



DARLINGTON

Borough Council

Cabinet Agenda

5.00 pm

Tuesday, 7 May 2024

Council Chamber, Town Hall, Darlington DL1 5QT

Members and Members of the Public are welcome to attend this Meeting.

1. Introductions/Attendance at Meeting.
2. Declarations of Interest.
3. To hear relevant representation (from Members and the General Public) on items on this Cabinet agenda.
4. To approve the Minutes of this meeting of Cabinet held on 9 April 2024. (Pages 3 - 8)
5. Matters Referred to Cabinet –
There are no matters referred back for reconsideration to this meeting
6. Issues Arising from Scrutiny Committee –
There are no issues referred back from the Scrutiny Committees to this Meeting, other than where they have been specifically consulted on an issue and their comments are included in the contents of the relevant report on this agenda.
7. Auditor's Annual Report 2021/22 – Report of the Group Director of Operations.
(Pages 9 - 36)
8. Key Decisions:- –
There are no Key Decisions to be made at the meeting.
9. Household Support Fund 2024 – Report of the Chief Executive.
(Pages 37 - 46)

10. Housing Services Asset Management Strategy –
Report of the Group Director of Operations.
(Pages 47 - 74)
11. Housing Services Vulnerability Policy –
Report of the Group Director of Operations.
(Pages 75 - 90)
12. Membership Changes - To consider any Membership Changes to Other Bodies to which
Cabinet appoints.
13. SUPPLEMENTARY ITEM(S) (if any) which in the opinion of the Chair of this Committee are
of an urgent nature and can be discussed at this meeting.
14. Questions.



Luke Swinhoe
Assistant Director Law and Governance

Friday 26 April 2024

Town Hall
Darlington.

Membership

Councillors Curry, Harker, McCollom, McEwan, Porter, Dr. Riley, Roche and Wallis

If you need this information in a different language or format or you have any other queries on this agenda please contact Lynne Wood, Elections Manager, Operations Group, during normal office hours 8.30 a.m. to 4.45 p.m. Mondays to Thursdays and 8.30 a.m. to 4.15 p.m. Fridays (e-mail Lynne.Wood@darlington.gov.uk or telephone 01325 405803).

**DECISIONS SHOULD NOT BE IMPLEMENTED BEFORE
MONDAY 22 APRIL 2024**

CABINET

Tuesday, 9 April 2024

PRESENT – Councillors Harker (Chair), Curry, McCollom, McEwan, Porter, Dr. Riley and Roche

INVITEES – Councillors Snedker

APOLOGIES – Councillors Wallis, Dulston and K Nicholson

ALSO IN ATTENDANCE – Councillors Henderson and Robinson

C118 DECLARATIONS OF INTEREST.

There were no declarations of interest reported at the meeting.

C119 DEATH IN SERVICE - SUSAN WHITTAM

The Cabinet Member with the Health and Housing Portfolio reported on the recent death in service of Susan Whittam, a valued member of the Dolphin Centre Catering Team, who had sadly passed away on 19 March 2024. Susan had worked for the Council for nearly 20 years.

RESOLVED – (a) That the recent sad death in service of Susan Whittam, be noted, and the Council's sympathy be conveyed to Susan's family.

(b) That a minute's silence be observed as a mark of respect for Susan.

REASON – To inform Members of the sad death in service of Susan Whittam.

C120 TO HEAR RELEVANT REPRESENTATION (FROM MEMBERS AND THE GENERAL PUBLIC) ON ITEMS ON THIS CABINET AGENDA.

In respect of Minute C121 below, a representation was made by a Member in attendance at the meeting.

C121 TO APPROVE THE MINUTES OF THE MEETING OF THIS CABINET HELD ON 5 MARCH 2024

Submitted - The Minutes (previously circulated) of the meeting of this Cabinet held on 5 March 2024.

RESOLVED – That the Minutes be confirmed as a correct record.

REASON – They represent an accurate record of the meeting.

C122 MATTERS REFERRED TO CABINET

There were no matters referred back for re-consideration to this meeting.

C123 ISSUES ARISING FROM SCRUTINY COMMITTEE

There were no issues arising from Scrutiny considered at this meeting.

C124 KEY DECISION - ANNUAL PROCUREMENT PLAN

The Cabinet Member with the Resources Portfolio introduced the report of the Group Director of Operations (previously circulated) requesting that consideration be given to the Annual Procurement Plan (also previously circulated) including the assessment of contracts that are considered to be strategic or non-strategic; updating Members on the outcomes of procurement(s) previously designated as Strategic; and the decisions taken by the Procurement Board to waive the Contract Procedure Rules.

The submitted report stated that any contract award decision with a value below £100,000 was delegated to officers; in accordance with the Contract Procedure Rules, the Annual Procurement Plan was produced listing details of all existing and new contracts that were valued at £100,000 and above, which required a tender process; for those contracts designated as strategic, the final contract award would be approved by the Procurement Board and reported to this Cabinet; for those contracts designated as non-strategic, the decision would be delegated to the relevant Directorate and detailed in a decision record; and that three contracts had been designated strategic in the update to the Annual Plan.

A Member in attendance at the meeting made reference to the formatting and terminology contained within the report which she felt was not clear or transparent and required an explanation, and in doing so gave a number of examples from the report. Reference was also made to the length of the contract for the supply of materials and products for new build projects and how the Council was ensuring the contract offered best value over such a long contract. The Cabinet Member with the Resources Portfolio responded thereon.

RESOLVED – (a) That the the assessment of strategic and non-strategic contracts as presented in Appendix 1 of the submitted report be approved, and it be noted that:

- (i) further reports/ updates on the procurement process for those contracts designated as strategic (including decisions made by the Procurement Board) be brought to Cabinet;
- (ii) the contract award decisions for the contracts designated as non-strategic be delegated to the appropriate Directorate as listed in the plan at Appendix 1; and
- (iii) the contract award decisions for the contracts designated as strategic, as listed in the plan at Appendix 1, be delegated to the Procurement Board to approve and be reported back to Cabinet.

(b) That the contents of the submitted report in respect of the update of strategic procurements, Procurement Board waiver decisions, and Social Value, be noted.

REASONS – (a) In respect of strategic/non-strategic contracts, the recommendations are supported by the following reasons: -

- (i) the Contract Procedure Rules require Cabinet to approve the designation of contracts as strategic and non-strategic;
- (ii) contracts designated strategic are of high value and high significance in respect of the impact on residents, Health and Safety and public safety; and
- (iii) the contracts designated non-strategic are of a lower value and lower significance in respect of the impact on residents and public safety.

(b) In respect of Procurement Board waiver decisions, the recommendations are supported by the following reasons: -

- (i) in order to comply with the Contract Procedure Rules;
- (ii) to provide Cabinet with information about the decisions made by the Procurement Board; and
- (iii) to supplement the reports that are taken to Cabinet about proposed spend over £100,000, that are set out in the Annual Procurement Plan and the in-year update to that report.

C125 DOLPHIN CENTRE UPDATE: PHASE 3 MECHANICAL AND ELECTRICAL REPLACEMENT PROGRAMME AND RELEASE OF ADDITIONAL CAPITAL FUNDS FROM SWIMMING POOL SUPPORT FUND

The Cabinet Member with the Health and Housing Portfolio introduced the report of the Group Director of Services (previously circulated) updating Members on the delivery of the Phase 3 Mechanical and Electrical (M&E) installation and requesting that consideration be given to the release of funding, following a successful bid to the Swimming Pool Support Fund (SPSF), for photovoltaic panels and a new combined heating and power unit.

The submitted report provided an update on the Dolphin Centre and the works being undertaken; stated that the Government announced the SPSF in June 2023, which was in two phases; the Council were successful in a bid to the Capital phase of the fund in February 2024; and that the funding would provide a new combined heating power unit and photovoltaic panels, which would improve the carbon footprint of the building and reduce operational costs.

It was reported the works identified in the bid had been incorporated into the Phase 3 M&E works which allowed a single tender to be issued in order to secure economies of scale and a more effective delivery programme. The Phase 3 works included space heating and ventilation across a number of areas in the building; the building management system (control system); air handling systems; emergency lighting; and replacing existing lights with LED fittings to improve energy efficiency.

In presenting the report the Cabinet Member with the Health and Housing Portfolio thanked all those staff involved in submitting the bid and securing the funding from Sports England.

A Member welcomed the funding and investment in the building and the improvements that would be made in its sustainability.

RESOLVED - That the £526K of capital funding, be released, from the successful bid to the Swimming Pool Support Fund.

REASON - To enable the installation of photovoltaic panels and a new combined heating and power unit at the Dolphin Centre as part of the Phase 3 Mechanical and Electrical works.

C126 PROPOSED WAITING RESTRICTIONS OUTRAM STREET - OBJECTION

The Cabinet Member with the Local Services Portfolio introduced the report and plan of the Group Director of Services (both previously circulated) advising Members of an objection received to a proposal for waiting restrictions at Outram Street, as shown on the plan appended to the submitted report, and seeking a decision on whether to proceed with the proposal.

The submitted report stated that following the recent introduction of a contraflow cycle way on Duke Street and the introduction of revised waiting restrictions in the area, the southern end of Outram Street was left unrestricted; the absence of restrictions on parking in this location was interfering with the operation of the cycle route; and as a result, officers developed a proposal to regulate the parking and consulted on a proposal for waiting restrictions, a disabled bay and a limited waiting bay to prevent obstructive parking and improve road safety. A business owner on Duke Street made an objection to the proposed waiting restrictions, and the reasons for their objection was that the location of the disabled bay was not appropriate and that there were restrictions on both sides of the southern end of Outram Street.

Particular reference was made to the duty of the Council to maintain the flow of traffic and the provision of parking should only be considered if it was safe to do so and it did not interfere with the right of passage along it. The Council, acting in its capacity as the Highway Authority, also had a duty of care to ensure the safety of the travelling public and a duty under the Traffic Management Act 2004 to maintain the expeditious movement of traffic.

RESOLVED - That the objection be set aside and officers be authorised to proceed with the proposal to introduce 'No waiting at any time' and 'No waiting 9.00am – 5.00pm' restrictions, a Disabled Bay and Limited Waiting Bay, as shown on the plan appended to the submitted report.

REASON - To improve the road safety and preserving or improving the amenities of the area through which the road runs.

C127 MEMBERSHIP CHANGES - TO CONSIDER ANY MEMBERSHIP CHANGES TO OTHER BODIES TO WHICH CABINET APPOINTS.

There were no membership changes reported at the meeting.

**DECISIONS DATED –
FRIDAY 12 APRIL 2024**

This page is intentionally left blank

**CABINET
7 MAY 2024**

AUDITOR'S ANNUAL REPORT 2021/22

**Responsible Cabinet Member -
Councillor Mandy Porter, Resources Portfolio**

**Responsible Director -
Elizabeth Davison, Group Director of Operations**

SUMMARY REPORT

Purpose of the Report

1. To present the Auditor's Annual Report for 2021/22.

Summary

2. The Auditors Annual Report (**Appendix 1**) provides a high level summary of the results from the 2021/22 audit work undertaken by Ernst and Young LLP (EY), the Council's external auditors, for the benefit of Members and other interested stakeholders.
3. The Auditors Annual Report will be presented at the meeting by a representative from EY.
4. The Report confirms the Council's accounts give a true and fair view for the year ending 31 March 2022 and that the Council have put in place proper arrangements to secure value for money in its use of resources.

Recommendation

5. It is recommended that the Auditor's Annual Report be noted.

Reasons

6. The recommendation is supported to enable Cabinet to receive the results of external audit work carried out.

**Elizabeth Davison
Group Director of Operations**

Background Papers

Audit Committee Report April 2024

Audit Results Report Year ended 31 March 2022

Brett Nielsen : Extension 5403

S17 Crime and Disorder	There are no specific crime and disorder implications in this report.
Health and Wellbeing	There are no issues relating to health and wellbeing which this report needs to address.
Carbon Impact and Climate Change	There are no specific carbon impact issues in this report.
Diversity	The report does not contain any proposals that impact on diversity issues.
Wards Affected	All wards are affected.
Groups Affected	No specific groups are particularly affected.
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	The report does not require a key decision.
Urgent Decision	The report does not require an urgent decision.
Council Plan	There is no specific relevance to the plan beyond a reflection on the Council's governance arrangements.
Efficiency	The External Auditors concluded that the Council had put in place proper arrangements to secure value for money in its use of resources.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

Darlington Borough
Council
Auditor's Annual
Report

Year ended 31 March 2022

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Darlington Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit Committee and management of Darlington Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Audit Committee and management of Darlington Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Introduction

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Council, or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued on September 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- If we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Introduction (continued)

2012/22 Conclusions

Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor’s report on 12 April 2024.
Going concern	We have concluded that the Group Director of Resources’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statement	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Council’s VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Council.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of government accounts	The National Audit Office (NAO) has concluded on the 2021/22 Whole of Government Accounts. We have received confirmation on 11 April 2024, that we can issue the audit certificate for the 2021/22 year.
Certificate	We issued our certificate on 12 April 2024.



Audit of the financial statements

Key findings

The Narrative Statement and Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 12 April 2024, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 8 April 2024 Audit Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan. We reported 3 internal control recommendations in the Audit Results Report.

Significant risk

Risk of fraud in revenue and expenditure recognition

Conclusion

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We believe the risk of manipulation is most likely to manifest in the incorrect capitalisation of revenue expenditure through either inappropriate recognition of grants with terms and conditions, inappropriate capitalisation of revenue expenditure and omission of expenditure from the financial statements.

From our testing of grants, we have identified the following material (exceeding overall materiality and/or material in nature) misstatements in the current year:

- The overstatement of Capital Grants Received in Advance and understatement of Grant Income by £5.6m,
- The accounting treatment of the clawback of a grant for the Feethams property as a reduction in grant income instead of being reflected as grant expenditure of £1.71m,
- £7.72m of agent grants being recognised as grant income, and
- Misclassification of Improved Better Care Fund & Social Care Grants amounting to £7.95m as Grants Credited to Taxation and Non-Specific Income instead of Grants Credited to Services.

We conclude that these misstatements were due to the misinterpretation of the accounting treatment for the specific grants rather than an indication of fraud and/or management override.

We have not identified any evidence of manipulation of expenditure through incorrect capitalisation of revenue expenditure.

Our sample testing of additions to Property, Plant and Equipment:

- Found costs had been correctly classified as capital and included at the correct value.
- Did not identify any revenue items that were incorrectly classified as capital.

Our testing of the completeness of liabilities did not identify any omitted items from expenditure.



Audit of the financial statements

Significant risk

Conclusion

Misstatements due to fraud or error

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.

Our work did not identify any material weaknesses in the design and/or operation of controls or evidence of material misstatements, whether due to fraud or error, related to the inappropriate capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied.

Our work did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.

