council held in the Delyn Committee Room, County Hall, Mold on Wednesday 16 May, 2018

PRESENT:

Councillors: Sian Braun, David Cox, Jean Davies, Ron Davies, Adele Davies-Cooke, Rosetta Dolphin, George Hardcastle, Ray Hughes, Dennis Hutchinson, Ted Palmer, Mike Reece, Paul Shotton and David Wisinger

SUBSTITUTION: Chris Dolphin (for Mared Eastwood)

ALSO PRESENT: Councillors: Helen Brown, Patrick Heesom and Paul Johnson

CONTRIBUTORS: Councillor Bernie Attridge, Deputy Leader and Cabinet Member for Housing; Councillor Derek Butler, Cabinet Member for Economic Development; Chief Officer (Housing & Assets), Chief Officer (Planning, Environment & Economy), Enterprise and Regeneration Manager, Benefits Manager, Customer Support Manager and Contract Inspector

IN ATTENDANCE: Community & Enterprise Facilitator and Electoral Services Officer

58. APPOINTMENT OF CHAIR

The Facilitator advised that it had been confirmed at the Annual Meeting of the County Council that the Chair of the Committee should come from the Labour Group. As Councillor Ian Dunbar had been appointed to this role by the Group, the Committee was asked to endorse the decision.

RESOLVED:

That Councillor Ian Dunbar be confirmed as the Chairman of the Committee

59. APPOINTMENT OF VICE-CHAIR

Councillor David Wisinger nominated Councillor Ted Palmer as Vice-Chair of the Committee. This was seconded by Councillor Ron Davies.

On being put to the vote Councillor Ted Palmer was appointed Vice-Chair of the Committee.

RESOLVED:

That Councillor Ted Palmer be appointed Vice-Chair of the Committee

60. DECLARATIONS OF INTEREST

None were received.

61. MINUTES

The minutes of the meeting held on 14 March 2018 were submitted.

Councillor George Hardcastle referred to page 3 of the minutes and commented that he had not received a response on the concerns he had raised around the unavailability of the telephone number for urgent/emergency repairs during the bad weather. The Deputy Leader and Cabinet Member for Housing explained that there had been technical issues as a result of the increased number of calls. These issues had now been resolved and a detailed response would be provided to Councillor Hardcastle following the meeting.

RESOLVED:

That the minutes be approved as a correct record and signed by the Chairman.

62. WELSH HOUSING QUALITY STANDARD (WHQS) ENVIRONMENTAL PROGRAMME

The Chief Officer (Housing & Assets) introduced the report which focussed on the development of the Environmental Programme as part of the Welsh Housing Quality Standard (WHQS).

The Council has, in developing its programme of work for the whole of the WHQS, split the County into six geographical areas of broadly the same size, with each receiving a programme of work in each financial year, as shown in Appendix A. Programmes were developed using information flowing from stock condition surveys, but also by using feedback from tenants, Members and officers on the ground. Condition survey data was regularly reviewed and adjusted to reflect the revised, improved condition of properties following refurbishment.

The Chief Officer (Housing & Assets) drew the Committees attention to Appendix B of the report which provided details of the matrix used by officers when assessing schemes for environmental works. Based upon this criteria, the proposed Environmental Programme was shown at Appendix C.

The Deputy Leader and Cabinet Member for Housing asked the Committee to review the schedule and advice if they felt it adequately considered the requirements in their respective areas. Following the meeting, a copy of the proposed programme would be sent to all Members so that could be consulted on the proposals.

Councillor Paul Shotton commented on the amount of garage sites across the County which were in need of refurbishment and the difficulties with parking within his own ward. He commended the work being done as part of the WHQS and asked whether the Council had liability cover if damage was done to neighbouring properties during the renovation works. The Chief Officer (Housing & Assets) explained that if any damage was done to neighbouring properties the liability would be covered as this would be included within the tender process.

Councillor Dennis Hutchinson raised concerns on behalf of a tenant who was being charged for the use of a garage whilst it was being renovated. The Chief Officer (Housing & Assets) agreed to speak to Councillor Hutchinson following the meeting in order to provide him with an appropriate response.

Councillor Rosetta Dolphin commented that most garages across the County were no longer fit for purpose, given the size of modern vehicles and asked if an updated timetable outlining when works would be completed in which wards could be provided to Members. The Deputy Leader and Cabinet Member for Housing explained that as part of the garage review consideration had been given to the best use of all garage sites if it was not possible to renovate the current structures in place.

Councillor Ray Hughes asked if consideration could be given to improving the parking area in Leeswood which would assist in removing vehicles from the road and improve the bus service. The Deputy Leader and Cabinet Member for Housing asked Councillor Hughes to provide officers with the details following the meeting.

Councillor Ted Palmer sought clarification on the terms phase 2 and phase 3 as shown in Appendix C of the report. The Chief Officer (Housing & Assets) said that he would provide Councillor Palmer with further details around the terms following the meeting.

Councillor George Hardcastle asked if consideration had been given to converting grass verges to car parking spaces. The Deputy Leader and Cabinet Member for Housing advised that this had been considered but that he was mindful not to remove all green spaces. The Chief Officer (Planning, Environment & Economy) explained that discussions had been held around a robust surface which could be used as parking spaces but looked like green space. This could be maintained by cutting the grass through a special membrane without causing any damage to the surface.

RESOLVED:

- (a) That the comments made by the Committee on the decision matrix be noted;
- (b) That the comments made by the Committee on the schedule of work, its completeness and appropriateness be noted; and
- (c) That a copy of the updated Schedule of Works be circulated to all Members.

63. REGIONAL REGENERATION STRATEGY AND WELSH GOVERNMENT TARGETED REGENERATION INVESTMENT PROGRAMME

The Chief Officer (Planning, Environment & Economy) introduced the Regional Regeneration Strategy and Welsh Government (WG) Targeted Regeneration Investment Programme (TRI). WG had launched the TRI to provide funding for regeneration projects across Wales. Funding was conditional upon the submission of a regional regeneration strategy and upon a regionally-prioritised approach to developing investment proposals.

The Enterprise and Regeneration Manager reported that the draft regeneration strategy had been developed within the challenging time scales set for the process and

a collaborative approach has been taken across North Wales to develop and prioritise investment and to concentrate limited resources into priority regeneration areas and thematic projects which will make use of the first three years of the TRI programme. The draft North Wales regeneration strategy proposed twelve towns as priority areas for regeneration for WG as shown within the report. The towns had been identified using the Welsh Index of Multiple Deprivation rankings for overall levels of deprivation.

The Cabinet Member for Economic Development advised that the funding allocated for the two towns of Holywell and Shotton, which had been identified as priority areas in Flintshire, would have to be match funded by the Council.

Councillor Rosetta Dolphin said that careful consideration would be needed to assess how the Council would meet the match funding requirements. She raised concerns around shops in Holywell that had received regeneration funding in the past but had let them fall into decline and asked whether it was possible to re-coup this funding. Councillor Ted Palmer expressed his disappointment that Holywell had been identified as a priority area due to the levels of deprivation but commented on the work of Holywell Town Council and its plans for improvement moving forward. He welcomed continued consultation and joint working between the Town Council and the Council. The Enterprise and Regeneration Manager advised that there was a 5 year period in which the Council could re-coup funding if there was a change of use to a property in a town centre.

