



Report of the Chief Officer for Statutory Housing

Corporate Governance and Audit Committee

Date: 18 July 2011

Subject: Council Housing Assurance Framework

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

EXECUTIVE SUMMARY

The Council's relationship with the three Arms Length Management Organisation (ALMOs) and Belle Isle Management Organisation (BITMO) is one of partnership developed through a close working relationship and underpinned by a Performance Management Framework in which key performance indicators are monitored as well as a programme of audits undertaken to deliver assurance that services delegated to ALMOs/ BITMO are being appropriately managed.

In 2010/11 to enhance the Councils' Performance Management Framework for both the ALMOs and BITMO the Housing Partnerships team developed a process known as the Assurance Framework. The Framework sets out a number of controls within which the housing management service is delivered, whilst at the same time providing assurance to all stakeholders that this is achieved within minimum risk. The housing management objectives identified are governance, asset management, partnerships, lettings and tenancy enforcement, service improvement plans and customer /tenant satisfaction. Internal Audit have undertaken audits on 11 services in each ALMO/ BITMO last year, whilst Housing Partnerships team undertook 5 reviews into services. Internal audit provided at least an acceptable, or good control environment opinion in 20 of the 21 issued audits where controls were tested. For audits where compliance was tested, acceptable or good compliance was found in 26 of the 32 issued audits. No major organisational impacts were found in any of the audits.

1. Purpose Of This Report

- 1.1 In September 2010 Corporate Governance and Audit Committee requested annual assurance that the delegated housing management services to the ALMOs and BITMO are appropriately managed. This report provides the assurance through informing Corporate Governance and Audit Committee of the outturn of the Assurance Framework for Council housing management in 2010/11.

2.0 Background Information

- 2.1 The Council's relationship with the three Arms Length Management Organisations (ALMOs) and Belle Isle Management Organisation (BITMO) is one of partnership in the delivery of excellent housing management services for tenants of the council. This partnership is underpinned through:
- a close working relationship. This relationship operates at a number of levels throughout all organisations, from regular meeting between the Executive member and the ALMO chairs, to meeting between officers at a range of levels. The recent creation of the Strategic Governance Board in February 2011 will provide increased joint working to deliver common approaches to the regeneration of communities and neighborhoods.
 - A Performance management framework. This is an annex of the Management Agreement and has two parts: Performance monitoring and the Assurance Framework. Performance on key indicators, such as income generation, meeting the decent homes standard are reported by the council monthly, as well as financial monitoring. Secondly, a programme of Internal Audits is developed annually in partnership with ALMOs/ BITMO to provide assurance that the risks of the delegation of housing management to ALMOs/ BITMO are being appropriately managed.
- 2.2 The Assurance Framework was implemented in 2010/11 to set out a control environment within which the housing management service is delivered whilst at the same time providing assurance to all stakeholders that this is achieved with minimum risk.
- 2.3 The spirit of the Framework is co-regulation. The Framework will provide assurance that the ALMOs and BITMO have mitigated the risk areas through their own policy and procedures. These will be objectively assessed by Internal Audit resulting in the development of the annual Assurance Framework audit programme.
- 2.4 The greater the level of assurance that the ALMOs and BITMO provide through the annual assurance report, the smaller the audit plan for the subsequent year. In 2010/11 many audits were undertaken to ascertain a baseline. In 2011/12 a reduced number of audits will be undertaken focusing on the areas of high risk.
- 2.5 The Assurance Framework sets out the key objectives for the council in its delegation of the housing management functions to the ALMOs and BITMO. These objectives are:
- Governance
 - Asset management
 - Partnerships
 - Lettings and Tenancy Enforcement
 - Service Improvement Plans
 - Customer Tenant Satisfaction

2.6 Housing Partnerships team commissioned Internal Audit to undertake audits to provide objective assurance. Internal Audit undertook audits in 11 services. This included 4 audits on the Strategic Landlord. In total 56 audits have been undertaken¹. Two services were audited twice within the year: Procurement and Lettings. Housing Partnerships team undertake a lot of the assurance through their day to day work, such as Performance target setting, Capital programme monitoring, quarterly financial monitoring. In addition, officers from Housing Partnerships team undertook a number of reviews to gain assurance. These included reviews on Fire Safety Assessments on multi story blocks, Customer Complaints, Areas Panels and Service Improvement Plans.

3.0 Main Issues

3.1 Internal audit provided at least an acceptable, or good control environment opinion for 20 of the 21 control audits undertaken. In the 9 subjects where ALMOs and BITMO compliance was tested 26 (81%) audits were considered to have an acceptable or good compliance in place. No audits were considered as having any major organisational impacts. The key areas of weakness identified were Procurement, Lettings and Gas Servicing. Procurement and Lettings had follow up audits in the second half of the year. For both these services, improvements were identified and acceptable or good assurance has been reported in all 3 ALMOs and BITMO. ENE will have a follow up Gas Servicing audit in 2011/12 to ensure that the recommendations are been undertaken as it had a limited audit opinion.