Other areas of audit focus

Conclusion

Valuation of Investment Property –

The fair value of Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

We completed the following procedures to address the risk:

- Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Considered the annual cycle of valuations to ensure that assets have been valued annually for investment property.
- Considered whether there were any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Considered any changes to useful economic lives as a result of the most recent valuation; and
- Tested accounting entries have been correctly processed in the financial statements.

We have also assessed the use of Investment Property to confirm the appropriateness of classifying property as Investment Property.

We also considered the usage of assets and whether there were any indicators of impairment.

We did not identify any material misstatements in the values for Investment Properties and classification thereof.



Audit of the financial statements

Page 17

Other areas of audit focus	Conclusion
<p>Valuation of land and building held at depreciated replacement cost (DRC) and existing use value (EUV) –</p> <p>The valuation of land and building held at DRC and EUV as these properties represents a significant balance in the Council's financial statements and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgements in respect of key assumptions and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. We recognise that there are fewer assumptions used in the valuation of assets held at depreciated replacement cost, rather than open market value. We will also be focusing on assets which have had a change in use, e.g. from owner-occupied to letting.</p>	<p>We completed the following procedures to address the risk:</p> <ul style="list-style-type: none"> • Considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; • Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre); • Considered the annual cycle of valuations to ensure that land and buildings assets have been valued as part of a five-year rolling programme as required by the CIPFA Code of Practice; • Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated; • Considered changes to useful economic lives as a result of the most recent valuation • Considered assets which have had change in use and the accounting treatment thereof; and • Tested accounting entries have been correctly processed in the financial statements. <p>We have noted the following misstatements in the valuation of PPE:</p> <ul style="list-style-type: none"> • a £10.3 million understatement of the valuation of Council Dwellings which has been corrected in the updated financial statements. • Understatement of Rise Carr College by £0.3 million due to a difference between the valuer's report and the value included on the fixed asset register. This misstatement has not been corrected in the updated financial statements • Understatement of the Honeypot Lane Property by £1.66 million due to an inappropriate valuation technique and outdated valuation information. This misstatement has not been corrected in the updated financial statements <p>We have also assessed the use of Property to confirm the appropriateness of classifying property as Property, Plant and Equipment. We had no matters to report in this regard.</p>
<p>Existence of infrastructure assets -</p> <p>The accounting for infrastructure assets was a national issue arising from the widespread practice of not derecognising infrastructure assets appropriately. After a period of consultation, DLUHC and CIPFA identified a solution which took effect from 25 December 2022 with guidance issued in January 2023.</p>	<p>Since we have received this guidance and, we have attached an inherent risk to the existence of infrastructure assets rather than the valuation assertion as reflected in the audit planning report. We believe that the existence assertion was relevant as the issue pertained to failing to recognise disposals, which would mean that the gross carrying amount of infrastructure assets may include assets that have been replaced (no longer exists).</p> <p>The Council has decided, in line with the guidance, to use the simpler option of disclosing the net book value of infrastructure assets, and we have reviewed these disclosures in the light of the recent guidance and the work done by the Finance team.</p> <p>We draw to the Council's attention that this approach is only allowed on a temporary basis, up to the financial year 2024-25. After this, bodies will be expected to account for infrastructure valuation in the standard way: but this allows time for them to be able to do this.</p>



Audit of the financial statements

Other areas of audit focus	Conclusion
<p>Group accounts - The CIPFA Code requires an assessment of arrangements on a qualitative basis first, and then on a quantitative basis. Management is required to revisit the Group assessment annually, based on the most up-to-date information, to determine if the Group financial statements require additional entities to be incorporated within the consolidation.</p>	<p>As in prior years, the Council produced Group accounts for 2021/22, in order to include the joint venture arrangements with Esh Homes Limited. The Council owns 50% of the share capital of the 6 (previously 4) joint ventures in place.</p> <p>During our audit work, we have:</p> <ul style="list-style-type: none"> Reviewed the Council's Group boundary assessment to ensure that it is complete and all Group entities have been identified; Reviewed the Council's assessment of qualitative factors such as whether the Council is exposed to any commercial risk through its involvement with the potential Group entities, in order to ensure the assessment is appropriate; and Tested the Council's quantitative assessment by agreeing all values included in the assessment to audited financial statements for each of the potential Group entities. <p>We have not identified any material matters to report in respect of the Group accounts and inclusion of the Joint Ventures with Esh Homes Limited.</p> <p>We have noted an error in the single entity's financial statements, where the Share of Joint Ventures' profits amounting to £1.2m was incorrectly recognised as a debtor. Management have corrected this misstatement. We conclude that the Group financial statements and accounting for groups in the single entity's financial statement is not materially misstated.</p>
<p>Pension Liability valuation - The Pension Fund /liability is a material balance in the Balance Sheet. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Durham County Council. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary.</p> <p>We reviewed the Council's IAS 19 reports which were used to prepare the financial statements. We have assessed the work of the actuary (AON), including the assumptions they have used, by relying on the work of PwC - consulting actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team.</p> <p>We have liaised with the auditors of the Durham County Council Pension Fund to obtain assurances over the information supplied to the actuary in relation to Darlington Borough Council's participation in the scheme.</p> <p>We have reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.</p> <p>During the subsequent events period the actuarial triennial valuation for 2022 was published for the scheme. We were required to consider this work as part of our audit of the 2020/21 & 2021/22 financial statements, as the IAS19 disclosures in the financial statements utilise membership data from the previous triennial valuation (2019) and a material movement in membership data could give rise to a material change required to the IAS19 figures presented.</p>



Audit of the financial statements

Other areas of audit focus	Conclusion
Pension Liability valuation	<p>The IAS19 figures have been recalculated for 2021/22 and did show a material change in membership which has resulted in a material amendment to the 2021/22 pension liability value in the updated financial statements. Additionally, we liaised with the auditors of the Durham County Council Pension Fund to obtain assurances over the updated membership data supplied to the actuary in relation to Darlington Borough Council's participation in the scheme.</p> <p>There are no other matters to bring to your attention relating to the valuation of the pension liability.</p>
<p>Going concern disclosures - The Council is required to carry out an assessment of its ability to continue as a going concern for the foreseeable future, being at least 12 months after the date of the approval of the financial statements. There is a risk that the Council's financial statements do not adequately disclose the assessment made, the assumptions used and the relevant risks and challenges that have impacted the going concern period.</p>	<p>We challenged management's identification of events or conditions impacting going concern;</p> <ul style="list-style-type: none"> • We tested management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias); • We reviewed the Council's assessment that it is appropriate for the financial statements to be prepared on a going concern basis; • We reviewed the Council's cashflow forecast covering a period of at least 12 months from the final approval date, to ensure that it has sufficient liquidity to continue to operate as a going concern; • We undertook a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and • We challenged the disclosure made in the accounts and annual report in respect of going concern and any material uncertainty. <p>We have no issues to raise in this area.</p>

Page 19

Update since the circulation of the 2021/22 Audit Results Report (ARR) that was presented to the Audit Committee on 8 April 2024:

- The remaining adjustment of £3.88m relating to the valuation of Council Dwellings has been processed in the amended 2021/22 financial statements. Therefore, the total adjustment to Council Dwellings for the current year valuation was £10.322m.
- The ARR indicated that management has used a balancing figure of £1.2 million on the face of the cash flow statement under "Other receipts" to ensure that the cash flow statement balances at year-end and ties in with the Cash & Cash Equivalents movement. This has since been resolved in the amended 2021/22 financial statements.
- The National Audit Office (NAO) has concluded on the 2021/22 Whole of Government Accounts. We have received confirmation on 11 April 2024, that we can now issue the audit certificate for the 2021/22 year. We issued our certificate on 12 April 2024.

We did not identify risks of significant weaknesses in the Council VFM arrangements for 2021/22.

Our VFM commentary highlights relevant issues for the Council and the wider public.

We have no matters to report by exception in the audit report.

Scope

We are required to report on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the 8th April 2024 Audit Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Council committee reports, meetings with audit committee members and evaluation of associated documentation through our regular engagement with Council management and the finance team. We did not identify any significant risks for VFM from our VFM planning procedures.

We completed our risk assessment procedures in March 2024 and did not identify any significant weaknesses in the Council's VFM arrangements. We have also not identified any significant risks during the course of our audit. We include within the VFM commentary below the associated recommendation(s) we have agreed with the Council. Our commentary for 2021/22 is set out over pages 11 to 14. The commentary on these pages summarises our conclusions over the arrangements at the Council in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified



Value for Money (continued)

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

Identified Risks and work performed

Finance staff work with Service managers to identify any potential pressures/savings over the next 4 years at budget setting time (also reviewing any pressures/savings previously identified), agreed by the relevant Assistant Director (AD)/Director and then these are collated by the Corporate Finance Manager and presented to the Chief Officers' Executive (COE) who review and challenge. Numerous iterations are brought back to COE until they are satisfied that the pressures/savings show a true representation of the potential pressures/savings for the foreseeable future. Costings and business plans are required to substantiate pressures/savings where necessary. To underpin all of the above, management performs budget management continuously to any pressures/savings at an early stage and these are presented to Cabinet on a quarterly basis with appropriate action taken. Management also proactively monitors and amends the budget where considered necessary.

Savings and pressures are identified in an holistic approach. Resources are identified and projected based on intelligence gathered and forecast numbers i.e. council tax is calculated on the existing taxbase with relevant projections of new housebuilding (from Planners) taken into account as well as any previously agreed council tax increases. The Council also commission external consultants (LG Futures) to help predict any potential changes in resources going forward i.e. NNDR changes through a reset, changes to new homes bonus, etc.

Whilst the Central Government provided significant recurring grants as well as one-off grants to the Council during the 2021/22 year to support the additional costs associated with Covid-19, as per the 2021/22 Statement of Accounts, the Council's revenue reserves (including the Joint Venture reserves) at the end of 2021/22 are £30.042m, £5.116m higher than the planned balances in the 2021-25 Medium Term Financial Plan (MTFP) position. Of the £30.042m reserves for 2021/22, the Council had a risk reserve balance of £5.350m, leaving £24.692m for use in future years.

The 2024/25 MTFP projects a reserves balance of £16.384m at the end of 2023/24 after taking into account the risk reserve balance of £5.350m. However, there will be ongoing pressures leading to a full review of the MTFP in 2024/25. While significant, it is due to costs associated with high demand for Children's Social Care, the rising cost of inflation and living wage increases, which is consistent with Councils across the country. Due to these added pressures, the MTFP projects a budget deficit of £6.283m at the end of the 2024/25 year. In light of the significant financial pressures the Council is facing, efficiency measures and savings to reduce expenditure in areas which do not directly hit service provision has been undertaken and services are continually reviewed in this regard. The 2024/25 MTFP projects savings of £4.019m.

When establishing the Councils medium term financial plan the Council adopts a risk-based approach looking at relevant external factors such as changes in government policy, the state of the economy and the impact on demand for services.

The risks identified in the 2021/22 Revenue Outturn Report are in line with our expectations of both the Council's and the sector's risks, many of which relate to, as mentioned above, the Covid-19 pandemic, the increase in Social Care demand, as well as the rising cost of living expenses. The identification of such risks is clear and the Council has sufficient arrangements in place to mitigate the impacts of these risks to ensure sustainable delivery of services.

The Council has a (costed) risk reserve that identifies potential changes in demand, again as the Council does continual budget management any changes or inherent risks are identified at an early stage so that appropriate action can be taken and to ensure that any risks identified can be built into future plans.



Value for Money (continued)

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services (continued)

Due to the significant disruption to normal activity from the pandemic, in previous years, and moving to a 'new normal' way of operations in the current year, there is recognition within the sector that operations have been difficult to predict for 2021/22. Management has closely monitored outturn throughout 2021/22. Given these uncertainties together with the pressures noted above, management's more cautious approach during 2021/22 is considered to be a reasonable approach.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



Value for Money (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Identified Risks and work performed

The Council has a comprehensive risk register that is facilitated by the Complaints and information Governance Manager who liaises with all service groups and produces a Corporate risk register as well as individual service group matrices - the results are presented to Audit Committee on an annual basis with the Risk Management Strategy going to Cabinet. The Council has an Internal Audit Section (a shared service with Stockton Borough Council) that has a comprehensive risk based audit approach to all of the services in Darlington with results reported to Audit Committee on a quarterly basis.

Due to the significant disruption to normal activity from the pandemic in previous years and moving to a 'new normal' way of operations in the current year, there is recognition within the sector that operations have been difficult to predict for 2021/22. Management has closely monitored outturn throughout 2021/22. Given these uncertainties together with the pressures noted above, management's more cautious approach during 2021/22 is considered to be a reasonable approach.

The Council starts its budget setting cycle early (July) with Finance officers liaising with service managers and reviewing the previous years performance as well as the current MTFP budgets before identifying any potential future pressures/savings. A set of guidance notes is produced by corporate finance to ensure a consistent approach. Any pressures/savings are identified early so that COE can review them to ascertain their validity. Each service group works to an agreed resource allocation envelope that is part of the MTFP process that identifies resources to fund the MTFP. The draft MTFP for the next 4 years is presented to Cabinet in December to allow a consultation period with relevant stakeholders etc until it is brought back to Cabinet in January before going to full Council in February for approval and subsequent implementation. The continuous revenue budget monitoring that the Council carries out also contributes to the budget cycle as most pressures/savings or potential amendments to the MTFP will have been identified at an early stage.

The Council does continuous budget management with the aid of an electronic budget management system (FMS) that sends out budget management reports on spend/budget/commitments etc every month on email to each budget holder. The completed sheets are loaded back into the FMS to allow relevant reports to be produced. The Council works on a risk basis with high risk areas being reported on a monthly basis and low risk areas every 3 months, with an Outturn report taken at end of year (June/July). The results of the budget management process are presented to Cabinet every quarter to enable Members to analyse the ongoing financial situation. These reports are also on the Agenda of Economy & Resources Scrutiny Committee which also carries out regular reviews.

The Council recognises that in order to fulfil its purpose and deliver the intended outcomes for its citizens and service users it needs to have in place comprehensive arrangements for corporate governance and accountability designed to ensure that it operates in an effective, efficient and ethical manner. The Council has a wide range of HR policies covering expectations and requirements of staff. These are categorised into a number of themes, for example policies relating to the conduct of individuals (e.g. anti-fraud, bullying, whistleblowing policies etc.). Failure to adhere to these policies can result in disciplinary procedures against individuals.

The Council has policies on these areas that everybody is required to read and acknowledge, with relevant statistics produced and reported to Audit Committee on a regular basis as well as the results of any said action taken if the standards have not been met (report by Monitoring Officer).

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Identified Risks and work performed

Management does extensive benchmarking to ensure that it is not an outlier in terms of performance - they still strive to keep costs at an acceptable level. In setting the budget they use statistical data to ensure costs are correctly identified.

The Council is constantly striving to improve our services by embracing and identifying best practice. In Childrens' Social Care, the Council had been working in conjunction with the Department for Education (DfE) and Leeds City Council (who are recognised as being leaders in the field) to identify any areas of improvement to encourage best practice in one of the big spending areas - Strengthening Families. The formal input from DfE and Leeds City Council has now ceased and the Council has developed a sustainability plan with key strategic aims for 2022/23.