In response to a question from Councillor Hardcastle around a large property in Connah's Quay which had remained empty for a number of years, the Deputy Leader and Cabinet Member for Housing advised that the owner of the property was currently selling the property through an auction process. The Enterprise and Regeneration Manager confirmed that the Council had been in discussions with the owner of the property and that development plans were in place.

Councillor Ron Davies felt it unfair that Shotton had been identified as a deprived area, as this only related to a small part of Shotton. The Deputy Leader and Cabinet Member for Housing commented on the need for joint working between multi-agencies and Housing Management to tackle deprived areas going forward.

Councillor Paul Shotton praised the work of Communities First in targeting pathways for employment opportunities.

RESOLVED:

That the draft Regional Regeneration Strategy for submission to Welsh Government be approved.

64. YEAR-END COUNCIL PLAN 2017/18 MONITORING REPORT

The Chief Officer (Planning, Environment & Economy) introduced the Year-end Council Plan Monitoring Report 2017/18. He explained that the report presented the monitoring of progress for the Council Plan priorities 'Supportive Council' and 'Ambitious Council' which were relevant to the Committee.

The Chief Officer provided background information and advised that the monitoring report for the 2017/18 Council Plan was a positive report, with 81% of activities being assessed as making good progress, and 69% likely to achieve the desired outcome. Performance Indicators showed good progress with 84% meeting or near to period target. Risks were also being successfully managed with the majority being assessed as moderate (67%) or minor (10%).

Councillor Paul Shotton asked if the impact of Universal Credit and the delayed payments to tenants was having a negative impact on rent arrears. He also asked if an increase in demand for a Disabled Facilities Grant (DFG) was the cause for the missed performance indicator. The Benefits Manager said that it was too early at this stage to confirm if the delayed payments would have a negative impact on rent arrears. Officers continued to be pro-active in contacting tenants at an early stage to provide the necessary support. The Chief Officer (Planning, Environment & Economy) advised that a report on DFG's would be submitted to the next meeting of the Committee.

Councillor George Hardcastle asked if an update report on rent arrears and the use of bed and breakfast accommodation could be provided to the Committee at a future meeting. The Deputy Leader and Cabinet Members for Housing advised that a report on rent arrears was due to be submitted to the Audit Committee and would also be submitted to a future meeting of this Committee. The Customer Support Manager advised that a report on Homelessness, which would include details of the use of bed and breakfast accommodation, would be provided to a future meeting of the Committee.

Following comments made around current rent arrears, the Deputy Leader and Cabinet Member for Housing said that current levels were excessive and that a zero tolerance approach was required for those tenants who were able to, but refused to pay their rent. The Chief Officer (Housing & Assets) commented on tenants who required assistance and support and said that this would continue to be provided but that the Council would be more proactive over the next 12 months in tackling tenants who were able to put refused to pay their rent.

Members thanked the Chief Officer (Housing & Assets) and Deputy Leader and Cabinet Member for Housing for the approach outlined in dealing with rent arrears.

RESOLVED:

That the report be noted.

65. FORWARD WORK PROGRAMME

The Facilitator introduced the draft Forward Work Programme (FWP) and detailed the items scheduled to be submitted to the next meeting of the Committee. She advised that following the Annual Council meeting, all future meeting dates had been added to the FWP and suggested that following the meeting, in consultation with the Chairman, Vice-Chairman and Chief Officers that the FWP be populated and considered by the Committee as the first item on the agenda for the next meeting. The Committee agreed with the suggestion.

Councillor George Hardcastle asked if the Committee could receive an update on the Service Level Agreements for tenants as he had received concerns from tenants who were being charged for services that they did not use. The Deputy Leader and Cabinet Member for Housing advised that he recently requested a briefing note on this matter and assured the Committee that Members who had been charged for service that they did not use would be reimbursed. He agreed to provide a copy of the briefing note to all Members of the Committee following the meeting.

RESOLVED:

- (a) That the Forward Work Programme be amended; and
- (b) That the Facilitator, in consultation with the Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

66. MEMBERS OF THE PUBLIC AND PRESS IN ATTENDANCE

There were no members of the public and press in attendance.

(The meeting started at 10.00 am and ended at 11.35 am)

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Chairman



COMMUNITY & ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Wednesday 27 th June 2018
Report Subject	Forward Work Programme
Cabinet Member	N / A
Report Author	Community & Enterprise Overview & Scrutiny Facilitator
Type of Report	Operational

EXECUTIVE SUMMARY

Overview & Scrutiny presents a unique opportunity for Members to determine the Forward Work programme of the Committee of which they are Members. By reviewing and prioritising the Forward Work Programme Members are able to ensure it is Member-led and includes the right issues. A copy of the Forward Work Programme is attached at Appendix 1 for Members' consideration which has been updated following the last meeting.

The Committee is asked to consider, and amend where necessary, the Forward Work Programme for the Community & Enterprise Overview & Scrutiny Committee.

RECOMMENDATION

1	That the Committee considers the draft Forward Work Programme and approve/amend as necessary.
2	That the Facilitator, in consultation with the Chair and Vice-Chair of the Committee be authorised to vary the Forward Work Programme between meetings, as the need arises.

REPORT DETAILS

1.00	EXPLAINING THE FORWARD WORK PROGRAMME
1.01	Items feed into a Committee's Forward Work Programme from a number of sources. Members can suggest topics for review by Overview & Scrutiny Committees, members of the public can suggest topics, items can be referred by the Cabinet for consultation purposes, or by County Council or Chief Officers. Other possible items are identified from the Cabinet Work Programme and the Improvement Plan.
1.02	<p>In identifying topics for future consideration, it is useful for a 'test of significance' to be applied. This can be achieved by asking a range of questions as follows:</p> <ol style="list-style-type: none">1. Will the review contribute to the Council's priorities and/or objectives?2. Is it an area of major change or risk?3. Are there issues of concern in performance?4. Is there new Government guidance of legislation?5. Is it prompted by the work carried out by Regulators/Internal Audit?
2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.
3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Publication of this report constitutes consultation.
4.00	RISK MANAGEMENT
4.01	None as a result of this report.
5.00	APPENDICES
5.01	Appendix 1 – Current Forward Work Programme
6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Officer: Ceri Shotton Overview & Scrutiny Facilitator</p> <p>Telephone: 01352 702305</p> <p>E-mail: ceri.shotton@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	Improvement Plan: the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Improvement Objectives and publish an Improvement Plan.

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CURRENT FWP

Date of meeting	Subject	Purpose of Report	Scrutiny Focus	Report Author	Submission Deadline
Tuesday 17th July 2018 2.00 p.m. Special meeting to be held in Flint	Food Poverty Strategy Homelessness	To share the Food Poverty Strategy and provide an update on some of the Food Poverty work currently ongoing. To consider emerging challenges in relation to homelessness	Consultation Consultation	Benefits Manager Customer Support Manager	
Wednesday 19th September 2018 10.00 am 13	Stage 1 Budget Process 2019/20 Welfare Reform Update – Universal Credit Roll Out SARTH	To consider Stage 1 budget proposals To provide an update on the impact of Welfare Reform on Flintshire residents To consider the allocation policy for social housing	Consultation Assurance Monitoring Consultation	Chief Officer Benefits Manager Customer Support Manager	
Wednesday 7th November 2018 10.00 am	Quarter 1 and 2 Council Plan 2018/19 Monitoring Report Housing Strategy	To enable Members to fulfil their role in relation to performance monitoring To consider the Housing Strategy	Assurance Monitoring Consultation	Overview & Scrutiny Facilitator Housing Strategy Manager	