3.2 One of the most in depth audits was the Corporate Governance Audit for each ALMO and BITMO. This audit was an in depth assessment to ensure that each organisation had good direction and control of the organisation. Three audits have been published to-date, of these two organisations received good assurance and one acceptable. The common findings of this audit were:

- Minutes of Board meetings should be placed on their website
- Publish a statement on the internal control arrangement annually
- A list of Partnerships should be identified and there should be monitoring procedures to ensure that outputs can be measured and linked to the ALMO objectives and priorities.
- Undertake an annual declaration of interest for the Board, and staff
- Business Continuity plans should be more regularly updated

3.3 Housing Partnerships team has undertaken the following reviews: Area Panels, Service Improvement Plans, Customer complaints, Fire safety in Multi Storey blocks, Asset management Service. These reviews did not give 'grades' just recommendations, which Officers from Housing Partnerships team will follow up 6 months after the review.

3.4 The key findings of each review are:

- Area panels: Key common recommendations across the ALMOs were

¹ Note 4 reports have yet to be issued

- to ensure that there was greater consistency in adhering to the Memorandum and Articles
- greater promotion of the Area Panel through the ALMO websites and customer literature
- closer connection to the ALMO Board is made so that Area Panels can have a greater influence the ALMO Board
- Area Panels have a greater understanding about how Board decisions may affect their localities
- a training and development strategy is adopted for Panel members.
- Service Improvement Plans: Recommendations differed for each ALMO. Key recommendations were that
 - Service Improvement Plans should reflect a manageable number of key priorities
 - clear simple reports should be presented to the ALMO Board
 - priority given to actions that have a high level of risk to the organisation.
- Customer Complaints: Common recommendations made included
 - More use made of lessons learnt to improve processes as a result of complaints
 - More initial contact with customers to address service requests before formal complaints are made
- Fire Safety in Multi Storey blocks: This assessment included visits to a number of multi storey blocks to check. Recommendations were that
 - all breaks in construction are sealed with a suitable fire resistant material
 - that there is full and appropriate fire signage
 - increased post inspection of all refurbishment works
 - an increased programme of spot checks by senior ALMO staff
 - that improvements are made to caretaker training programmes and there is closer supervision to ensure that they undertake greater fire safety measures
 - that support is made to vulnerable residents to remove rubbish where they can't do so themselves.

As a result of this review each ALMO has developed a detailed action plan. Implementation is being supported by Officers from Housing Partnerships.

- Asset management service: A review was undertaken of how ALMOs managed the asset related contracts. The conclusion was that within the ALMOs there was limited overall capacity, skills, knowledge and different approaches. As a result, through the

development of the ALMO Business Centre, the ALMOs are considering centralising the contract management functions.

4.0 Implications For Council Policy And Governance

4.1 The Assurance Framework provides the council with assurance that the key risks for the delegation of housing management are being appropriately managed by the ALMOs and BITMO.

5.0 Legal And Resource Implications

5.1 The 2010-11 Assurance Framework in part replaced the previous Internal Audit programme for Strategic Landlord and some of the ALMO commissioned programmes. The evidence gathered by both Internal Audit and through the reviews undertaken by the Housing Partnerships team will provide evidence for the Annual Governance Statement that the risk for delegating housing management through the ALMOs and BITMO are appropriately managed.

6.0 Conclusions

6.1 The Council though its performance management framework can provide assurance that the ALMOs and BITMO are appropriately managing the risks derived from delegating the housing management functions to them.

6.2 The audits and reviews undertaken in 2010/11 provide the Council with assurance against the risks of delegating housing management to the ALMOs and BITMO.

6.3 The Audit reports demonstrate for the services inspected assurance is generally of an acceptable or good standard. Where Limited assurance has been found, then follow up audits have been undertaken. For Procurement and Lettings, these have seen improvements in service delivery. Gas Servicing will be undertaken for ENE in 2011/12.

6.4 All Audit reports are reviewed by the Audit committee's of each ALMO Board which meet quarterly and they review implementation of each recommendation made focusing on the high risk recommendations. At BITMO the Audit reports are currently reviewed by the Board pending the establishment of an Audit Committee shortly in 2011/12.

6.5 The 2010/11 programme creates a baseline from which to develop future years audit programme. In 2011/12 the audit programme will be reduced by half, from 600 to 310 days. Greater focus will be placed on ALMO self assurance, whilst audits will focus on the risk areas identified this year

7.0 Recommendations

7.1 That Corporate Audit and Governance Committee receive assurance that the management of council housing in the city is being monitored by the Housing Partnerships team based within Housing Services.

Background Documents

15 June 2011 - Annual Internal Audit report to corporate Governance and Audit committee. The outturn of the audits undertaken in ALMOs/ BITMO are included in this report.