The Council also has a partnership tool kit that identifies the significant partners of the Council to ensure that adequate governance arrangements are in place and this is reported to Audit Committee annually, as above quarterly financial reports (both revenue and capital) are taken to Cabinet to allow them to monitor the financial situation of the Council and take any action as appropriate. The annual MTFP is presented to Cabinet every December and recommended for consultation with stakeholders and scrutiny committees before the final report is presented to Special Council in the following February (after taking account of any constructive feedback).

The Council has a dedicated Procurement section and a well established process to ensure that all contracts (over the de minimis limit of £10k) follow the recognised procedure of going to Procurement Board (with high ranking officers membership) to be agreed. There is also a flag on the FMS (Agresso) that gives a warning to the Procurement section of any invoice over the £10k limit that has not had Procurement Board approval. The contracts register is published on the website and is periodically updated. Procurement also analyse the spend of the Council on a continuous basis to ensure consistency and identify anomalies.

The joint Ofsted and Care Quality Commission (CQC) inspection for Special Education Needs and/or Disabilities (SEND) for the Darlington Local Area was carried out in January 2022. The inspection report noted areas for improvement/development. The Council has developed a Written Statement of Action (WSOA) to address the areas for improvement upon which significant progress has been made. The findings from the joint inspection do not present a significant weakness in our risk assessment for VFM.

In May – June 2022, the Council embarked on a Peer Review. The Council wrote a position statement and over 120 people from the Council, private and the third sector were interviewed by the team from the Local Government Association (LGA). The report highlighted that the Council is well led with a positive culture, where staff are keen to get on with things and make a difference to the Borough. Compared to local government as a whole, the organisation is financially secure and has the appropriate governance and risk management arrangements in place - though there are emerging financial risks on the horizon associated with increased demand for social care services, inflation and the cost-of-living crises. The LGA has also made particular references to the partnerships the Council has, the workforce who resonated positivity, the great economic growth achievements made to date, and the opportunities emerging for Darlington. The LGA team's report was presented to Cabinet on 11 October and an update on Cabinet's recommendations was presented on 8 November 2022.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Appendices

Page 25

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

Building a better
working world

Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

Findings

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

Finance staff work with Service managers to identify any potential pressures/savings over the next 4 years at budget setting time (also reviewing any pressures/savings previously identified), agreed by the relevant Assistant Director (AD)/Director and then these are collated by the Corporate Finance Manager and presented to the Chief Officers' Executive (COE) who review and challenge. Numerous iterations are brought back to COE until they are satisfied that the pressures/savings show a true representation of the potential pressures/savings for the foreseeable future. Costings and business plans are required to substantiate pressures/savings where necessary. To underpin all of the above, management performs budget management continuously to any pressures/savings at an early stage and these are presented to Cabinet on a quarterly basis with appropriate action taken. Management also proactively monitors and amends the budget where considered necessary.

How the body plans to bridge its funding gaps and identifies achievable savings

Savings and pressures are identified in an holistic approach. Resources are identified and projected based on intelligence gathered and forecast numbers i.e. council tax is calculated on the existing taxbase with relevant projections of new housebuilding (from Planners) taken into account as well as any previously agreed council tax increases. The Council also commission external consultants (LG Futures) to help predict any potential changes in resources going forward i.e. NNDR changes through a reset, changes to new homes bonus, etc.

Whilst the Central Government provided significant recurring grants as well as one-off grants to the Council during the 2021/22 year to support the additional costs associated with Covid-19, as per the 2021/22 Statement of Accounts, the Council's revenue reserves (including the Joint Venture reserves) at the end of 2021/22 are £30.042m, £5.116m higher than the planned balances in the 2021-25 Medium Term Financial Plan (MTFP) position. Of the £30.042m reserves for 2021/22, the Council had a risk reserve balance of £5.350m, leaving £24.692m for use in future years.

The 2024/25 MTFP projects a reserves balance of £16.384m at the end of 2023/24 after taking into account the risk reserve balance of £5.350m. However, there will be ongoing pressures leading to a full review of the MTFP in 2024/25. While significant, it is due to costs associated with high demand for Children's Social Care, the rising cost of inflation and living wage increases, which is consistent with Councils across the country. Due to these added pressures, the MTFP projects a budget deficit of £6.283m at the end of the 2024/25 year. In light of the significant financial pressures the Council is facing, efficiency measures and savings to reduce expenditure in areas which do not directly hit service provision has been undertaken and services are continually reviewed in this regard. The 2024/25 MTFP projects savings of £4.019m.

Appendix A – Summary of arrangements

Financial Sustainability (continued)

Reporting Sub-Criteria	Findings
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>When establishing the Councils medium term financial plan the Council adopts a risk-based approach looking at relevant external factors such as changes in government policy, the state of the economy and the impact on demand for services.</p> <p>The risks identified in the 2021/22 Revenue Outturn Report are in line with our expectations of both the Council's and the sector's risks, many of which relate to, as mentioned above, the Covid-19 pandemic, the increase in Social Care demand, as well as the rising cost of living expenses. The identification of such risks is clear and the Council has sufficient arrangements in place to mitigate the impacts of these risks to ensure sustainable delivery of services.</p>
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>The MTFP is under the same directorship as the workforce, capital, investment and operational planning ensuring consistency across the board. The capital strategy incorporates the capital programme and is therefore embedded with the investment strategy plan being part of the Treasury Management Strategy. All of the plans are presented to Cabinet to be scrutinised by Members as well as being included in the tried and tested committee cycle whereby each report is signed off by a finance representative (if any financial implications) and legal before being checked by the relevant AD and Director. Chief Officers Board (COB) which consists of all of the assistant directors of the Council meet on a weekly basis and all of above plans will be discussed as appropriate to ensure consistency and that they are all fit for purpose and agree with the Council's vision - the management team of the Council that consists of all of the Directors also meets independently of COB to discuss the strategic direction of the Council. The Director of Operations has regular scheduled meetings with other Directors of Resources in the Tees Valley where common aims as discussed and agreed and to share best practice ensuring some form of consistency across the Tees Valley.</p>
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>The Council has a (costed) risk reserve that identifies potential changes in demand, again as the Council does continual budget management any changes or inherent risks are identified at an early stage so that appropriate action can be taken and to ensure that any risks identified can be built into future plans.</p>

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

Findings

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council has a comprehensive risk register that is facilitated by the Complaints and information Governance Manager who liaises with all service groups and produces a Corporate risk register as well as individual service group matrices - the results are presented to Audit Committee on an annual basis with the Risk Management Strategy going to Cabinet. The Council has an Internal Audit Section (a shared service with Stockton Borough Council) that has a comprehensive risk based audit approach to all of the services in Darlington with results reported to Audit Committee on a quarterly basis.

Due to the significant disruption to normal activity from the pandemic in previous years and moving to a 'new normal' way of operations in the current year, there is recognition within the sector that operations have been difficult to predict for 2021/22. Management has closely monitored outturn throughout 2021/22. Given these uncertainties together with the pressures noted above, management's more cautious approach during 2021/22 is considered to be a reasonable approach.

How the body approaches and carries out its annual budget setting process

The Council starts its budget setting cycle early (July) with Finance officers liaising with service managers and reviewing the previous years performance as well as the current MTFP budgets before identifying any potential future pressures/savings. A set of guidance notes is produced by corporate finance to ensure a consistent approach. Any pressures/savings are identified early so that COE can review them to ascertain their validity . Each service group works to an agreed resource allocation envelope that is part of the MTFP process that identifies resources to fund the MTFP. The draft MTFP for the next 4 years is presented to Cabinet in December to allow a consultation period with relevant stakeholders etc until it is brought back to Cabinet in January before going to full Council in February for approval and subsequent implementation. The continuous revenue budget monitoring that the Council carries out also contributes to the budget cycle as most pressures/savings or potential amendments to the MTFP will of been identified at an early stage.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Council does continuous budget management with the aid of an electronic budget management system (FMS) that sends out budget management reports on spend/budget/commitments etc every month on email to each budget holder. The completed sheets are loaded back into the FMS to allow relevant reports to be produced. The Council works on a risk basis with high risk areas being reported on a monthly basis and low risk areas every 3 months, with an Outturn report taken at end of year (June/July). The results of the budget management process are presented to Cabinet every quarter to enable Members to analyse the ongoing financial situation. These reports are also on the Agenda of Economy & Resources Scrutiny Committee which also carries out regular reviews.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

Findings

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

The Council recognises that in order to fulfil its purpose and deliver the intended outcomes for its citizens and service users it needs to have in place comprehensive arrangements for corporate governance and accountability designed to ensure that it operates in an effective, efficient and ethical manner.

The Council has a wide range of HR policies covering expectations and requirements of staff. These are categorised into a number of themes, for example policies relating to the conduct of individuals (e.g. anti-fraud, bullying, whistleblowing policies etc.). Failure to adhere to these policies can result in disciplinary procedures against individuals.

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

The Council has policies on these areas that everybody is required to read and acknowledge, with relevant statistics produced and reported to Audit Committee on a regular basis as well as the results of any said action taken if the standards haven't been met (report by Monitoring Officer).

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria

Findings

How financial and performance information has been used to assess performance to identify areas for improvement

Management does extensive benchmarking (predominantly through CIPFA) to ensure that we are not an outlier in terms of performance - they still strive to keep costs at an acceptable level. In setting the budget they use statistical data to ensure costs are correctly identified, e.g. the 2024/25 MTFP has acknowledged that the demand of Children's Services significantly increased by 33% since pre-Covid years which impacts the cost of provision of these services.

How the body evaluates the services it provides to assess performance and identify areas for improvement

The Council is constantly striving to improve our services by embracing and identifying best practice. In Childrens' Social Care, the Council had been working in conjunction with the Department for Education (DfE) and Leeds City Council (who are recognised as being leaders in the field) to identify any areas of improvement to encourage best practice in one of the big spending areas - Strengthening Families. The formal input from DfE and Leeds City Council has now ceased and the Council has developed a sustainability plan with key strategic aims for 2022/23.

There was also a Peer Review conducted in June 2022 as well as a joint inspection by Ofsted and the CQC in January 2022.

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council also has a partnership tool kit that identifies the significant partners of the Council to ensure that adequate governance arrangements are in place and this is reported to Audit Committee annually, as above quarterly financial reports (both revenue and capital) are taken to Cabinet to allow them to monitor the financial situation of the Council and take any action as appropriate. The annual MTFP is presented to Cabinet every December and recommended for consultation with stakeholders and scrutiny committees before the final report is presented to Special Council in the following February (after taking account of any constructive feedback).

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

The Council has a dedicated Procurement section and a well established process to ensure that all contracts (over the de minimis limit of £10k) follow the recognised procedure of going to Procurement Board (with high ranking officers membership) to be agreed. There is also a flag on the FMS (Agresso) that gives a warning to the Procurement section of any invoice over the £10k limit that hasn't had Procurement Board approval. The contracts register is published on the website and is periodically updated. Procurement also analyse the spend of the Council on a continuous basis to ensure consistency and identify anomalies.

Appendix B – Summary of all recommendations

Recommendations

The table below sets out all the recommendations arising from the financial statements. All recommendations have been agreed by management. There were no recommendations arising from the value for money audit in 2021/22.

Issue	Recommendation	Management Response
Record keeping procedures over grant income.	We recommend that management also regularly updates the grant register with additional information, including documenting the basis of accounting relating to all types of grants (revenue and capital), terms and conditions of grants, clawback clauses, expenditure funded by the grant and the permissibility to roll forward grants.	
Review and approval of manual journals and adjustments.	We recommend that management ensures that all manual journals and adjustments are reviewed and approved when posted onto the system. This will enhance the prevention and detection of potential errors in postings.	
Records management.	Due to the delay in starting the audit, we recognise the challenges faced by management in the retrieval of sufficient appropriate evidence for timely submission to the audit team as noted on page 8 of the 2021/22 Annual Results Report, however, we recommend that management enhances its controls around the safe keeping of supporting evidence to allow for easy retrieval of relevant appropriate information as required.	

Appendix C – Fees

Fees

We carried out our audit of the Council and Group financial statements in line with PSAA Ltd’s “Statement of Responsibilities of auditors and audited bodies” and “Terms of Appointment and further guidance (updated April 2018)”. As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risks in relation to the presumed risk of fraud in revenue and expenditure recognition, management override (misstatements due to fraud or error), valuation of investment property, valuation of property, plant and equipment (land and buildings valued using the depreciated replacement cost and existing use value techniques), existence of infrastructure assets, and the valuation of the pension liability. As a result, we have discussed an associated additional fee with the Group Director of Operations which remains subject to approval by PSAA Ltd.

Our fee for 2020/21 is in line with the audit fee agreed and reported in our Annual Results Report, updated to take account of the extra work required as set out above.

Description	Final Fee 2021/22 £	Planned Fee 2021/22 £	Final Fee 2020/21 £
Total Audit Fee – Code work	71,813	71,813	71,813
Scale Fee Variation (Note 1 and Note 2)	153,181	30,000	39,132
Total Audit Fee	224,994	101,813	110,945
Non-audit work – Housing Benefits Certification	25,300	25,300	10,500
Non-audit work – Teachers’ Pensions AUP	5,850	5,850	5,500
Non-audit work – Pooling of Capital Receipts	10,000	10,000	5,500
Total non-audit work	41,150	41,150	21,500
Total fee	266,144	142,963	132,445

For 2021/22 the scale fee has been re-assessed to take into account a number of risk factors which includes procedures performed to address the risk profile of the Council and Group and additional work to address the increase in Regulatory standards.

We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO.

Note 1:
The planned scale fee of £30,000 relates to £21,000 proposed increase in scale fee to reflect the changes to address additional professional an regulatory requirements and scope associated with risk, £6,500 for the change to VFM reporting, and £2,500 for the impact of ISA 540.



Appendix C – Fees

Fees (continued)

Note 2:

The 2021/22 final scale fee variation of £97,335 has been estimated as follows. Please note that this fee is yet to be determined by the PSAA.