<p>Wednesday 19th December 2018 10.00 am</p>	<p>New Homes Board</p>	<p>To receive an update on the work of the New Homes Board</p>	<p>Assurance/Monitoring</p>	<p>Housing Strategy Manager</p>	
<p>Wednesday 23rd January 2019 10.00 am</p>					
<p>Wednesday 13th March 2019 10.00 am</p> <p>Page 14</p>	<p>Quarter 3 Council Plan 2018/19 Monitoring Report</p> <p>Welfare Reform Update – Universal Credit Roll Out</p>	<p>To enable Members to fulfil their role in relation to performance monitoring</p> <p>To provide an update on the impact of Welfare Reform on Flintshire residents</p>	<p>Assurance Monitoring</p> <p>Assurance/Monitoring</p>	<p>Overview & Scrutiny Facilitator</p> <p>Benefits Manager</p>	
<p>Wednesday 1st May 2019 10.00 am</p>					
<p>Wednesday 26th June 2019 10.00 am</p>	<p>Quarter 4/Year-end Council Plan 2018/19 Monitoring Report</p>	<p>To enable Members to fulfil their role in relation to performance monitoring</p>	<p>Assurance Monitoring</p>	<p>Overview & Scrutiny Facilitator</p>	

Items to be scheduled to a date

- Work to address economic inactivity and support entrepreneurship
- Update on private sector housing renewal strategy
- Update report on stairwell at Castle Heights Flint – as suggested during the 20th September meeting
- Smart Metres – as suggested during the 16th October meeting.
- Rent Arrears Internal Audit Report and Action Plan

REGULAR ITEMS

Month	Item	Purpose of Report	Responsible / Contact Officer
Quarterly / Annual	Performance Reporting	To consider performance outturns for improvement targets against directorate indicators.	Chief Officer (Community and Enterprise)
Six monthly	Welfare Reform Update – including Universal Credit	To update Members on the impact of Welfare Reform and the cost to the Council.	Chief Officer (Community and Enterprise)
Six monthly	Update on North East Wales Homes & Property Management	To update Members on the work of the North East Wales Homes & Property Management	Chief Officer (Community and Enterprise)

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COMMUNITY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday, 27 June 2018
Report Subject	Disabled Facilities Grant Internal Audit Report 2017
Cabinet Member	Deputy Leader of the Council and Cabinet Member for Housing
Report Author	Chief Officer (Planning, Environment and Economy)
Type of Report	Operational

EXECUTIVE SUMMARY

The report summarises the findings of the 2017 Internal Audit Report into the operation of the Disabled Facilities Grant and the management responses being put in place to address these findings.

RECOMMENDATIONS

1	That Members discuss the content of the Disabled Facilities Grants Internal Audit report and the service control action plan.
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REPORT DETAILS

1.00	EXPLAINING THE DISABLED FACILITIES GRANT INTERNAL AUDIT REPORT
1.01	A Disabled Facilities Grant (DFG) is a mandatory grant to help individuals living with a disability with the cost of adapting their homes to enable them to continue living at their residence with the maximum amount of independence. The administration of the DFG is performed by the Council's Regeneration team following a referral from an Occupational Therapist. The amount of the grant will depend on the cost of the approved works and, where applicable, an applicant's financial circumstances. A means test will be carried out on applications with the exception of child applicants and

	<p>where the adult applicant is in receipt of Council Tax Reduction and/or Housing Benefit. Depending on the outcome of this assessment, the amount of grant payable offered may vary from zero to 100 per cent of the cost. The maximum grant payable in Wales is £36,000.</p>
1.02	<p>An audit of the Disabled Facilities Grant was undertaken as part of the scheduled programme for 2016/2017. The brief for the audit included:</p> <ul style="list-style-type: none"> • Compliance with relevant policies, procedures and regulations; • Administration of DFG scheme; • Third parties service level agreements and protocols; and • Performance monitoring. <p>The audit was undertaken in autumn 2017.</p>
1.03	<p>The Internal Audit report is appended (Appendix 1). The audit concluded that an urgent system revision was required with key controls absent or rarely applied and, as a result, a limited (red) assurance level given.</p>
1.04	<p>The Audit report highlighted the following areas for further improvement:</p> <ul style="list-style-type: none"> • Management oversight of the work completed by staff relating to the full end to end grant process is not undertaken. Additionally, there are limited controls to ensure contractors invited to tender are rotated under the current process; • Land charges are not always being placed against the property as per the Disabled Facilities Grant conditions. Also, there are limited controls to demonstrate the conditions of the Disabled Facilities Grant, Disabled Facilities Relocation Grant and the Disabled Facilities Top up loan are met; • The Private Sector Housing Renewal and Improvement policy was last reviewed in 2015. The policy is also not fully aligned to current practices in operation within the service; • A process has not been defined to deal with applications where the work amount exceeds the DFG statutory limit and falls below the minimum for the Disabled Facilities Discretionary Top up Loan; • Income eligibility amount for Child Tax Credit and Working Tax Credit within the DFG application form which is issued to assess the affordability of the application is out of date. Additionally, the privacy notices contained within the application form are not compliant with the current Data Protection Act and future General Data Protection Regulations (GDPR) requirements; • Documented procedures for the current DFG processes are not in place to assist new staff in dealing with the complex DFG process. Inconsistencies in process delivery have been identified through the testing; • Management information is not maintained to review contractor performance; • The DFG spreadsheet utilised to track application progress and budget spend is not complete and up to date. Also, the current national performance indicator utilised by the service to monitor performance of DFG delivery is not sufficient to assist with the identification of delivery issues; • Not all DFG Top Up Loan applications had been signed and dated;

	<ul style="list-style-type: none"> • Means test data is not always available to support the decline of a DFG application; • The Stannah Lift Services Framework Agreement was not available for review to demonstrate value for money; • Grant approval letters including grant amount and client contributions are not always being sent to the client.
1.05	<p>In response to the findings of the audit, the service has developed a service control action plan to improve processes and controls (Appendix 2). The key areas for improvement include:</p> <ul style="list-style-type: none"> • Closer management oversight of the DFG process and of compliance with established systems; • Introduction of monitoring systems to track the progress of DFG cases and the time taken to action each stage in the process; • Develop clear desk instruction for each stage of the DFG process to improve continuity during staff absences or when staff leave; • Fully implement the adaptations procurement framework and monitor job allocations to contractors, contractor compliance and costs; • Monitor customer satisfaction with the Council service and with contractors; • Update the published eligibility criteria for the DFG and associated loans and grants, • Update forms to ensure compliance with GDPR requirements; • Agree new procurement approach for lifting equipment.
1.06	<p>The majority of the actions identified in the service control action plan are underway with systems developed although, in many cases, still in the early stages of use.</p>
1.07	<p>As an additional measure to ensure that there is adequate and urgent improvement to the delivery of the DFG a review board has been established with representation including:</p> <ul style="list-style-type: none"> • Chief Executive; • Chief Officer (Planning, Environment and Economy); • Chief Officer (Housing and Assets); • Senior Manager Integrated Services, Lead Adults; • Operations Manager, Voids and DFGs (Housing); • Service Manager, Enterprise and Regeneration; • Internal Audit Manager; • Senior Auditor, Internal Audit
1.08	<p>The DFG review board will meet monthly to review progress towards implementing the improvements to processes and controls and to the wider adaptations system in the Council. At this stage both Chief Officers will attend the board but, ultimately, the DFG area of work will be located within the Housing and Assets portfolio. It is anticipated that, in addition to addressing the findings of the audit report, the measures outlined above will also help to improve the timeliness of the DFG process.</p>

2.00	RESOURCE IMPLICATIONS
2.01	None directly arising from this report although the review processes outlined have the potential to deliver better value for money in the future.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	A risk register for the DFG programme has been develop and is appended. (Enclosure 3).