Fee category	Reason	Fee £
Group	Area of Audit Focus – Discussed in this report and the 2021/22 Audit Results Report	4,173
Pension Valuation	Area of Audit Focus – Discussed in this report and the 2021/22 Audit Results Report	9,122
PPE Valuation	Area of Audit Focus – Discussed in this report and the 2021/22 Audit Results Report	27,410
PFI	Misstatement noted – Discussed in the 2021/22 Audit Results Report	1,102
Whole of Government Accounts	Fee not include in the scale fee	315
Technical Accounting issues	Audit work on the following areas are specific to the 2021/22 audit and therefore not factored into the scale fee: - Various misstatements and misclassifications noted in grants and correction thereof, debtors testing, creditors testing, and income and expenditure testing. Please note that these misstatements (corrected and uncorrected) have been communicated in the 2021/22 Audit Results Report.	52,584
Quality or preparation issues	Audit work on the following areas not considered in other areas of this table and are specific to the 2021/22 audit and therefore not factored into the scale fee: - Overstatement of housing benefits debtor XX26 as there was difference of £0.28 million between the sub-ledger and the debtor. - Evidence to support the Dolphin Centre Income amounting to £0.29 million was inaccessible due to these documents being placed into offsite storage. - Amendments to the Cash flow Statement (Council and Group) to disclose the gross proceeds of £3m and repayments of £14.9m to/from short and long term borrowing which was previously disclosed on the net basis, change in investments, the correct movement in creditors and debtors, the reclassification of short term investments to cash and cash equivalents, and the impact of corrected misstatements. - Multiple submission of information for various sections of the audit due to initial submission not being sufficient and appropriate evidence - The engagement team has received 19 versions of the financial statements during the finalising process. This has resulted in the engagement team having to review and cast the financial statements repeatedly, as well as confirm that adjustments were made and queries resolved appropriately.	14,490
VFM commentary	New NAO reporting requirements not factored into the scale fee and additional work performed on the findings of the joint inspection by Ofsted and the CQC. The elongated period of the audit also led to the engagement team having to review multiple reports such as the Revenue Outturn and MTFP for multiple quarters/years.	10,075
COVID-19	Additional work relating to Covid grant income and the impact of Covid on the going concern ability of the Council which have not been factored into the scale fee.	3,031
Increased FRC challenge	Increased cost of regulation and compliance for EY: There are a several areas where an increase in overhead costs has led to a spread of costs across audits, this allocation is made based on the size and complexity of the audit.	6,428
ISA540	ISA 540 Auditing accounting estimates and related disclosures was subject to a fundamental redraft. This involved enhanced risk assessment and increased focus on professional scepticism. This has not been factored into the scale fee. ISA 540 changes affected 4 significant estimates in 2021/22; Pension Asset/Liability Disclosures, Investment Property (IP) and PPE Valuation, Creditor Accruals, and Capital Grants Received in Advance.	4,388
Infrastructure assets	Area of Audit Focus – Discussed in this report and the 2021/22 Audit Results Report	1,323
Other	Audit work on the following areas are specific to the 2021/22 audit and therefore not factored into the scale fee: - Prior year adjustment to the HRA reserve - Elongated audit period as noted in the 2021/22 audit results report which resulted in resulted in the audit team needing to re-perform or extend certain procedures including, attendance of committee and meetings and meetings with management, minute review, an elongated post balance sheet event review, elongated cashflow forecasts to support going concern, elongated press sweeps which all required additional documenting and reviewing, given this 2021/22 audit was signed more than two years after the balance sheet date. - Additional time on the preparation of the audit results report due to more misstatements noted in the current year as well as review of multiple finance reports such as the quarterly revenue outturn reports and MTFPs for multiple periods.	18,740
Total		153,181

Appendix C – Fees Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2024 EYGM Limited.

All Rights Reserved.

ED None

EY-000070901-01 (UK) 07/18. CSG London.

In line with EY's commitment to minimise its impact on the environment, this document has been printed on paper with a high recycled content.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.
ey.com

This page is intentionally left blank

**CABINET
7 MAY 2024**

HOUSEHOLD SUPPORT FUND 2024

**Responsible Cabinet Member -
Councillor Riley, Stronger Communities Portfolio**

**Responsible Director -
Ian Williams, Chief Executive**

SUMMARY REPORT

Purpose of the Report

1. This report seeks approval for a programme of support to deliver the fourth extension of the Government funded Household Support Fund (HSF) Extension for the period 1 April 2024 to 30 September 2024.

Summary

2. As part of a number of measures to provide help with global inflationary challenges and the significantly rising cost of living, the Household Support Fund (HSF) will be extended from 1 April 2024 to 30 September 2024.
3. The current programme is being delivered effectively, meeting spend and output targets. It is therefore proposed that the programme delivered in this next round takes forward most elements in the current programme. However, it is proposed that a programme aimed at maximising household incomes is also included using the Low Income Family Tracker.
4. Authorities are required to send a delivery plan to DWP by 10 May 2024 which outlines their intentions for The Fund.

Recommendation

5. It is recommended that Cabinet consider and approve:-
 - (a) The proposed programme and estimated costings outlined below.
 - (b) Delegation be given to the Chief Executive, in conjunction with the Portfolio Holder Stronger Communities, to amend funding pots as necessary to ensure full utilisation of the grant within the time period.
 - (c) A submission to government is made based on the programme outlined below.

Reasons

6. The recommendations are supported by the following reasons:
- (a) To address the criteria laid down in the guidance.
 - (b) In order to secure the grant funding.

Ian Williams
Chief Executive

Background Papers

Guidance published on the Government website was use in the preparation of this report

<https://www.gov.uk/government/publications/household-support-fund-guidance-for-local-councils/1-april-2023-to-31-march-2024-household-support-fund-guidance-for-county-councils-and-unitary-authorities-in-england>

Author: Seth Pearson x6090

S17 Crime and Disorder	This report does not directly address crime and disorder
Health and Wellbeing	This report proposes actions which will positively impact on health and wellbeing
Carbon Impact and Climate Change	This report does not directly address Carbon Impact and Climate Change
Diversity	This report will positively impact on all communities
Wards Affected	All
Groups Affected	All
Budget and Policy Framework	The report does not represent a change to Council's budget or policy framework.
Key Decision	This is not a key decision
Urgent Decision	This is an urgent decision as the start date of the fund is April 1 st 2024 and the Plan needs to be submitted by 10 May 2024.
Council Plan	This report supports the Council Plan by addressing the priority of Supporting the most vulnerable in the borough
Efficiency	Distribution of the funds is being realised in the most efficient way.
Impact on Looked After Children and Care Leavers	This report proposes providing additional financial support for Care Leavers

MAIN REPORT

Information and Analysis

HSF extension guidance

7. Guidance has been published on the Government website. As part of a number of measures to provide help with global inflationary challenges and the significantly rising cost of living, the Household Support Fund (HSF) will be extended from 1 April 2024 to 30 September 2024. As has been done for previous schemes, the fund will be made available to County Councils and Unitary Authorities in England to support those most in need. This will be the fourth extension to the fund since its inception in October 2021.
8. Authorities are required to send a delivery plan to DWP by 10 May 2024 which outlines their intentions for The Fund, clearly setting out their priorities and approach for use of the Fund, and to demonstrate the ways in which they intend to allocate their funding.
9. The objective of The Fund is the same as the previous extension in that it is to provide crisis support to vulnerable households in most need of support to help with significantly rising living costs.
10. The last rounds of the Fund covered a full year however this grant covers a six month period. Allocations have been published with Darlington's being £913,853.75 which is the same level pro rata as the last extension.
11. As with previous rounds of the HSF, Authorities are unable to carry forward any underspends from previous schemes.
12. When administering The Fund, Authorities are encouraged to adopt the following principles:
 - (a) Use discretion on how to identify and support those most in need, taking into account a wide range of information.
 - (b) Use the funding from 1 April 2024 to 30 September 2024 to meet immediate needs and help those who are struggling to afford household essentials including energy and water bills, food, and wider essentials. Authorities can also use funding to support households with housing costs where existing housing support does not meet this need, and to supplement support with signposting and advice.
13. Authorities are required to have a clear rationale for how households in greatest need have been identified.
14. The guidance for this round of HSF is similar in terms of types of support that can be provided and vulnerable households that are eligible.
15. As in the last round, every area must operate at least part of their scheme on an application basis - in other words, residents should have the opportunity to come forward to ask for support.

16. The Fund may be used to provide supplementary advice services to award recipients, including debt and benefit advice. Authorities are reminded that the primary intention of The Fund is to provide crisis support for households, and it is not expected that a large portion of funding is spent on advice services.

Update on the HSF Round 4 programme

17. The programme for round four consisted of the following elements:
- (a) Food vouchers to families with children on free school meals
 - (b) Fuel vouchers through TBBT
 - (c) Support for the Food Bank
 - (d) Support for Care Leavers
 - (e) Support for Elderly
 - (f) Support for Vulnerable Groups through the voluntary and community sector
 - (g) Low Income Family Tracker

Food Vouchers to families with children on free school meals (FSM's)

18. This has been a feature of all previous rounds of HSF and a well-established process. Supermarket vouchers are provided to families through a third party provider, Wonde, who send parents e-vouchers to their phones. Schools order the vouchers for parents then invoice the Council for the cost. In the previous round 4,411 children were eligible for this support.

Fuel vouchers through The Bread and Butter Thing (TBBT)

19. This provision was part of the first Household Support Fund delivery programme. It involves providing £49 fuel vouchers through the national programme administered by a Public Benefit Entity called Auriga.
20. Costs in providing vouchers are as follows:

Voucher value	£49.00
Voucher Admin Fee (charged by Auriga)	£5.48
Processing cost (TBBT)	£4.37
Unit Price per Voucher	£58.85

21. The process is well tested and streamlined. Clients text 'FUEL' to a number and receive a call within 48 hours during which they are taken through application. Residents with direct debit accounts are also supported via a voucher which can be exchanged for cash at fuel top up points (typically newsagents etc). To avoid misuse TBBT introduced a number of additional steps in the application process to verify genuine need. Recipients are referred by the Council or a trusted voluntary sector organisation providing additional assurance of need. The LIFT dashboard has also been used to identify vulnerable groups

Support for Food Banks

22. There is a network of six foodbanks across Darlington. The largest is at King Centre on Whessoe Road. All food banks are seeing an increase in demand. Whilst there are

numerous reasons why people use food banks the increase in fuel costs is cited frequently as is reducing monthly budgets. There is an increase in demand from working families but also a growth in demand from the elderly.

23. The Bread and Butter Thing provide this element of the programme as they have warehousing facilities and connections in the food industry allowing them to purchase food at a discount.

Support for Care Leavers

24. This has featured in all the HSF rounds supporting our care leavers which the Council acts as corporate parent to. A payment of £100 was made to the 154 care leavers.

Support for Elderly

25. Age UK have been delivering a package of support which includes the following:
 - (a) Home energy checks
 - (b) Meals at home
 - (c) Lunch clubs
 - (d) Subsidised meals in their café
 - (e) Attendance at activities
 - (f) Respite Care
 - (g) Befriending
26. Age UK have alerted the most vulnerable elderly people to their services identified via the LIFT dashboard.

Support for Vulnerable Groups through the voluntary and community sector

27. A collaboration of the voluntary sector has been delivering a flexible programme of support which is tailored to the specific needs of vulnerable individuals. In addition to supporting with food and fuel costs, they have also been improving people's resilience by providing energy saving and energy efficient equipment like electric blankets.

Uniform Exchange Scheme

28. The Uniform Exchange Scheme, established during the pandemic has grown in use and is well supported by uniform donations. It reduces a significant cost burden parents experience in sending children to school.

Low Income Family Tracker (LIFT) Dashboard

29. In line with the HSF guidance local authorities are required to target their support to those most in need. The Council has commissioned a consultancy, Policy In Practice to develop a 'Low Income Family Tracker' data dashboard. The dashboard allows the Council to proactively identify Low Income Households that are struggling, at risk or are in crisis by analysing and displaying Council and Universal Credit data.

Performance

30. The Household Support Fund Round 4 programme has delivered well. A wide range of vulnerable groups have been supported including the elderly, people with disabilities, care leavers, struggling families and working families on low incomes. The voluntary sector has also been able to engage with residents through the town centre site 'Darlington Connect' facility.
31. The funding period has now ended. Final management information return is required by DWP on 26 April and data is in the process of being collected from third party providers. However, based on quarter three data and reviews with providers, each element of the programme will have fully utilised the contracted amount and targets set in the delivery plan will have been met.

Proposals for the HSF extension

32. As the guidance for round five is similar to that for round four and the round four programme has delivered well, it is proposed that the round five programme includes the majority of round four elements, with the following revisions:
33. **Targeted LIFT programme.** The programme would target three types of entitlements which would generate long-term benefit for recipients as opposed to the short-term benefit of one-off support. It is proposed that the three entitlements would be:
 - a) **Pension Credits.** Estimates based on existing data indicate there are 2,305 pensioners eligible for pension credits with 390 households not claiming in Darlington to the value of £70,774 per month. Policy In Practice would undertake a mail out advising pensioners of the amount that they are eligible for and direct them to the DWP Pension Credit Helpline. Contact details of Age UK would also be provided should people feel they need support. Some finance would be provided to Age UK to accommodate this demand. Take up would be tracked through the LIFT dashboard.
 - b) **Free School meals auto enrolment.** Data the Council holds reveals that there are 1,667 children eligible for free school meals. Nationally there is an average of over 20% of those entitled not claiming. As has been implemented in other areas of the country, parents would be alerted that their children will receive free school meals providing them an opportunity to opt out within 3 weeks. Schools are then provided with the information on the eligible children. An additional benefit is that this would increase the amount of pupil premium going to Darlington schools by £1.4 million. This is largely an administrative exercise and delivered through existing arrangements with schools. The main work is on data governance but there is existing precedence to draw on from other areas.
 - c) **Financial Welfare checks for people with disabilities.** Using LIFT this would focus on those with disabilities who are struggling, at risk or in crisis. A particular group to be included will be carers who often have the least incomes. Licences for a 'Better off Calculator' would be provided for DAD.

34. Though the proposed LIFT programme would require some of the fund to be used to pay for 0.5 of an officer for project management, this essential cost would generate significantly more income for eligible households.
35. The LIFT programme is in line with the Council's core value of addressing inequality.
36. To accommodate the cost of the targeted LIFT programme, it is proposed that the fuel vouchers provided by The Bread and Butter Thing would not be continued in this HSF extension for the following reasons:
 - (a) Less fuel is used by households during the summer
 - (b) Fuel prices are coming down
 - (c) The LIFT programme will provide longer term benefit for recipient households
37. To allow for food vouchers to be made available to families with children on free school meals over the Easter holidays an officer delegation has been approved.

38. Provisional estimated costs and outputs of the programme would be as follows:

Household Support Fund Round 5			
Option	Criteria	Estimated no of households	Estimated cost £
Food Vouchers	Families with children on free school meals	4537	530,829.00
Fuel Vouchers through The Bread and Butter Thing	Low Income Families	0	-
Support for Food Banks	Families in food crisis	1200	50,000.00
Support for Care leavers		154	15,400.00
Support for Elderly	Welfare checks & food packages	300	50,000.00
Vulnerable families supported by Voluntary Sector	Vulnerable groups requiring additional support	1330	150,000.00
Uniform Shop	Provide good quality uniform to low income families	2000	14,000.00
LIFT programme cost			
	0.5 full time DBC Officer		20,000.00
Pension Credits	Advice to residents not claiming pension credits	1500	2,000.00
FSM auto enrolment	Auto enrolment of families eligible for FSM	1200	1,500.00
Financial welfare checks for residents with disabilities	Residents disabilities who are struggling, at risk or in crisis (carers)	t.b.d.	20,000.00
Administration costs	LIFT dashboard		25,000.00
	Other/contingency		35,124.00
Total Programme cost			913,853.00

Financial Implications

39. As the delivery of the programme, including administration costs, are covered by the fund these proposals should not impact on the overall finances of the Council.

Procurement Advice

40. The Procurement Team will be involved in writing the agreements with third sector providers of the programme above. Where appropriate, extension to existing contracts will be used.

Consultation

41. Voluntary sector organisations have been consulted extensively in the development of these proposals.

Outcome of Consultation

42. The recommended programme reflects the advice of the voluntary sector

This page is intentionally left blank

CABINET
7 MAY 2024

HOUSING SERVICES ASSET MANAGEMENT STRATEGY

Responsible Cabinet Member - Councillor Matthew Roche, Health and Housing Portfolio

Responsible Director - Elizabeth Davison, Group Director of Operations

SUMMARY REPORT

Purpose of the Report

1. To approve the Housing Services Asset Management Strategy 2024-2029.

Summary

2. Darlington Borough Council provides over 5,300 high quality homes for local residents and we are committed to providing safe, energy efficient and comfortable homes.
3. The Housing Services Asset Management Strategy 2024-2029 at **Appendix 1** sets out how Housing Services will ensure the efficient and effective management of our housing assets, as a core requirement of meeting our landlord services function.
4. The Tenants Panel has been consulted on the draft strategy and they have given their full support.
5. This strategy was considered by Health and Housing Scrutiny Committee on 24 April 2024, who agreed its onward submission for approval by Cabinet.

Recommendation

6. It is recommended that Cabinet:
 - (a) Consider the contents of this report.
 - (b) Approve the Housing Services Asset Management Strategy at Appendix 1.

Reasons

7. The recommendations are supported by the following reasons:
 - (a) The Housing Services Asset Management Strategy ensures we have a clear approach to managing our housing assets.

- (b) In addition, the Regulator of Social Housing’s new Consumer Standards from April 2024 places a duty on social housing landlords to:
- (i) Have an accurate, up to date and evidenced understanding of the condition of our homes that reliably informs our provision of good quality, well maintained and safe homes for our tenants, and
 - (ii) Provide an effective, efficient, and timely repairs, maintenance and planned improvements service for our homes and the communal areas and shared spaces for which we are responsible.
- (c) The adoption of a formal Asset Management Strategy is one of the ways to demonstrate how we will achieve this.

Elizabeth Davison
Group Director of Operations

Background Papers

- (i) Regulator of Social Housing Consumer Standards.

Anthony Sandys: Extension 6926

S17 Crime and Disorder	There is no impact
Health and Wellbeing	Well maintained Council homes will have a positive impact on the health and well-being of Council tenants
Carbon Impact and Climate Change	An effective asset management strategy will have a positive impact on the energy efficiency of our Council homes
Diversity	This policy supports the promotion of diversity
Wards Affected	All wards with Council housing
Groups Affected	Council tenants and leaseholders
Budget and Policy Framework	This report does not represent a change to the budget and policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
Council Plan	This report supports the Council plan to ensure we are able to provide our tenants with good quality housing
Efficiency	An effective asset management strategy will ensure we make efficient use of our resources
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

8. Darlington Borough Council provides over 5,300 high quality homes for local residents and we are committed to providing safe, energy efficient and comfortable homes. This strategy sets out how Housing Services will ensure the efficient and effective management of our homes, as a core requirement of meeting our landlord services function.
9. The Housing Services Asset Management Strategy 2024-2029 at **Appendix 1** sets out the following key aims:
 - (a) To ensure our housing stock (our “assets”) is safe and well maintained to a good standard.
 - (b) To develop a housing portfolio that is fit for purpose, meeting the needs of current and future generations of tenants and their families.
 - (c) To improve the energy efficiency of our housing stock and the ways of working that reduce carbon emissions and level of fuel poverty.
 - (d) To develop skills and support the local economy.
10. To meet these aims, the strategy sets out the following objectives:
 - (a) Ensure all our housing assets are of a high standard and continue to meet the Decent Homes Standards, as a minimum.
 - (b) Ensure all tenants live in homes that offer affordable warmth, by completing Energy Performance audits of our properties, ensuring all achieve a minimum of EPC Band C by 2030. Where this is not possible, we will review our options in line with the Housing Services Climate Change Strategy.
 - (c) Maximise all available grants, particularly relating to energy improvements and making applications for works to improve our properties.
 - (d) Reduce the risk of condensation and mould growth, by ensuring adequate ventilation, along with sufficient levels of insulation and adequate heating. We will also advise residents on how to reduce moisture levels in their homes in line with our Housing Services Damp, Mould and Condensation Policy.
 - (e) Ensure all tenants live in homes with adequate levels of fire protection by completing Fire Risk Assessments and regularly assessing these, completing new assessments if significant changes occur within the property.
 - (f) Ensure all tenants live in homes with appropriate levels of security, by listening to our residents’ concerns and those of the people that support them and ensure we support any request to improve security, both within the home and to the boundaries.

- (g) Ensure that appropriate tenant engagement is undertaken and that tenants are involved in any project works to be completed within their home, prior to commencement.
- (h) Maintain all properties in the most cost-effective manner over a realistic period, including the completion of appropriate option appraisals, where necessary.
- (i) Ensure all works are recorded on the asset management system, along with updating the attributes, such as the date of install and expected life cycle of that component.
- (j) Review high-cost schemes and schemes that appear un-economical.
- (k) Increase the proportion of planned maintenance to responsive repairs by working towards a budget split of 70:30 respectively.
- (l) Reduce reactive maintenance costs, by ensuring all properties are loaded on to the asset management system with relevant attributes, updated to reflect current condition.
- (m) Conduct timely replacement of property components. By ensuring all information is loaded on to the asset management system, we can ensure planned maintenance programmes can be calculated and planned when they are due.
- (n) Ensure consistency of improvement standards. Ensuring everyone is given the opportunity to give feedback on the way to improve the delivery of our services.
- (o) Ensure we deliver an effective and efficient repairs and maintenance service, in line with our Housing Services Repairs and Maintenance Policy.
- (p) Ensure, through proactive contract monitoring, that all work undertaken on our properties by external contractors, or by other Council services under Service Level Agreements, is completed to a high standard and in a timely manner.
- (q) Develop our workforce, through improved training and skills development, and address any shortfalls in staffing resources through proactive recruitment drives, apprenticeships and procurement of external contractors, where required.

Outcome of Consultation

11. Our Tenants Panel were consulted in March 2024 and overall, the Panel support the proposed Housing Services Asset Management Strategy.

**HOUSING SERVICES
ASSET MANAGEMENT STRATEGY
2024-29**

Contents

Introduction

Background

Aims

Our Approach

- Delivering our Asset Management Strategy
- Impact of the strategy

Legislation and Regulation

- Links to internal policies and procedures

Social Housing (Market) context

Strategic Drivers

Asset Management Components, Tools and Information

- Asset Data

Asset Profile and Grading

- Stock Profile
- Age Profile of tenants

Asset Management Objectives

- Planned Maintenance
- Cyclical Maintenance

Tenant Involvement

Managing Risk

Funding the Strategy

- Housing Revenue Account / Business Plan
- Government Grant Funding
- Asset management and maintenance
- Value for Money

Responsibility and Review

- Performance monitoring

Introduction

We are committed to providing safe, energy efficient and comfortable homes. This strategy sets out how Housing Services will ensure the efficient and effective management of its homes, as a core requirement of meetings our landlord services function.

The Housing Revenue Account (HRA) business plan is the Council's strategy for spending and borrowing to maintain its stock, operate services for its tenants and leaseholders, and design and build new council homes. As with any other business plan, it must show that we have clear proposals for achieving our objectives and that these are financially viable in the short, medium and long term. Having an HRA Business Plan that is approved by full Council, based on reasoned assumptions and an underlying financial model, forms the basis of good governance and sound financial management. It demonstrates that we are spending tenants' rent and service charges effectively and achieving value for money and managing debt and reserves to maintain a viable HRA overall. This strategy provides a framework under which the investment detailed in the (HRA) Business plan 2024-2053 can be achieved.

Asset management is the range of activities we undertake to ensure that our Housing Properties (assets) meet the needs and standards for the future.

The Housing Services Asset Management Strategy not only has to direct our investment priorities but also demonstrates how we will deliver excellent services to our tenants, leaseholders, and wider stakeholders. It will identify how we will ensure that people living in our homes remain informed, involved, safe and secure.

The strategy outlines the approach and commitments the council is making under the following key themes:

1. Understanding our service, homes, tenants and stakeholder requirements
2. Providing modern, safe and secure homes for tenants and leaseholders across the borough
3. Proactively decarbonizing the homes to support our [Housing Services Climate Change Strategy](#)
4. Developing skills and supporting the local economy.

We will think strategically about our property portfolio to ensure we maintain value and help to meet our aims and objectives.

Background

In 2011, we implemented our previous HRA Housing Services Asset Management Strategy with aims:

- To deliver an investment standard that mean our homes continue to achieve the decent homes target, reduce fuel poverty, meet identified needs, and contribute to community development.
- To manage the repair and maintenance service as an integral part of asset management, with a twin focus on improved performance and lower costs.
- To manage the stock portfolio, in terms not just of age, condition and standards, but also as part of a process of assessment to guide policies of re-investment to meet the needs of current and future tenants.
- To support our corporate priorities through investment plans that reflect the agreed allocation of resources for repair, maintenance and improvement of the stock and contribute to sustainable homes in sustainable communities.

Since that time, the housing sector has faced a period of great political and financial pressure characterised by rent cuts and the sector's response to the Grenfell Tower fire in 2017.

Despite those challenges during the lifetime of the strategy, we have delivered against our action plan, as follows:

- Undertaken a new Stock Condition Survey and further improved the quality of our stock condition data through in-house surveys.
- Implemented a new IT system to manage the maintenance and repairs service, to plan and schedule responsive repairs.
- Introduced on-line repairs reporting for customers.
- Embedded a new asset management IT system (Asset) which includes an 'Intelligent Energy' module.
- Maintained a 100% level of Decent Homes compliance.
- Recorded that 80% of customers are satisfied with the repairs service.
- Continued to invest in the repairs and maintenance of our housing stock at a level that meets the needs of the stock, improving the average Standard Assessment Procedure (SAP) rating to 64 in 2023 and an Energy Performance Certificate (EPC) rating of D in 2023. The SAP rating is the methodology currently used by government to estimate the energy performance of homes. The methodology has two main uses:
 - To demonstrate compliance of new homes with Part L of the Building Regulations
 - To generate EPC's, which tells us and our tenants how energy efficient a building is and is rated from A (very efficient) to G (inefficient).

Aims

We will maintain our housing stock to a high standard that ensures effective investments, while meeting legislative requirements and meeting the needs of our tenants and leaseholders.

This strategy is based on four key aims:

- 1) Ensure the housing stock is safe and well maintained to a good standard.
- 2) Develop a housing portfolio that is fit for purpose, meeting the needs of current and future generations of tenants and their families.
- 3) Improve the energy efficiency of the housing stock and the ways of working that reduce carbon emissions and level of fuel poverty.
- 4) Developing skills and supporting the local economy

Our key priorities are:

- Ensure homes are always safe and compliant and maintained to a good standard.
- Develop a fabric first approach to net zero carbon in use.
- Continue to invest in the new build programme.
- Work towards a ratio of at least 70:30 planned maintenance to responsive repairs.

This strategy is framed around the following objectives and will continue to act as the framework, which will drive the decisions on housing asset spend in the 30-year HRA business plan. It provides the framework around which the maintenance, regeneration and the new build of our social housing portfolio will be undertaken.

- Delivery of an efficient and effective repairs and maintenance service is both critical to tenant satisfaction and the proper management of the property portfolio.
- We need to minimise the number of responsive repairs we undertake. This strategy will be reviewed annually, with a key aim of reducing the work undertaken as a responsive repair and to increase the work undertaken in a planned manner.
- All maintenance activity will be undertaken in a targeted and timely manner, which makes the most cost-effective use of maintenance resources and protects the value of an asset.
- We will ensure, through proactive contract monitoring, that all work undertaken on our properties by external contractors, or by other Council services under Service Level Agreements, is completed to a high standard and in a timely manner.
- We will support our tenants by completing minor adaptations to their homes, where appropriate, and will support our tenants in making applications for larger adaptations.
- We will take a fabric first approach with our properties, to support delivery of net carbon zero targets.

- We will set an annual budget to deal with environmental issues, to support the woodland strategy, such as tree management and hedge cutting.
- We will review our asset performance, such as the number and cost of repairs, to ensure investment decisions are appropriate. This evaluates the costs required to bring properties to the correct standards and if they are value for money (this is known as a stock asset performance review).
- We are the freeholders of our properties, and we will work our leaseholders under the terms of their leases, to ensure the safety of the building, including fire safety.

In summary, this strategy aims to build on the successes of our previous HRA Asset Management Strategy and sets out our approach to asset management moving forward. It also aims to make the link between our ambition and delivery on the ground, helping an improved sense of place and community. This will be achieved with a set of key actions, which we will deliver over the next five years.

Given the increased knowledge we now have about how our stock is performing, this strategy purposely draws on this intelligence and the stock asset performance review we have undertaken in the past five years, to highlight our asset management challenges and priorities moving forward.

Our Approach

Delivering our Asset Management Strategy

To achieve our strategy aims and objectives, we have developed a time-bound and prioritised action plan.

As a plan for action, this strategy purposely takes account of changes in our operating environment and sets out the priorities for the next five years. These priorities apply to the specification, physical care and improvement of our property related assets.

We will deliver the strategy aims and objectives by:

- **Working with our tenants** – ensuring effective engagement, involvement and communication with our tenants, both about repairs and maintenance and safety relating to their individual homes and in the areas surrounding their homes, such as open spaces and communal entrances.
- **Adding Social Value** – ensuring real local employment and training outcomes for the town’s residents and communities and ensuring investment programmes and other asset management related interventions are delivered in a cost-effective manner and following sound procurement principles, including, where possible, meeting the needs of young people and particularly those in care and care leavers. We will do this through our standard procurement processes.
- **Enhancing the value of the HRA asset base** – we are committed to achieving value for money (VfM) in the way that we deliver services. We recognise that having a value for money service relates to the quality of the service provided, as well as the cost. We recognise the need to deliver ever improving and cost-effective services for all our tenants and in doing so, we will seek to adopt good practice and incorporate VfM principles into every project. VfM will be an integral element of all performance measures and we will work to ensure that there is VfM awareness throughout the organisation and partners that we work with.
- **Maintaining the availability of accurate information about the HRA asset base** – ensuring programmes, interventions and investment decisions are timely and well informed, being based on good quality information associated with our properties.
- **Maintaining compliance with statutory obligation and emerging legislation** – ensuring that all statutory compliance obligations are achieved, that plans are in place to respond to anticipated legislative and regulatory changes, including those stated in the Social Housing White Paper 2020 and the Carbon Zero agenda, and that we can respond to any new regulatory requirements.