5.00	APPENDICES
5.01	Appendix 1 – Disabled Facilities Grant Internal Audit Report Appendix 2 – Service Control Action Plan Appendix 3 – Draft Risk Register

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None Contact Officer: Niall Waller Service Manager (Enterprise and Regeneration) Telephone: 01352 702137 E-mail: niall.waller@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	Disabled Facilities Grant (DFG) – a statutory grant of up to £36,000 to help individuals living with a disability with the cost of adapting their homes to enable them to continue living at their residence with the maximum amount of independence. DFG Top Up Loan – a discretionary loan, secured against the value of the property, that can be issued to meet the costs of the DFG in excess of the £36,000 grant cap. Disabled Facilities Relocation Grant – a discretionary grant of up to £20,000 to cover the costs of a disabled person’s move to a more appropriate property. Land Charges – these allow the Council to register interest in a property so

that, should it be sold or transferred to another person, the Council has the ability, once the appropriate conditions are met, to reclaim the value of the charge.

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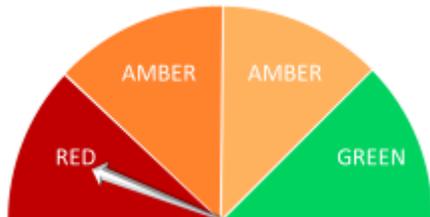
Flintshire Internal Audit

Audit Report

Title: Disabled Facilities Grants
Portfolio: Planning, Environment & Economy
Issued Dated: May 2018
Report No: 16-2017/18
Report Status: FINAL

Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards.

Audit Opinion



1 Executive Summary:

Introduction and Scope:

An audit of the Disabled Facilities Grant (DFG) was undertaken as part of the approved Internal Audit Annual Plan for 2016/17. The audit reviewed and considered:

- Compliance with relevant policies, procedures and regulations;
- Administration of DFG scheme;
- Third parties service level agreements and protocols; and
- Performance monitoring.

A DFG is a mandatory grant to help individuals living with a disability with the cost of adapting their homes to enable them to continue living at their residence with the maximum amount of independence. The administration of the DFG is performed by the Council's Regeneration team following a referral from an Occupational Therapist. The amount of grant will depend on the cost of the approved works and where applicable an applicant's financial circumstances. A means test will be carried out on applications with the exception of child applicants and where the adult applicant is in receipt of Council Tax Reduction and/or Housing Benefit. Depending on the outcome of this assessment the amount of grant payable offered may vary from zero to 100 per cent of the cost. The maximum grant payable in Wales is £36,000.

A Disabled Facilities Discretionary Top up loan will be considered in exceptional circumstances where the required works for the adaptations exceed the statutory limit of £36k. This loan is only provided to owner occupiers and the loan amount is registered as a financial charge against the property at the Land Registry. Additionally, where the adaptations required are unsuitable at the applicant's current residence, a Disabled Facilities Relocation Grant is available to cover the expenses of a disabled persons' move to a more appropriate property. This grant covers expenses such as removal costs and connection of services as well as bridging the affordability gap between the value of the applicant's existing

Audit Opinion:

In each report we provide management with an overall assurance opinion on how effectively risks are being managed within the area reviewed. Appendix A of the report details our assurance levels:

Assurance:	Explanation
Red - Limited	<p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> •Key controls are absent or rarely applied •Key management information does not exist •System/process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources <p>Conclusion: a lack of adequate or effective controls.</p>

The table below highlights the number and priority of agreed actions to be implemented.

Priority	High (Red)	Medium (Amber)	Low (Green)	Total
No.	2	8	2	12

home and the property to be purchased.

The 2017/18 DFG budget was £1 million. At the time of the review, a budget pressure had been submitted due to the rising costs of adoptions relating to inflationary increase in construction costs and the increase in complex cases. A decision was later made to postpone non-emergency applications. Any emergency adaptation work would be considered via the Capital Asset programme board. Enhancements are to be made to improve budget tracking to ensure the service is not underfunded and the Council meets its statutory duty.

Overall yearly performance data for 2016/17 showed the service performance had improved over the previous year as reflected by the National Performance Indicator for DFG however quarterly performance for 2016/17 was volatile. Currently this is the only performance indicator utilised by the service to monitor DFG performance and it is not effective to support management of service delivery and overall customer satisfaction.

The service has also identified that the nature of the DFG works required are increasingly more complex and thus impacting delivery timescales. The Welsh Government is in the process of consulting on the adequacy of this performance indicator and the Council have requested clarity and guidance on the DFG national PI measurement to ensure performance data comparison with other councils' is fair and accurate.

The review has highlighted a number of opportunities for control improvements relating to the holistic review of service and contract performance in order to reduce delivery timescales and deliver value for money. The DFG Adaptation Framework was devised and due to be implemented in February 2017. This framework set out the procedure for ordering works, the main terms and conditions for the provision of the Works and the obligations of the Supplier. A total of nine contractors form part of this framework. The service was unable to roll out the aforementioned framework due to two related investigations. In both

instances the investigations were conducted internally with the first receiving external independent examination. In both instances, the outcome of the review was there was no case to answer however some opportunities to improve working practices were identified and these have been included within this report. During this interim period the service is currently inviting these contractors to tender for the various DFG work.

The service is in the process of fully implementing the adaptation work framework as this will address the tendering issue relating to the process for work allocation identified in the review. Those DFG cases deferred during 2017/18 will be considered in quarters 1 and 2 of 2018/19 under the new framework agreement.

There have been a number of changes to the management structure within the service over the last year and this combined with a number of open positions within the adaptation team has led to some areas for improvement identified throughout the review and mentioned above. It should be acknowledged that some of the DFG processes are currently under review since the audit commenced by the Regeneration Programme Lead who was recently appointed in July 2017. Due to his time in role, his knowledge of the systems and processes were still developing at the time of the audit.

2 Summary Findings:

Areas Managed Well	Areas for Further Improvement
<ul style="list-style-type: none"> • Adaptation referral forms submitted by Occupational Health were available for all approved DFG applications. • Evidence was available to support the approval of the DFG applications based on the current financial criteria and means test. • The Housing and Regenerations Programme Board meetings are being held as per the agreed frequency to provide oversight over the DFG delivery. 	<ul style="list-style-type: none"> • Management oversight of the work completed by staff relating to the full end to end grant process is not undertaken. Additionally there are limited controls to ensure contractors invited to tender are rotated under the current process. • Land charges are not always being placed against the property as per the Disabled Facilities Grant conditions. Also, there are limited controls to demonstrate the conditions of the Disabled Facilities Grant, Disabled Facilities Relocation Grant and the Disabled Facilities Top up loan are met. • The Private Sector Housing Renewal and Improvement policy was last reviewed in 2015. The policy is also not fully aligned to current practices in operation within the service. • A process has not been defined to deal with applications where the work amount exceeds the DFG statutory limit and below the minimum for the Disabled Facilities Discretionary Top up Loan. • Income eligibility amount for child tax credit and working tax credit within the DFG application form is out of date which is issued to assess the affordability of the application. Additionally, the privacy notices contained within the application form are not compliant with the current Data Protection Act and future GDPR requirements. • Documented procedures for the current DFG processes is not in place to assist new staff in dealing with the complex DFG process. Inconsistencies in process delivery have been identified through the testing. • Management information is not maintained to review contractor performance. • The DFG spreadsheet utilised to track application progress and budget spend is not complete and up to date. Also, the current national performance indicator utilised by the service to monitor performance of DFG delivery is not sufficient to assist with the identification of delivery

Areas Managed Well	Areas for Further Improvement
	<p>issues.</p> <ul style="list-style-type: none">• Not all DFG Top Up Loan applications had been signed and dated.• Means test data is not always available to support the decline of a DFG application.• The Stannah Lift Services Framework Agreement was not available for review to demonstrate value for money.• Grant approval letters including grant amount and client contributions are not always being sent to the client.