Impact of the strategy

This strategy will have a positive impact upon the repairs and maintenance service and therefore, on the organisation as a whole.

This strategy will help to:

- Improve tenant satisfaction with property standards and the repairs service.
- Contribute towards having a well-maintained property portfolio, ensuring that capital and revenue funding is effectively prioritised and utilised.
- Deliver projects effectively and efficiently.
- Maximise returns on any investment into properties.
- Deliver continuous improvement through performance management.
- Allow an effective utilisation of resources.
- Provide our tenants with warm, safe and sustainable homes.

Legislation and Regulation

As a registered provider of social housing, we adhere to the required standards set out by the Regulator of Social Housing (RSH) in the Consumer Standards:

- Housing Services Information Standards 2024 – We will process and manage your data to ensure we keep your information safe and secure.
- Housing Services Safety and Quality Service Standards 2024 – Our commitment to providing safe, energy efficient and comfortable homes.
- Housing Services Your Neighbourhood and Community Service Standards 2024 – We want our neighbourhoods to be places where you want to live and where you will have peaceful enjoyment of your home.
- Housing Services Rent Account Service Standards 2024 – We are committed to providing an effective, accessible, and accountable rent collection service to assist tenants to be able to pay their rent and service charges.
- Housing Services Tenant Involvement Service Standards 2024 - Involving our tenants in everything we do is integral in helping us to shape and improve our services. We want to make sure that you can easily give us feedback and be involved in improving our service.

We will adhere to the standards set out in the Consumer Standards and determine how we meet these. The [Safety and Quality Service Standards](#) has particular importance within this strategy and will become an underlying core value as this sets out our commitment to providing safe, energy efficient and comfortable homes.

We will comply with the significant range of legislation and regulation which supports the delivery of repairs and maintenance and the standards that govern the way in which we work, including (but not limited to):

- Housing Act 1985.
- Housing Act 2004.
- Defective Premises Act 1972.
- Homes (Fitness for Human Habitation) Act 2018.
- Data Protection Act 2018.
- Equality Act 2010.
- Commonhold and Leasehold Reform Act 2002.
- Management of Health and Safety at Work Regulations 1999.
- Gas Safety (Installation and use) Regulations 1998.
- The Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994.
- Landlord and Tenant Act 1985.
- Building Regulations Act 1984.
- Defective Premises Act 1972.
- Health and Safety at Work Act 1974.
- Regulatory Reform (Fire Safety) Order 2005, including requirements for Fire Doors and Means of Escape (MOE).
- Housing Health and Safety Rating 2006.
- Control of Asbestos Regulations 2012.
- Data Protection Act 2018.
- Building Safety Act 2022.

Links to internal policies and procedures

This document should also be read in conjunction with:

- Housing Services Management Policy 2022-2026.
- Repairs Handbook.
- Housing Services Damp, Mould, and Condensation Policy 2023-2027.
- Leaseholder handbook.
- Fire Safety Policy for Sheltered and Extra Care Accommodation.
- Darlington Borough Council Customer Standards.
- Housing Services Tenancy Agreement.
- Housing Services Void Lettable Standards.
- Housing Complaints, Compliments and Comments Procedure.
- Housing Services Climate Change Strategy.
- Housing Services Repairs and Maintenance Policy.

Social Housing (Market) Context

Asset Management in the affordable housing sector has been going through a significant transformation in recent years. This is described as the sector moving from 'doing maintenance' to becoming strategic managers of assets.

The Decent Homes Standard was, for many years, the key sector driver, using stock condition data to drive timely programmes of elemental replacement, such as kitchens and bathrooms, while providing effective repairs services. We established our own standards 'The Darlington Standard', meaning some replacements were carried out earlier than recommended.

The Decent Homes Standards (DHS) dealt with historic underinvestment issues and keeping that standard has been important for residents. However, following a government consultation, 72% of respondents identified changes were needed. As part of the social housing white paper, the government committed to carry out a review of the DHS. This was also built upon in the levelling up white paper, which sets to reduce the number of non-decent homes and bring legally binding DHS into the private sector.

The sector continues to change, and the government relaunched its review of the DHS in June 2023. This review will consider a range of changes including:

- An updated list of items which must be kept in a reasonable state of repair for a home to be considered 'decent'.
- An updated list of services and facilities that every property must have to better reflect modern expectations for a 'decent' home.
- Whether the current DHS sets the right standard on damp and mould, to keep residents safe.
- Updates to how the condition of building components, such as roofs and walls, are measured to ensure that buildings which are not fit for use, cannot pass the standard.
- The introduction of a Minimum Energy Efficiency Standard for the social rented sector.

As the DHS is still under review, we need to plan for the unknowns. Our strategy must also include wider considerations:

- An asset management strategy must consider investment and standards in the immediate environment, such as open green spaces, as well as the home within which it is located.
- Building and tenant safety is key, with new legislation and best practice.
- Achieving EPC rating of C or above by 2030.
- Achieving a net zero-carbon housing stock by 2050.

We now need to ensure our asset management strategy and underlying regeneration and investment plans accommodate all these new demands, to continue to give our tenants good quality, safe, energy efficient and well-maintained homes, in attractive places to live.

Our business plans must make adequate provision for all known and expected investment needs and we must be prepared not to invest in inadequate assets, where design, quality,

construction type or energy efficiency are not cost effective, to be addressed by capital investment to meet the required standards.

We need to be clear about our core assets, to plan for investing in and improving these, but for any less well performing stock we must be prepared to be more visionary, to secure best overall returns on investment. This will take consideration of the cost of bringing properties up to standards, the costs of ongoing maintenance and repairs, the rental income achievable on those properties and the lifecycle of those properties before further major investment would be required.

This may involve remodeling, demolition, change of use or more significant regeneration. We will continue to use our financial capacity to create the very best housing assets from our existing homes, as well as through regeneration and new development.

Strategic Drivers

Ageing Assets – Maintaining the performance and safety of an ageing asset base.

More exacting tenant expectations – Keeping our assets relevant by ensuring they are aligned with the reasonable expectations of new and existing tenants.

Technology – Exploiting technological advances in property management and ensuring our homes can be adapted to accommodate the increase in use of electric vehicles and are digitally connected.

Climate Change – Responding to climate change by decarbonising our homes and providing homes and services in a sustainable way.

Financial constraints – Becoming more efficient in the way we manage limited financial resources from HRA income and seeking opportunities for inward investment, such as grant funding.

Legislative and regulatory change – The social housing white paper 2020 (including DHS Review proposals) and further significant changes to building safety and consumer standards.

Asset Management Components, Tools and Information

We need significant additional investment to improve energy efficiency, as well as the ongoing investment in key components (such as kitchens, bathrooms and windows) and building safety. To effectively balance and manage these priorities, we will ensure we have a strong approach to understanding our assets, the service expectations of our tenants, as well as the data to support our decision making. Additionally, this will be clear and well communicated, to ensure we have a coordinated and consistent approach to our investment in our housing stock.

This will be managed through an improved approach to both asset and service data and intelligence, so we know as much as we can about our tenants and their homes.

Asset Data

Having accurate and up-to-date Stock Condition Surveys will be vital to understanding the current standard of our properties, as well as being able to carefully project the investment requirements over the 30-year business plan. Following a recent data review, the elements of data we collect and the ICT systems we use are robust. Even so, we will refresh, update and improve the accuracy of the data we hold, as well as increasing the number of properties we will survey.

We will work closely with our contractors, analysing their data to identify materials or components which are more costly to maintain, or where we are seeing repeat failures. This will be used to continually improve our quality standards and specifications. We will also use this data to inform our New Build Design Standards. We will develop a rolling programme of new stock condition surveys and we will also undertake a review of our ICT systems and data held, including future development and the investment required.

We have developed a range of analytical tools to assist in meeting our aims. These include:

- An asset system supported by extensive stock condition data, which is regularly updated through ongoing surveys.
- Maintenance planning, building safety and repairs scheduling systems.
- An HRA Business Plan to support programmes of work including:
 - A planned maintenance programme, achieving economies by replacing components just before they would otherwise require responsive repairs, anticipating changes in minimum acceptable standards, and reducing future requirements for demand driven maintenance.
 - Regularised maintenance programmes with a primary focus on keeping residents safe in their homes, such as testing fire alarms and smoke detectors.
 - Cyclical maintenance, such as gas servicing to prevent deterioration in the physical condition of the stock.
 - A responsive maintenance service to address unforeseen irregular repairs and to prevent unplanned deterioration in its condition.
 - An efficient and effective empty homes repairs service, ensuring we offer our new tenants' good quality and safe homes that meet our lettings standards (provide link to website).

Asset Profile and Grading

We own and manage approximately 5,300 homes, 114 of which are leasehold, with an approximate value of £390m. These provide a well-balanced mix of property types that supports the ranging household compositions and needs of our tenants. The majority, 93%, of homes are let as general needs, with some of these allocated specifically to older people.

There are no high-rise residential buildings (over 11m) within our stock, which greatly reduces risk in terms of building and fire safety, in comparison to other social landlords. Even so, the building safety agenda remains a key priority.

The nature and requirements of leasehold properties does vary to that of General Needs properties due to the properties being owned by the resident, but we retain some maintenance and upgrade responsibilities, and this has been considered when developing this strategy.

The council has several sheltered schemes which, because of their vulnerable tenants and possible difficulties in evacuation, will be considered high risk by this strategy.

The council also owns 1,018 garages, which are rented to both council tenants and other residents. We have reviewed the condition and overall demand for our garages, but this has been on individual garage sites, rather than taking a holistic view. Consideration has been given to the use of less popular garage sites for future development opportunities and assessments will be conducted to understand the current condition and future maintenance liability, to improve the letting of garages. Whilst a garage strategy has not specifically been developed as part of this Asset Management Strategy, the standard, safety and use of garages is an important factor of good asset management and is considered as part of the provision of quality homes.

Stock Profile

(Graphic to be inserted here with our data)

Type of Homes	Homes %	Year Built	Year %
Senior Living	5%		
Bungalows	7%		
Flats/Maisonettes	40%		
Houses	49%	Pre 1945	15%
		1945-65	49%
		1965-1973	21%
		1974+	15%

Property Type	No of Properties	1 bed	2 beds	3 beds	4+ bed
Flats/Maisonettes	2,089	1,503	586	-	-
Houses	2,567	0	1,051	1,474	42
Bungalows	344	313	30	1	-
Sheltered (Flats)	209	209	-	-	-
Extra Care (Flats)	48	48	-	-	-
TOTAL Dwellings	5,257	2,073	1,667	1,475	42

Other Properties	Quantity
Garages	1,018

Age Profile of tenants

(Graphic to be inserted here with our data)

The adult population has an increasing life expectancy; currently, 30% of our tenants are aged 65 or over. Due to this expected increase, an ageing tenant population will bring increased health issues and vulnerabilities. 9% of all our tenants have notified us of a disability.

Adaptations will support our tenants living longer but not necessarily in good health. This will mean we will need to cater for frailer tenants who may not be able to meet their responsibilities to look after their homes, which may need significant support due to dementia rather than a physical disability.

The design of new properties and adaptation of existing homes to meet the ageing population, will be a key feature of our Asset Management plans. Properties that enable tenants to remain in their homes longer will need to embrace not just structural adaptation, but also telecare products that enable remote monitoring and care. Links with our Housing Lifeline Service, social care and other appropriate partners will become essential, as the same tenants may be cared for by the different agencies.

27% of our tenants are aged 40 or under. Due to this younger population, we are seeing an increase in demand for family homes. This also brings opportunities and drivers for new technology and smart homes. Since the Covid pandemic, we have seen an increase in the use of digital and online services. Technology is already changing the way we do things across multiple services, such as enhancing customer service and providing transparency, where previously there was none. Although transparency is important, the data collected is arguably even more so. It can be used to inform and improve our services, helping us to analyse trends, predict behaviour and provide better customer service. Technology can also be a driver to improve safety, such as monitoring when smoke detectors are offline, or predicting homes that are at increased risk of suffering damp or mould conditions. We will continue to explore these technologies to help support us to take a proactive approach to managing both our stock and the health and safety of our tenants.

Asset Management Objectives

In addition to compliance with all legal requirements, we will:

- Ensure all our housing assets are of a high standard and continue to meet the Decent Homes Standards, as a minimum.
- Ensure all tenants live in homes that offer affordable warmth, by completing Energy Performance audits of our properties, ensuring all achieve a minimum of EPC Band C by 2030. Where this is not possible, we will review our options in line with the Housing Services Climate Change Strategy.
- Maximise all available grants, particularly relating to energy improvements and making applications for works to improve our properties.
- Reduce the risk of condensation and mould growth, by ensuring adequate ventilation, along with sufficient levels of insulation and adequate heating. We will also advise residents on how to reduce moisture levels in their homes in line with our [Housing Services Damp, Mould and Condensation Policy](#)
- Ensure all tenants live in homes with adequate levels of fire protection by completing Fire Risk Assessments and regularly assessing these, completing new assessments if significant changes occur within the property.
- Ensure all tenants live in homes with appropriate levels of security, by listening to our residents' concerns and those of the people that support them and ensure we support any request to improve security, both within the home and to the boundaries.
- Ensure that appropriate tenant engagement is undertaken and that tenants are involved in any project works to be completed within their home, prior to commencement.
- Maintain all properties in the most cost-effective manner over a realistic period, including the completion of appropriate option appraisals, where necessary.
- Ensure all works are recorded on the asset management system, along with updating the attributes, such as the date of install and expected life cycle of that component.
- Review high-cost schemes and schemes that appear un-economical.
- Increase the proportion of planned maintenance to responsive repairs by working towards a budget split of 70:30 respectively.
- Reduce reactive maintenance costs, by ensuring all properties are loaded on to the asset management system with relevant attributes, updated to reflect current condition.
- Conduct timely replacement of property components. By ensuring all information is loaded on to the asset management system, we can ensure planned maintenance programmes can be calculated and planned when they are due.
- Ensure consistency of improvement standards. Ensuring everyone is given the opportunity to give feedback on the way to improve the delivery of our services. As an example, we will work with our new build design team, and our planned and responsive maintenance teams, to explore new products together and apply those improvements across all areas.
- Ensure we deliver an effective and efficient repairs and maintenance service, in line with our [Housing Services Repairs and Maintenance Policy](#).
- Ensure, through proactive contract monitoring, that all work undertaken on our properties by external contractors, or by other Council services under Service Level Agreements, is completed to a high standard and in a timely manner.

- Develop our workforce, through improved training and skills development, and address any shortfalls in staffing resources through proactive recruitment drives, apprenticeships and procurement of external contractors, where required.

Planned Maintenance

Planned Maintenance (PM) are works carried out at agreed intervals to keep our homes in good repair and working order. We upgrade major components, such as central heating systems, kitchens, and bathrooms when they reach the end of their useful life. This helps to reduce the number of unplanned repairs, by reducing the probability and likelihood of failure. PM tasks are undertaken in accordance with a predetermined plan at regular, fixed intervals.

The advantages of PM over responsive repairs are:

- Maintenance tasks can be planned and undertaken when convenient for the tenant and staff.
- Maintenance costs can be reduced by avoiding the cost of consequential damage and use of emergency resources.
- Downtime (the time that an element of the building or whole building is out of service) can be minimised, so the occupancy and rental income of the building is maintained and increased.
- Health and Safety of tenants and staff can be improved.

However, there are some disadvantages to consider with PM:

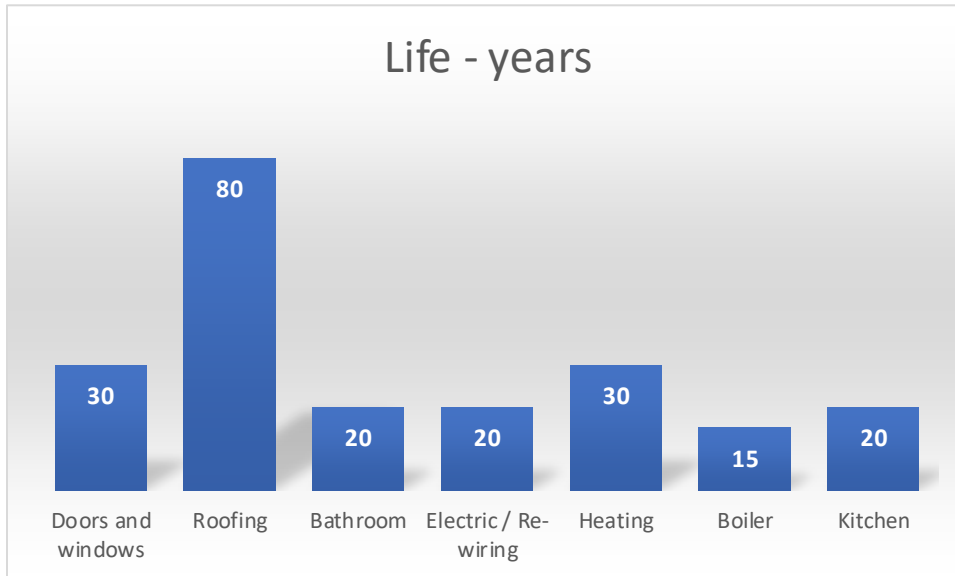
- Maintenance will be performed irrespective of the condition of the item/element (that is, some tasks will be performed on elements that may have remained in a safe/acceptable operating condition for a longer period).
- Maintenance tasks can be more costly in terms of spare parts and labour costs if they are carried out without control or when not required.

To address these disadvantages, we will consider the condition of the item/elements against their current lifecycle and the current number of repairs, to review if the lifecycle should be extended. In some instances, we may only be required to carry out part replacements, rather than full replacements, such as in a bathroom, where a bath may have a shorter lifecycle than the sink or toilet.

We will also ensure that any new products we use have been considered in relation to maintenance, to ensure all our teams are qualified, skilled, and equipped to deal with those unforeseen repairs, ensuring parts are cost effective and easily obtainable at the same time.

Where resources permit, we will aim for a ratio of 30% funding on Responsive Maintenance to 70% Planned Maintenance. Whilst there is no industry standard on the percentage of planned maintenance to responsive repairs, the 70:30 split is based on our current asset data and will be reviewed on a regular basis.

Current Life expectancy of key elements:



Cyclical maintenance

These are works organised and carried out to a pre-determined plan or interval of time. This can be to meet regulatory, manufacturing, or good practice requirements. This is done to prevent the premature breakdown of time sensitive components, with a view of prolonging the life of that component.

This includes servicing, checking components and identifying elements which may need replacement to avoid failure. An example of this would be Gas Boiler Servicing. We are required by law to carry out an annual landlord gas safety check. We exceed this, by carrying out a full service in line with the manufacturer guidelines, to ensure the continued safety and efficient operation of the appliance. At the same time, we also check that smoke detectors and Carbon Monoxide alarms are also in working order. In each of these instances, we check all parts are working correctly and identify if any parts are showing signs of decline and arrange for those to be replaced.

Tenant Involvement

We are committed to involving our tenants and ensuring they play a meaningful part in the shaping of services and setting standards. This strategy complements the council's [Customer Engagement Strategy](#) and ensures tenants and leaseholders, their families and carers, are at the heart of the decisions we need to make, to ensure this strategy is a lasting success.

Managing Risk

The evaluation of risk is an essential part of an effective asset management approach. Major decisions taken about the future and utilisation of the asset base in the absence of a risk assessment, may have a long-term detrimental effect on the sustainability of communities and financial health of the HRA.

We have a systematic approach to managing asset-related risks. This involves the regular review of impact and probability of specific risks occurring and an evaluation of the control arrangements that are in place for managing and minimising current and emerging risks. For example, legionella bacteria occur naturally within freshwater and when exposed to certain conditions, such as water being stagnant and exposed to high temperatures, which could occur in hot water tanks/cylinders. Legionella can be breathed in via small droplets of water in the air that contain legionella bacteria, so for instance when running a shower or tap. To eliminate or reduce this risk, we have improved our specifications to remove or move to a lower risk system during our planned programme or empty property works. This would include water tanks or outside taps and are updated, considering changing circumstances.

Funding the Strategy

HRA Business Plan

The HRA 30-year Business Plan is updated annually, providing a long-term income and expenditure profile, based upon the latest data and business priorities. To ensure that the asset management strategy is deliverable, it is critical to understand this business plan and profile this against known and identified additional investment.

As outlined in the Housing Services Climate Change Strategy, significant investment is required to achieve net zero carbon by 2050. This needs to be considered alongside this strategy, to evaluate the performance of our stock against our business plans. This means we need to give careful consideration to the long-term future of any lower performing stock, in terms of energy efficiency and return on investment, together with the lifecycles for asset replacements and the high levels of investment required.

In addition, there are further risks that could potentially impact the balance between the business plan and actual investment needed. The primary factors are considered as:

- **Labour shortages and Cost Increases** - the social housing sector is experiencing a disproportionate increase in the cost of materials associated with construction and property maintenance; this has been further heightened by wider economic factors and labour/skills shortages. It is expected that component costs will increase and potentially inflation might rise higher than assumptions included within the business plan. This is also expected when labour demand outstrips supply and costs increase, particularly where there will be peaks of similar activity as the sector works towards the short-term 2030 EPC target and the longer term 2050 Net Carbon Zero target.
- **Investment to meet Decent Homes Standard** – as the standard is still under review, the impact of any changes cannot yet be evaluated and may not have been factored in.

Government Grant Funding

We will continue to bid for Government funding for energy efficient works. This will help support investment into the properties and will offset investment required by the HRA business plan. Any Government funding will need to be matched by investment from our HRA, usually on a 50:50 basis.

Asset management and maintenance

Good asset management needs to consider whether a 'one-off' capital expenditure to enhance an asset would reduce the ongoing revenue costs of maintenance. To make the most effective use of limited funds, maintenance and upgrading improvement works are often carried out together to meet service needs.

Maintenance works often involve decisions about using newer, better materials, components and systems, and these will be considered alongside our plans.

Responsibility and Review

The strategy will be monitored on a regular basis, as part of existing governance arrangements and will involve our tenants at key stages in its delivery.

The Government are still developing the Decent Homes Standards and this strategy will be reviewed alongside this, once that has been published.

Performance Monitoring

To assist in our continuous improvement, we will collate and monitor performance information. We will use tenant feedback, including survey data and complaints to look for improvements and will involve our Tenants Panel and Council Members in monitoring this. We will also ensure that our performance is provided to the RSH through Tenant Satisfaction Measures. We will provide information on our performance on our website, our annual report and in our in-house magazine, Housing Connect.

This page is intentionally left blank

CABINET
7 MAY 2024

HOUSING SERVICES VULNERABILITY POLICY

Responsible Cabinet Member - Councillor Matthew Roche, Health and Housing Portfolio

Responsible Director - Elizabeth Davison, Group Director of Operations

SUMMARY REPORT

Purpose of the Report

1. To approve the Housing Services Vulnerability Policy 2024-2029.

Summary

2. To ensure that we meet the diverse needs of our tenants, we need to provide adaptable services, which takes our tenant's, and their household's needs into account, whilst ensuring we meet regulatory and legal requirements.
3. The Housing Services Vulnerability Policy 2024-2029 at **Appendix 1** sets out our aims, including how we will record any of our tenant's vulnerabilities on our systems and how we will use this information in the way we provide our services, the decisions we make and how we refer to other statutory and external organisations.
4. The Tenants Panel has been consulted on the draft policy and they have given their full support.
5. This strategy was considered by Health and Housing Scrutiny Committee on 24 April 2024, who agreed its onward submission for approval by Cabinet.

Recommendation

6. It is recommended that Cabinet:
 - (a) Consider the contents of this report.
 - (b) Approve the Housing Services Vulnerability Policy at Appendix 1.

Reasons

7. The recommendations are supported by the following reasons:

- (a) The Housing Services Vulnerability Policy ensures we have a clear approach to supporting our tenants and taking consideration of their needs.
- (b) The Regulator of Social Housing’s new Consumer Standards from April 2024 places a duty on social housing landlords to:
 - (i) Treat our tenants and prospective tenants with fairness and respect, and
 - (ii) Take action to deliver fair and equitable outcomes for our tenants and prospective tenants.
- (c) The adoption of a formal Vulnerability Policy is one of the ways to demonstrate how we will achieve this.

Elizabeth Davison
Group Director of Operations

Background Papers

- (i) Regulator of Social Housing Consumer Standards.

Anthony Sandys: Extension 6926

S17 Crime and Disorder	There is no impact
Health and Wellbeing	Treating our Council tenants with fairness and respect will have a positive impact on their health and well-being
Carbon Impact and Climate Change	There is no impact
Diversity	This policy supports the promotion of diversity amongst our Council tenants
Wards Affected	All wards with Council housing
Groups Affected	Council tenants and leaseholders
Budget and Policy Framework	This report does not represent a change to the budget and policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
Council Plan	This report supports the Council plan to ensure we are able to provide our tenants with good quality housing
Efficiency	There are no implications
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

8. Darlington Borough Council provides over 5,300 high quality homes for local residents. We are committed to meeting the diverse needs of our tenants by providing adaptable services, which takes our tenant's, and their household's needs into account, whilst ensuring we meet regulatory and legal requirements.
9. The term 'vulnerabilities' has no standard definition. The Housing Ombudsman's defines vulnerabilities as; *"characteristics that a tenant or household member possesses, either permanently or temporarily, that may mean they need care, support or other reasonable adjustments to complete landlord-tenant transactions such as paying their rent, opening the door to allow a gas safety check. These characteristics may mean that reasonable adjustments are appropriate to actively prevent harm or distress. These can include recognised physical disabilities or mental health issues, but will also include transitory situations, such as financial difficulties or a broken leg"*.
10. The Housing Services Vulnerability Policy 2024-2029 at **Appendix 1** sets out the following aims:
 - (a) To record any vulnerabilities on our ICT systems and keep this up to date.
 - (b) To use all available information to identify if a tenant has vulnerabilities.
 - (c) To ask our tenants to inform us of vulnerabilities, permanent or temporary, within their household, as well as taking a pro-active stance at our interactions with tenants.
 - (d) To take account and evidence that we consider known vulnerability factors in the provision of services and decision making.
 - (e) To assist tenants in accessing additional services that they may need.
 - (f) To record any known representatives who act as a 'delegated authority' or with power of attorney, to act on the tenant's behalf or who the tenant states can access their account on their behalf.
 - (g) To consider any additional needs due to known vulnerabilities, and where appropriate, vary our service delivery to ensure tenants still receive the same level of service.
 - (h) To make appropriate referrals to our own advice and support teams, such as Housing Plus, Tenancy Sustainment, Lifeline or Social Services, to provide additional support and guidance, where appropriate to do so.
 - (i) To refer to statutory agencies and external support agencies, where appropriate.
 - (j) To make safeguarding referrals whenever needed.

Regulator of Social Housing (RSH) Consumer Standards

11. The RSH has published new consumer standards from April 2024. Under these new standards is a section specifically relating to transparency, influence and accountability, which provides outcomes about how landlords provide information, listen to tenants, and act on their views.
12. Included within this standard, the RSH has stated, “landlords need to have a good understanding of the different tenants that they serve and their diverse needs and provide the right support and access to services to deliver fair and equitable outcomes for tenants”.
13. Our Housing Services Vulnerability Policy will help us demonstrate how we will achieve these new proposed standards.

Outcome of Consultation

14. Our Tenants Panel were consulted in March 2024 and overall, the Panel support the proposed Housing Services Vulnerability Policy. Examples of the Panel’s comments were as follows:
 - (a) “On the whole it is a really good document. Every opportunity is given to vulnerable tenants, while also ensuring they do their part and fulfil their tenancy requirements. As far as I can see, the author of the document has looked at everything I could think of and a lot more besides. A good document and interesting too.”
 - (b) “This is a really excellent policy. It gives a strong message with communication, managing expectations, capturing data and improving awareness. Vulnerability is an ever-increasing area where it is difficult to be mindful and universal, covering all bases. I think the document covers everything very well. It highlights all the legislation covering the guidance and laying the foundation for adequate policy and process to be implemented. I can’t add to the superb document or think of anything that should be changed.”
 - (c) “I’ve read through this, and everything is absolutely fine.”
 - (d) “After questioning about staff having refresher training, I am more than happy with the document. It is well thought out and I have no further suggestions.”



Housing Services Vulnerability Policy 2024-2029



Contents

Introduction	4
Aims	4
What do we define as vulnerabilities?	5
Relevant Legislation and Internal Resources	6
Our responsibilities	7
Tenants' responsibilities	7
How will we identify tenants who have vulnerabilities	8
Why is it important that we identify tenants who have vulnerabilities?	8
Information Management	9
Reasonable adjustments	10
Training	11
Confidentiality	11
Performance	11



Introduction

Our tenants are at the heart of what we do. They are involved in decision making, improving, and scrutinising our service. We are committed to providing good-quality, affordable housing to tenants, listening to their views and treating them with empathy and respect. To meet the diverse needs of our tenants, we need to provide an adaptable service which takes our tenant's, and their household's needs into account, whilst ensuring we meet regulatory and legal requirements.

We will support our tenants to sustain their tenancy and live as independently as possible. We are committed to ensuring that every opportunity is provided to support them throughout their tenancy.