3 Action Plan:

Priority	Description
High (Red)	Action is imperative to ensure that the objectives of the area under review are met.
Medium (Amber)	Requires action to avoid exposure to significant risks in achieving the objectives of the area.
Low (Green)	Action encouraged to enhance control or improve operational efficiency.

No.	Findings and Implications	Agreed Action	Who	When
1 (R)	<p>Since 2016/17, the staffing costs within the adaptations team has a reduction of £95k. Consequently there are key officers within the team whom are responsible for the majority of stages involved in an adaptation process.</p> <p>Although the review has not identified inappropriate practice, management oversight is not undertaken of the work completed by staff relating to the end to end grant allocation process.</p> <p>Where monitoring in place to track the rotation of contractors invited to tender as part of the current process, this was found to be incomplete and had not been adhered to since 2015. It is recognised the latter will be addressed with the implementation of the new DFG framework as long as the process is being adhered to and compliance monitoring is reintroduced.</p> <p>In January 2017 the Regeneration Manager left the Council and the role remains vacant. A Regeneration Programme Lead was assigned to post six months after the departure of the Regeneration Manager. This contributed to both of these issues and prevented the facilitation of a handover between managers to ensure controls operated effectively.</p> <p>This poses a risk that the Council does not obtain value for money by utilising the DFG Adaptation framework and through the rotation or selection of contractors.</p>	<p>Instigate documented review process of individual cases to monitor system compliance and progress.</p> <p>Full implementation of the new DFG Framework and continuous monitoring to demonstrate procedural adherence whilst monitoring budget spend and value for money.</p> <p>URN 02075</p>	Joseph Muxlow	31 May 2018

No.	Findings and Implications	Agreed Action	Who	When
2 (R)	<p>Land charges are not always being placed against the property at the time of work completion as stipulated in the conditions for the Disabled Facilities Grant and DFG Top Up Loan. One of the conditions of the DFG grant is the repayment of grant if the applicant chooses to move within 10 years of the completion date for any grant above £5,000, up to a maximum repayment of £10,000.</p> <p>The DFG Top Up Loan amount is also registered as a financial charge against the property at the land registry to ensure the Top Up Loan is repaid in the event of a sale or property transfer. From a sample of 5 applications, it was identified in all cases land changes had not been placed against the respective properties totalling £107K.</p> <p>Additionally, there are limited controls to ensure all Disabled Facility Grant, Disabled Facilities Relocation Grant and Disabled Facilities Discretionary Top up Loan conditions are met. Testing has identified limited controls are in place to meet the following conditions:</p> <ul style="list-style-type: none"> Relocation Grant - a condition of the grant is that the purchased property must have no category 1 hazards present. Testing has identified that there is no evidence on file to demonstrate this is being checked this is largely due to the grant being award prior to the purchase of the property. It is acknowledged the volume of relocation grants is minimal (only 3 have ever been awarded). Discretionary top up loan - one of the loan conditions is that the property must be covered by buildings insurance until the loan is repaid. A process is not in place to check this information. <p>Whilst these grant conditions need to be verified, the grant application form does not stipulate these requirements and</p>	<p>Controls to be introduced to verify the conditions stipulated for the Disabled Facilities Grant, Disabled Facilities Relocation Grant and the Disabled Facilities Discretionary Top Up Loan in line with policy review.</p> <p>A review to be completed of all DFGs and DFG Top Up Loan which have been completed to ensure land charges have been placed against the relevant properties, where required.</p> <p>Check list for all DFGs to be put in place to ensure all process controls used and recorded on FLARE.</p> <p>URN 02066</p>	<p>Niall Waller</p> <p>Joseph Muxlow</p> <p>Joseph Muxlow</p>	<p>30 July 2018</p> <p>30 June 2018</p> <p>31 May 2018</p>

No.	Findings and Implications	Agreed Action	Who	When
	<p>the applicant’s responsibility to adhere to these terms and conditions. As a consequence it may be difficult to enforce compliance or seek reimbursement.</p>			
3 (A)	<p>The current Private Sector Housing Renewal and Improvement Policy is out of date and was due for review by 30 June 2015. The policy also does not align to current practices in operation within the service. An example of this is the condition of the DFG Relocation Grant where the property must be occupied by the applicant as their main residence for a period of 5 years. Currently there is no process to facilitate the measurement or assessment of this condition.</p>	<p>The policy context remains unchanged. However, the details of each programme of work changes frequently as funding programmes change. A simple programme summary with eligibility criteria will be created and approved to replace this section of the policy.</p> <p>URN 02024</p>	Niall Waller	30 June 2018
4 (A)	<p>A process has not been defined to deal with clients where the value of the eligible work exceeds the DFG amount and is below the Disabled Facilities Discretionary Top Up Loan value.</p> <p>Although these cases are reviewed on a case by case basis, this may lead to an inconsistent approach to clients’ needs and a potential reputation impact for the Council should it be challenged.</p>	<p>A process to be defined on how to deal with client cases which exceed the DFG grant (36K) amount but are below the Disabled Facilities Discretionary Top Up Loan (Minimum loan amount of £3K). Officers will have discretion to manage these cases within new guidelines.</p> <p>URN 02028</p>	Niall Waller	30 June 2018
5 (A)	<p>The income eligibility amount for child tax credit and working tax credit within the DFG application form is out of date. Specifically, the eligibility amount is understated by £1055 and used to determine eligibility. This poses a risk that applicants may be declined due to the incorrect criteria.</p> <p>Additionally, the privacy notice on the Disabled Facilities Grant application is not compliant with current Data Protection Act and future GDPR. Specifically it does not advise the applicant on why and how the Council will be processing their information, the legal basis for processing the information, the retention period for the personal information, and whether the provision of personal data is</p>	<p>A review to be completed of the application form to ensure it is in line with all current regulatory and legal requirements.</p> <p>URN 02055</p>	Joseph Muxlow	31 May 2018

No.	Findings and Implications	Agreed Action	Who	When
	part of a statutory or contractual requirement. The consequence to the Council of non-compliance will be greater with the introduction of GDPR in May as the Council may be subject to fines.			
6 (A)	There are currently 24 stages within the current DFG process. Documented procedures are not in place to provide guidance on the various DFG processes such as tendering, means test documentation, variation of orders, payments, etc. This has led to inconsistencies in approach and documentation retained for the various DFG applications processed.	A process review should be completed to identify areas where improvements can be made or the process could be streamlined. Documented procedures (desk instructions) for all DFG processes to be drafted. URN 02078	Joseph Muxlow	31 May 2018
7 (A)	Contractors are monitored on a case by case basis, however management information is not maintained to provide oversight of all contractor performance including variation of work and costs, timescales for completion, customer satisfaction survey, etc. Manual spreadsheets have been subsequently developed as the current Flare system does not support reporting capability. Control improvements would assist in identifying poor contractor performance, emerging trends in variation costs and evaluating whether value for money is achieved and service delivery improved.	Management information to be developed to report on contractor performance. Management to investigate system requirements to eliminate the need for manual spreadsheets and the potential to use Proactis, the Councils' contracts management system. URN 02079	Joseph Muxlow	31 May 2018
8 (A)	Not all DFG applications which have been approved are reflected in the DFG spreadsheet which is utilised to track application progress and budget spend. Internal audit were provided with a list of all approved DFGs which was generated from the FLARE system. This list formed the basis for the sample testing selection. Sample testing identified that some applications which had been approved had not been reflected in the DFG	Monthly reconciliation to be completed between DFG spreadsheet with the information provided by finance to ensure budget spend is accurately reported and managed as well as providing an accurate overview of all grants in process. Following the review of the current process in an attempt to streamline, target dates to	Joseph Muxlow Joseph Muxlow	31 May 2018 31 May 2018

No.	Findings and Implications	Agreed Action	Who	When
	<p>spreadsheet. This spreadsheet was recently introduced by the Regeneration Programme Lead as the current Flare system are not adequate to track application progress. This spreadsheet is populated with data extracted from 2 main sources: P2P and FLARE.</p> <p>There are currently 24 steps within the current process to deliver a DFG. Reporting is not available to demonstrate the volume of applications at each stage of the process. The current national performance indicator utilised by the service to monitor performance of DFG delivery is not sufficient and there are no internal indicators to assist with the identification of issues leading to delay in service delivery and contributing to customer dissatisfaction. Additionally, agreed time frames have not been defined for each step of the delivery process for which delivery can then be measured against.</p> <p>The service is missing an opportunity to measure service performance, manage budget spend and identify service process improvements.</p>	<p>be assigned to all process steps.</p> <p>Monthly reporting to be generated to review progress of delivery against agreed SLAs.</p> <p>Review of cases where SLAs have not been achieved to understand reasons for delay and opportunities for process improvements.</p> <p>Internal KPIs to be established to monitor DFG delivery.</p> <p>URN 02058</p>	<p>Joseph Muxlow</p> <p>Joseph Muxlow</p> <p>Joseph Muxlow</p>	<p>31 May 2018</p> <p>31 May 2018</p> <p>31 May 2018</p>
9 (A)	<p>Not all DFG Top Up Loan applications were complete. From a total of 17 DFG Top Up Loans, 5 applications were sample tested. Of the 5 applications tested, 4 (80%) had not been signed and dated by the applicant.</p> <p>As such, the Council may not be able to evidence the applicant has agreed to the terms and conditions of the grant.</p>	<p>A completed DFG application form to be required in all instances to evidence agreement by the service user to the terms and conditions of the grant.</p> <p>URN 02060</p>	Joseph Muxlow	31 May 2018
10 (A)	<p>Means test data is not always available to support the decline of Disabled Facilities Grant Application. Of a sample of 10 applications tested, 3 (30%) did not have the means test data available. A decline letter to advise the applicant they have been unsuccessful is not always sent. The</p>	<p>Means test data to be retained on file to evidence the decline of a Disabled Facilities Grant Application.</p>	Joseph Muxlow	31 May 2018

No.	Findings and Implications	Agreed Action	Who	When
	Council may be unable to evidence a DFG decision has been communicated to the applicant including the reason for the decline.	URN 02061		
11 (G)	<p>Grant approval and amount letter is not always sent to applicant; although no instances have been identified where contributions had not been made as a result of this. Of a sample of 9 applications tested, one (11%) was not sent the grant approval letter with the agreed amount.</p> <p>In the event of a dispute, the Council is unable to evidence what contribution had been agreed with the applicant and the terms of repayment.</p>	<p>DFG approval letter to be sent to the client to inform of the grant approval amount, client contribution if applicable and the terms and conditions of the grant.</p> <p>URN 02063</p>	Joseph Muxlow	31 May 2018
12 (G)	<p>Whilst it has been confirmed that the contract for the Stannah Lift Services is part of a Framework Agreement procured by another authority, a copy of the contract could not be provided to Audit to demonstrate value for money.</p> <p>As such, the current agreement may be out of date or not in line with CPR procedures.</p>	<p>Stannah Lift Services Framework agreement to be reviewed for adequacy in line with the Council's CPR procedures.</p> <p>URN 02071</p>	Joseph Muxlow	31 May 2018

4 Additional Audit Comments:

The purpose of this section is to inform Managers of those areas where:

- A finding has been discussed but which has not been included within the overall audit opinion.
- Value for money has been considered and areas of opportunity for further improvement have been identified.

No.	VFM Findings/Suggestions	Management Comment
Value for Money:		
1	<p>There is a significant variation in cost between the various approved contractors as part of the new DFG Adaptation Framework Agreement for the provision of adaptation work through Flintshire. By allocating work on a rotation basis, there is a risk that the council may not be able to demonstrate value for money and the higher costs will have an impact on the Councils' ability to fulfil a larger number of DFG requests.</p> <p>The new framework to be rolled out and value for money/ impact to DFG to be monitored and amendments made to comply with Terms and Conditions of the Grant.</p>	<p>The service will maintain detailed records of work allocated to contractors, the cost of completed works and any variations from contract price. These will be analysed and benchmarked against historic costs and also costs from other services and areas wherever relevant.</p>
Suggestion:		
2	<p>The Council does not independently validate the financial information provided by a DFG applicant. The service have advised the validation of the DFG financial information provided to support the application will now be conducted by the Housing Benefits team from the beginning of the financial year. As a consequence, Disabled Facilities Grants may be offered to individuals who have the means to pay for the work required.</p>	<p>The DFG application data validation will be completed by the Housing Benefits Team from 1 April 2018.</p>

5 Distribution List:

Name	Title
Andrew Farrow	Accountable Officer Responsible for the Implementation of Agreed Actions
Colin Everett	Chief Executive
Andrew Farrow	Chief Officer – Planning and Environment
Niall Waller	Service Manager- Enterprise and Regeneration
Joseph Muxlow	Regeneration Manager

Appendix A – Audit Opinion:

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Some** or **Limited** assurance audits will be reported to the Audit Committee.

Assurance	Explanation
<p>Green - Substantial</p>	<p>Strong controls in place (all or most of the following)</p> <ul style="list-style-type: none"> • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable <p>Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</p>
<p>Amber Green – Reasonable</p>	<p>Key Controls in place but some fine tuning required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments <p>Conclusion: key controls generally operating effectively.</p>
<p>Amber Red – Some</p>	<p>Significant improvement in control environment required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. <p>Conclusion: key controls are generally inadequate or ineffective.</p>
<p>Red – Limited</p>	<p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Conclusion: a lack of adequate or effective controls.</p>

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DFG audit 2017 – management control action plan (April 2018)

Action	Audit finding	Lead	Status	Planned completion
Introduce RPL oversight of individual DFGs in progress and review monthly with surveyors.	8,9	RPL	System in place	
Introduction of monitoring spreadsheet to provide overview of DFG progress.	8,9,10,11,13	RPL	System in place	
Introduce clear desk instructions to ensure consistency in following process.	7,10,11,13	RPL	In progress	June 18
Introduction of monitoring timescales for each stage of DFG process.	8,9,12	RPL	System in place	
Case completions spreadsheet introduced to record cost and timescale.	8,9,12	RPL	System in place	
Creation of monthly spend profiles for all individual DFGs to more accurately forecast expenditure. Use once new framework introduced fully mid-April.	9	RPL	System in place	
Develop spreadsheet to monitor award of work to contractors and compliance with framework rates. Use once new framework introduced fully mid-April.	1,8,4.1	RPL	System in place	
Develop system to monitor contractor compliance with start of site time requirements.	8,12	RPL	System in place	
Compliance check list for individual DFGs to enable easier monitoring - ensuring completion of all stages of process. Use once new framework introduced fully mid-April.	2,9,10,11,13	RPL	System in place	
Update private sector housing improvement policy / strategy.	3	E&RM	Not yet actioned	tbc
Produce housing regeneration loans and grants schedule to be updated on more frequent basis as criteria change.	3,4,5	E&RM	In progress	June 18
Introduce customer satisfaction forms and report outcomes.		RPL	System in place	
Introduce updated forms for GDPR compliance.	6	RPL	System in place	

Appendix 2

Agree new approach for lifting equipment framework – re-procured or another framework adopted.	14	RPL	In progress	July 18
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RPL – Regeneration Programme Lead

E&RM – Enterprise and Regeneration Manager

Appendix 3 - Disabled Facilities Grants risk register June 2018 (V4)

Identifying the risk or issue					Managing the risk or issue					Closing the risk or issue						
ID	Issue (i.e.: Threat to the Project)	Risk / Consequence	Current assessment			Already in place	Who is managing	Not in place / in progress	Who will manage	Implementation date	Residual risk level			Review date	Closure date	Signed off by
			I	L	O						I	L	O			
1	Management oversight of DFG cases and programme needs strengthening	Potential for non-compliance with systems Poor case management leading to delays Lower value for money Lower customer satisfaction	H	M	H	New manual spreadsheet created to summarise Civica record – compliance with each process stage and timescales for each	Joe Muxlow	Management sampling of case files	Niall Waller	Jul 18	M	L	L			
								Monthly monitoring of system compliance, case progress and timescales using spreadsheet	Joe Muxlow	Jul 18						
								New IT system with case management dashboard functionality to facilitate monthly manager review of process compliance and progress	Niall Waller	Jul 19						
								Clear desk instructions for each stage in the process	Joe Muxlow	Jul 18						
								Restructure of wider service to reinstate operational manager function over the service	Neal Cockerton	Jul 18						
2	New adaptation framework may not deliver anticipated benefits – timeliness, VFM and customer service	Lower value for money Lower customer satisfaction	H	M	H	Gather data on costs and timeliness for each contractor Introduce new customer satisfaction survey to include contractor service	Joe Muxlow	Monitor the costs and timeliness for each contractor	Joe Muxlow	Aug 18	M	L	M			

								Review the implementation of the framework at quarterly intervals to establish effectiveness	Niall Waller	Jul 18								
3	Land charges process inadequate to ensure charges are placed in a timely manner to protect public investment	The Council placed at risk of not being repaid grant owed to it	M	M	M		New manual spreadsheet created to summarise Civica record – compliance with each process stage and timescales for each	Joe Muxlow	Management sampling of case files	Niall Waller	Jul 19	L	L	L				
									New manual spreadsheet to summarise Civica record – compliance with each process stage and timescales for each	Joe Muxlow	Jul 18							
									New IT system with case management dashboard functionality to facilitate monthly manager review of process compliance and progress	Niall Waller	Jul 19							
4	Mismatch between current published policy and practice for top up loans and grants and relocation grants	Lack of transparency of decision-making leading to criticism and challenge	M	L	M				New programme schedule to be created to set out criteria for each	Niall Waller	Jul 18	L	L	L				
									Management sampling of case files	Niall Waller	Jul 18							
									New manual spreadsheet to summarise Civica record – compliance with each process stage and timescales for each	Joe Muxlow	Jul 18							
5	Systems and paperwork not GDPR compliant	Legal action against the action and potential fines.	H	L	M		Forms reviewed for GDPR compliance	Joe Muxlow	All systems to be checked and signed off by Information Governance	Joe Muxlow	Aug 18	L	L	L				
									The Civica system needs review as its ability to meet GDPR requirements is uncertain	Niall Waller	Mar 19							
6	Overall DFG timescale too long to meet published targets	Reputational damage Customer frustration	M	H	M		New manual spreadsheet to summarise Civica record – compliance with each process	Joe Muxlow	Review evidence base generated to identify pinch points in the process and identify options to reduce them	Niall Waller	Aug 18	L	M	M				

						stage and timescales for each Review all cases that fail to meet 247 day target to document reasons why											
								Lean review of the overall DFG process including the OT elements	Niall Waller	Sep 18							
								Learn from high-performing Council areas	Joe Muxlow	Sep 18							
7	Lifting equipment contract out of date	Failure to meet CPRs	L	M	L			New procurement arrangement being put in place through national framework	Joe Muxlow	Jul 18	L	L	L				
8	Whole systems approach to adaptations not in place in County	Lower value for money – opportunities for economies of scale and reduced administration Services not customer focussed leading to worse outcomes	M	M	M	Monthly panel meetings bring together OTs, DFG (private) team, C&R and Housing Options	Niall Waller	Need wider dialogue to start with Health Board and with RSLs	Niall Waller	Oct 18	M	M	M				
								Develop common systems across providers	Niall Waller	Dec 18							

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COMMUNITY AND ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Wednesday 27 June 2018
Report Subject	North East Wales (NEW) Homes Business Plan 2018/2027
Cabinet Member	Deputy Leader of the Council and Cabinet Member for Housing
Report Author	Chief Officer Housing and Assets
Type of Report	Strategic

EXECUTIVE SUMMARY

This report presents the NEW Homes Business Plan 2018/2027 following Cabinet approval in May 2018. The report also details the process for the approval of new lending to NEW Homes for the development or purchase of affordable homes in Flintshire.

The business plan sets out key elements of the company's proposed growth plan to increase the number of properties managed and owned as affordable housing over the next five years.

The business plan has been approved by NEW Homes Board as a strategic planning document at its Board meeting on the 12th March 2018; subject to ongoing scheme by scheme final approval and validation of financial appraisals by the company's Board and the Council's Corporate Finance Manager in consultation with the Leader of the Council, Cabinet Member for Finance.

This includes new homes to be developed via the SHARP programme, Section 106 properties and potential properties acquired through borrowing against existing assets.

RECOMMENDATIONS

1	Scrutiny to note the NEW Homes Business Plan 2018/2027.
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REPORT DETAILS

1.00	Background
1.01	North East Wales Homes, (NEW Homes) is a Housing company based in Flintshire and owned by Flintshire County Council. It began trading in April 2014. NEW Homes owns, leases and manages properties across Flintshire. The company was established to increase the quantity and quality of affordable housing available in Flintshire; increasing housing choice for those who may not qualify for social housing but for whom market housing is unaffordable or difficult to access.
1.02	In addition NEW Homes provides a professional service to landlords acting as a managing agent as a means of increasing the supply of quality affordable housing.
1.03	The business plan identifies ongoing annual surpluses and mutually agreed amounts returned to the Council at agreed intervals for reinvestment in the Council's housing priorities. The Business Plan is included as a confidential appendix (Appendix 1) within this agenda.
1.04	The Board of NEW Homes held an Away Day in November 2017 to review the development of the company and progress made against the original business plan objectives and targets. A range of ideas and plans emerged from this session and after further analysis and development work over a six month period this was developed into a revised business plan for NEW Homes.
1.05	This work has been supported by independent expertise and challenge; and after detailed consideration and risk analysis was approved by NEW Homes Board on the 12 March 2018 as an achievable and sustainable plan for growth over the next ten years.
1.06	As part of this process, the Board reviewed progress of the three main portfolio areas against the projections made in the original Business Plan.
1.07	Strategic Housing And Regeneration Programme (SHARP)
1.08	The business plan includes the Walks scheme, Flint a new build scheme of 62 affordable houses and apartments. The capital funding will be provided by the council in the form of a 45 year annuity loan. The Scheme was completed in April 2018.
1.09	Proposals are being developed for a further 39 properties being delivered through the SHARP and financial assumptions for these properties have now been included in Appendix 1, in the confidential appendix.
1.10	In order to streamline the process potential schemes for NEW Homes will be submitted to the NEW Homes Board as well as the Councils Corporate Finance Manager in consultation with the Leader of the Council and Cabinet Member for Finance for funding and scheme approval. In adopting this process NEW Homes board can be assured that funding approval is in place

	<p>and in line with the scheme being considered.</p> <p>Each scheme proposal will need to meet certain financial parameters prior to any sign off from the Corporate Finance Manager and Leader of the Council and Cabinet Member for Finance. These are detailed in Appendix 2 and are intended to ensure the following:-</p> <ul style="list-style-type: none"> • Scheme is modelled and pays back within 45 years. • Meets state aid criteria. • Provides a return to the Council. • Any grant funding is secured prior to approval.
1.11	Section 106 Units
1.12	NEW Homes currently has 37 Section 106 units and are anticipating to receive a further 28 homes over the next 5 years (total 65) from developers meeting their affordable housing provision obligations through Section 106 Agreements.
1.13	These properties are transferred to the company as “unencumbered assets”. The positive working relationship which has evolved between the Council, NEW Homes and construction partners through the development of this product has facilitated the rapid delivery of a high quality product in communities where the availability of Affordable Rent properties has enabled local people to remain within their own local communities.
1.14	Managed Lettings
1.15	NEW Homes manages and lets property on behalf of landlords who own property, it currently does this through a management agreement. This ‘product’ enables the company to take on all the functions of the private landlord in return for a one off £195.00 sign-up fee. NEW Homes set rent levels at 10% below market level to ensure affordability and also charge the landlord a 10% management fee which is subject to annual review. The Business Plan includes 31 properties within the management portfolio.
1.16	Growth in relation to its managed lettings offer has been slow in 2017/18 and with the emergence of Rent Smart Wales and the highly competitive nature of the market within this sector (other landlords can charge higher rental fees and can pay less than 10% management fees with other residential letting agents). The company, however, has been successful in that it has retained the majority of landlords once signed.
1.17	<p>The cost of running this service are currently being reviewed alongside the clear need to fully consider the current offer so as to ensure it can remain viable, this review will also need to consider how the service is effectively managed, marketed and promoted within Flintshire and of course resourced with staff who understand the local market, have innovative ideas and can sell and support a revised lettings offer.</p> <p>It is really important to note that this product contributes towards the Council’s corporate objective to increase the range of options of affordable housing provision in the private sector. As noted above both NEW Homes</p>

	and the Council are jointly developing options around how this product can work more efficiently for both NEW Homes and the Council.
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2.00	RESOURCE IMPLICATIONS
2.01	The Business Plan attached at appendix 1, in the confidential appendix, details the financial implications of the company's Growth Strategy for the duration of the Business Plan 2018-2027.
2.02	The Council would be required to commit to borrow up to £10m to on-lend to NEW Homes. This would fund the provision of affordable homes.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	No consultation undertaken as part of this report.

4.00	RISK MANAGEMENT
4.01	NEW Homes has developed a strategic Risk Register which is regularly reviewed by the NEW Homes Board. In addition, an operational Risk Register for The Walks, Flint scheme has been established and is regularly reviewed at each NEW Homes Board Meeting.
4.02	In order to ensure both the Council and NEW Homes realise value for money SHARP scheme build costs are being independently verified by a Cost Consultant.
4.03	A Performance and Financial Update Report is also presented at each NEW Homes Board meeting to review the operational and financial performance of the company.
4.04	Scheme proposals will not be approved by the Corporate Finance Manager (in consultation with the Leader of the Council), Cabinet Member for Finance unless Officers in Finance are satisfied that schemes meet the conditions detailed on Appendix 2.

5.00	APPENDICES
5.01	Appendix 1 – NEW Homes Business Plan 2018-2027 (Part 2 agenda, confidential) Appendix 2 – Financial Appraisal Requirements

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Office: Melville Evans Job Title: Housing Programmes Service Manager Telephone: 01352 701436 E-mail: meville.evans@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Strategic Housing And Regeneration Programme (SHARP) – Flintshire County Council House Building Programme which will build 500 new homes (200 Council) and 300 (affordable).</p>
7.02	<p>NEW Homes - North East Wales Homes, (NEW Homes) is a Housing company based in Flintshire and owned by Flintshire County Council. NEW Homes owns, leases and manages properties across Flintshire. The company was established to increase the quantity and quality of affordable housing available across the county; increasing housing choice for those who may not qualify for social housing but for whom market housing is unaffordable or difficult to access. In addition NEW Homes provides a professional service to landlords as a managing agent as a means to increase the supply of quality affordable housing.</p>
7.03	<p>Section 106 Planning Obligations and Conditions – Planning obligations, also known as Section 106 agreements (based on that section of The 1990 Town & Country Planning Act) are private agreements made between local authorities and developers and can be attached to a planning permission to make acceptable development which would otherwise be unacceptable in planning terms. The land itself, rather than the person or organisation that develops the land, is bound by a Section 106 Agreement, something any future owners will need to take into account.</p>
7.04	<p>Rent Smart Wales - Rent Smart Wales is a service within Cardiff Council, in place to administer the requirements for landlord registration and agent and landlord licensing under the Housing (Wales) Act 2014. The Licensing Authority is working with local authorities to carry out their functions under the Act. Local authorities for each area may lead enforcement action against those landlords and agents not complying with their legal obligations on behalf of the Licensing Authority. In order to offer a complete service for the private rented sector in Wales, Rent Smart Wales also has information available to assist tenants living in, or looking to live in, the private rented sector.</p>

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NEW Homes Scheme Proposal – S151 Approval Conditions

	Condition
Breakeven Year	Schemes must pay back (in full) within 45 years
Cash Flow	Scheme proposals must demonstrate positive annual cash flows for NEW Homes
State Aid	<p>If NEW Homes require a subsidised interest rate as part of the loan arrangements, scheme costs must be below Welsh Government Affordable Cost Guidelines to demonstrate that build costs are 'reasonable' for that type of scheme.</p> <p>That any aid granted to NEW Homes via a lower than market rate loan will comply with all parameters set by the state aid scheme under which the loan is being provided.</p>
Loan Arrangements	The modelled loan rate to New Homes will be at a higher rate than the councils predicted borrowing rate from PWLB based on treasury forecasts. This is to ensure a return to the Council.
Security	If NEW Homes require a loan equating to more than 70% of the market value of the properties, a charge over the equivalent value of other properties in the company's portfolio will/may be held by the Council as security.
Financial	NEW Homes must submit a 30 year financial updated business plan which includes the impact of the proposed scheme on the finances of New Homes.

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