Aims

Our aim is to ensure that our tenants receive the services and assistance they require to sustain their tenancy. To achieve this, we aim to:

- Record any vulnerabilities on our ICT systems and keep this up to date.
- Use all available information to identify if a tenant has vulnerabilities.
- Ask our tenants to inform us of vulnerabilities, permanent or temporary, as well as taking a proactive stance at our interactions with tenants.
- Take account and evidence that we consider known vulnerability factors in the provision of services and decision-making.
- Assist tenants in accessing additional services.
- Record any known representatives who act as a 'delegated authority' or with power of attorney, to act on the tenant's behalf or who the tenant states can access their account on their behalf.

Under the Equality Act 2010, we have a legal duty to make reasonable adjustments and have regard to protected characteristics which are:

- Age.
- Disability.
- Gender re-assignment.
- Marriage and civil partnership.
- Pregnancy and maternity.
- Race.
- Religion or belief.
- Sex.
- Sexual orientation.

- Consider any additional needs due to known vulnerabilities, vary our service delivery to ensure tenants still receive the same level of service.
- Make appropriate referrals to our own advice and support teams, such as Housing Plus, Tenancy Sustainment, Lifeline or Social Services, to provide additional support and guidance, where appropriate to do so.
- Refer to statutory agencies, and external support agencies where appropriate.
- Make safeguarding referrals whenever needed.



What do we define as vulnerabilities?

We recognise that not everyone who needs additional care and support has vulnerabilities, but we will always consider the needs of our tenants, how vulnerabilities may affect their access to services and how we can best provide our services to them.

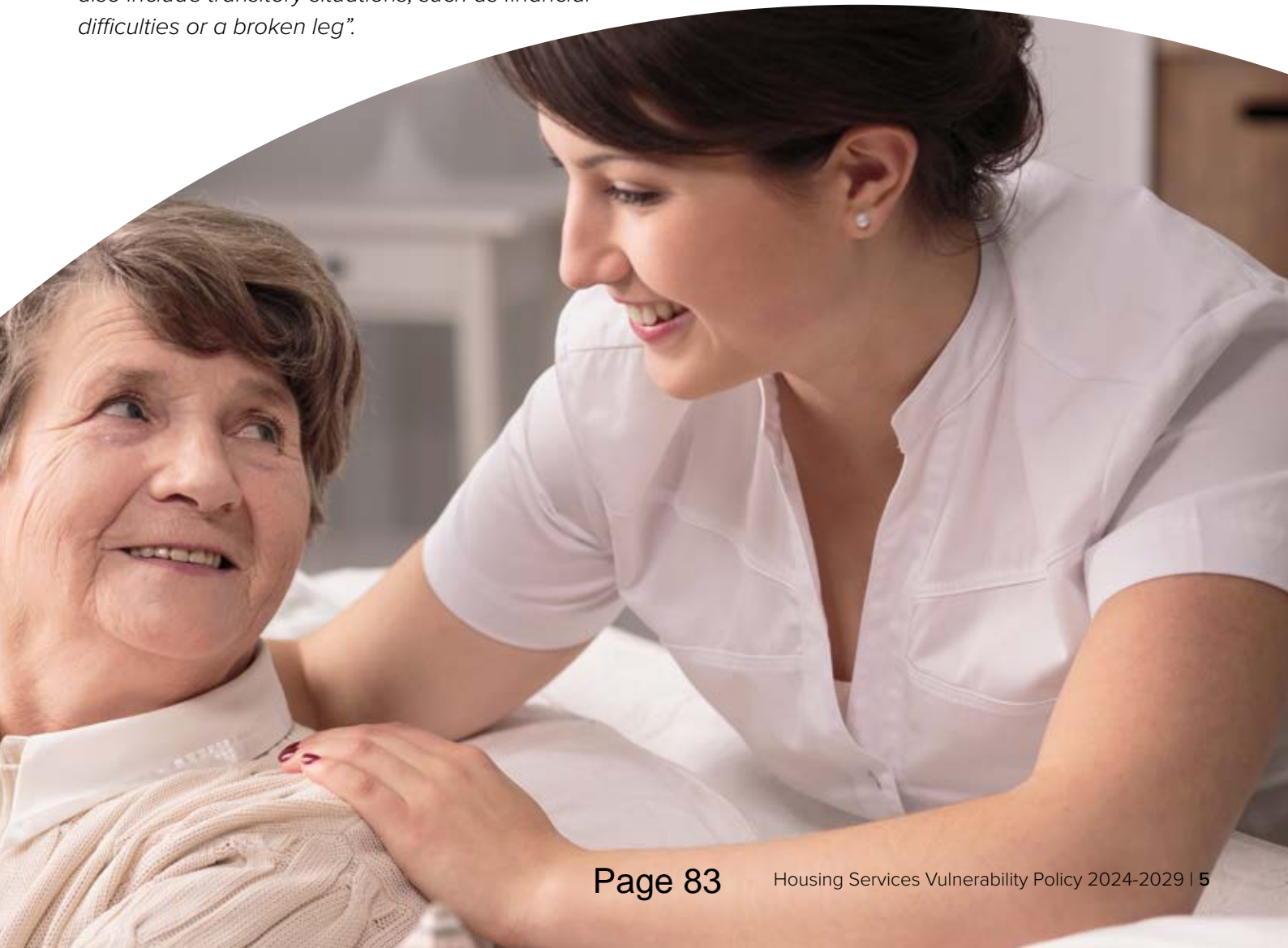
The term 'vulnerabilities' has no standard definition. The Housing Ombudsman's defines vulnerabilities as:

"Characteristics that a tenant or household member possesses, either permanently or temporarily, that may mean they need care, support or other reasonable adjustments to complete landlord-tenant transactions, such as paying their rent, opening the door to allow a gas safety check. These characteristics may mean that reasonable adjustments are appropriate to actively prevent harm or distress. These can include recognised physical disabilities or mental health issues, but will also include transitory situations, such as financial difficulties or a broken leg".

Housing Services define vulnerable in relation to the provision of our services as:

"Tenants who have a particular characteristic and/or experience an exceptional life event and are currently unable to act independently and/or are unable to cope with managing their tenancy without additional support."

This reflects our understanding that 'vulnerability' can be a permanent or temporary state which can be influenced by multiple factors and experiences, such as age, physical disability, bereavement, mental health, domestic abuse, poverty, etc.



Relevant legislation and internal resources

- Equality Act 2006 & 2010.
- Mental Health Act 2007.
- Housing Services Housing Management Policy 2022-2026.
- Housing Services Anti-Social Behaviour Policy 2022-2026.
- Housing Services Allocation Policy 2023-2028.
- Housing Services Repairs & Maintenance Policy 2023-2028.
- Darlington Borough Council Customer Standards.
- Darlington Safeguarding Partnership Strategic Plan 2023-2026.
- Darlington Safeguarding Partnership - Safeguarding is Everyone's Business (<https://www.darlington-safeguarding-partnership.co.uk/media/1800/dchs0124-web.pdf>)
- <https://www.darlington-safeguarding-partnership.co.uk/safeguarding-training/safeguarding-training/>
- County Durham and Darlington - Domestic Abuse Safe Accommodation Strategy 2021-2024.
- Housing Act 1985, 1988, 1996, 2004.
- Anti-Social Behaviour, Crime and Policing Act 2014.
- Social Housing (Regulation) Act 2023
- Crime and Disorder Act 1998.
- Protection from Harassment Act 1997.
- Safeguarding Vulnerable Groups Act 2006.
- Disabled Persons (Services, Consultation and Representation) Act 1986.
- The Human Rights Act 1998.
- Housing and Regeneration Act 2008.
- Data Protection Act 1998/2018.
- Domestic Abuse Act 2021.
- The Care Act 2014.
- The Children's Act 2004.
- Homelessness Act 2002.
- Regulator of Social Housing - Consumer Standards.
- Darlington Borough Council Equality Policy and Objective 2023-2027.
- Mental Capacity Act 2005



Our responsibilities

Housing Services are responsible for:

- Ensuring we adhere to the Equality Act 2010 and adapt normal policies, procedures, or processes to meet individual's needs through reasonable adjustments.
- Ensuring that we meet regulatory standards and understand the diverse needs of our tenants, and ensure that all tenants have fair access to, and equitable outcomes of, housing and landlord services.
- Ensuring that our staff have the appropriate training around vulnerabilities and protected characteristics.
- Ensuring that all sections of our Housing teams are aware of vulnerabilities, so they can make appropriate adjustments to service delivery across Housing Services.

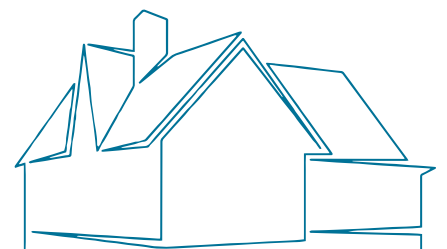
- Raising awareness with our tenants of how to report any vulnerabilities to us.
- Increasing awareness of vulnerabilities and protected characteristics in our Tenants Panel, so we can ensure they consider these when making decisions on behalf of all tenants.
- Ensuring our records are kept up to date on household vulnerabilities within our homes.

We will use Equality Impact Assessments (EIA) and/or risk assessments to assist us to ensure that our policies, processes, and decision-making are fair and do not present barriers to participation or disadvantage any protected groups. We will ensure that we complete EIA's and/or risk assessments before taking significant action such as legal action.

Tenants' responsibilities

We expect our tenants to be open and honest with us around their vulnerabilities, so we can adapt to meet their needs. However, having vulnerabilities does not mean that we do not expect tenants to adhere to the terms of their Tenancy Agreement.

We will take enforcement action against tenancy breaches; however, we will always offer support, make reasonable adjustments, and ensure any action is proportionate before taking action.



How will we identify tenants who have vulnerabilities?

There are many ways in which we can collect information about tenants' vulnerabilities including (not exhaustive):

- At the point of application to us for housing.
- At sign up of a new tenancy.
- At introductory tenancy visits.
- At any home visits or telephone calls with tenants.
- At estate inspections.
- During repairs or post or pre inspections.
- At community events.
- Through tenants making us aware either in person, via email, via their digital tenancy, in writing or by telephone.

- Via a referral or notification from another department or external agency.
- Through complaints and feedback.

Whilst we do not necessarily define all people with a protected characteristic as having vulnerabilities for the purposes of this policy, we will give due consideration to any protected characteristics in deciding any enforcement action under the terms of a tenancy or lease to avoid any inadvertent discrimination.

Why is it important that we identify tenants who have vulnerabilities?

Information empowers and equips us with the knowledge we need to develop our services. Therefore, it is vital that we identify tenants with vulnerabilities so that, as well as ensuring that tenants can sustain their tenancy and that we adapt our service delivery, it means that we can:

- Be aware of known vulnerability factors in the provision of our services and in our decisions.
- Help tenants in accessing additional services that they may need.
- Record any known representatives who act as a 'delegated authority' or with power of attorney to act on the tenant's behalf.

- Consider any additional needs due to the vulnerability and make appropriate referrals to statutory agencies and other external partner support agencies.
- Make safeguarding referrals whenever needed.
- Ensure no tenant is disadvantaged in accessing our services.
- Ensure all tenants are treated fairly.

Information Management

Information is critical to every part of Housing Services, and we understand the importance of managing our tenant's information effectively and having appropriate systems in place to improve our service delivery to tenants.

We will:

- Manage and maintain our documents and records appropriately.
- Ensure we have up to date and accessible information, so that tenants receive a service that is appropriately tailored to their needs and opportunities are not missed because vulnerabilities have not been recorded.
- Ensure all members of staff are aware of the importance of managing information appropriately.
- Provide training and support to staff and our Tenants Panel to develop their skills and competencies.
- Ensure we have a robust governance framework, ensuring responsibilities are clearly defined, and there is a clear decision-making process.
- Carry out quality assurance checks as part of our regular performance monitoring of staff and systems.
- Employ Data Quality Officers to assist us in ensuring our data is accurate and up to date.
- Look for good practice in data management and IT systems.



Reasonable Adjustments

Housing Services will make reasonable adjustments for tenants, and whilst this will be different for each tenant and their circumstances, reasonable adjustments will include (not exhaustive):

- Allowing longer for tenants to answer their door when we call for an appointment.
- Arranging a joint visit with carers or avoiding unannounced visits.
- Visiting (where possible) at specific times to fit around appointments, or to allow for someone else to attend the home visit.
- Visits in person where we would normally provide a phone call.
- Explaining a letter over the phone or in person, in addition to sending it.
- Providing or referring victims of Anti-Social Behaviour (ASB) for additional support either through internal departments and teams or external agencies.
- If appropriate, providing or referring perpetrators of ASB for additional support instead of enforcement action.
- Providing documents in other languages.
- Arranging for translators.
- Sending documents to someone else who has delegated authority to act on a tenant's behalf.
- Providing a home visit when signing up for a new tenancy.
- Agreeing longer-term repayment plans for rent arrears.
- Dealing with a repair request more urgently, due to the vulnerability of the tenant or someone in their household.
- Dealing with a report of ASB differently, or more urgently, due to the adverse impact the ASB may have on a household member with vulnerabilities.
- Giving additional priority to someone on HomeSearch for their particular vulnerability.
- Offering a single or main point of contact.

We will consistently consider whether our decisions would have an unfair or disproportionate impact on tenants with vulnerabilities, compared with another tenant who does not have a protected characteristic. In particular, where possession action is being considered, we will ensure that pre-action consideration is given to:

- Whether the tenant's behaviour, actions or lack of action is related to their vulnerability.
- Whether the behaviour is putting the health and safety of others at risk such as, neighbours.
- Alternatives to possession action and why they were not suitable.
- Whether possession action is justifiable and a proportionate means of achieving a legitimate aim.
- Whether the effect on the occupier is outweighed by the advantages of our action.

In line with the Mental Capacity Act 2005, we will liaise with those who have legal authority to act on behalf of our tenants who lack capacity. That may be a representative who has or is:

- A Lasting Power of Attorney (LPA).
- Deputyship Order from the Court of Protection.
- A litigation friend appointed in Court proceedings, if the tenant lacks capacity to litigate.
- An appointee appointed by the DWP to manage a person's benefits, if they lack capacity.
- An Independent Mental Capacity Advocate (IMCA) commissioned by the local authority who are appointed, where a person aged 16 or over lacks ability to act to decide for themselves, where to live and has no-one, such as a friend, relative, attorney or deputy to advise or support them.

Training

Housing Services staff receive regular refresher training in relation to Equality & Diversity, Safeguarding and other relevant training courses. This training assists them to recognise potential signs of vulnerability such as (not exhaustive):

- Being a victim of anti-social behaviour (ASB), harassment, hate incidents or domestic abuse.
- A repeated failure to respond to correspondence, or to answer the door when visited.
- Hoarding, self-neglect or other behaviour, which results in the person's home and/or garden becoming damaged, neglected or otherwise unfit for occupation.
- Erratic rent payments and falling into arrears when the tenant previously had a good payment history.

Confidentiality

We will treat all information received in a private and confidential manner and will only disclose information to third parties, once we have the consent to do so. We may, however, have a legal

obligation to pass information on, for example, to the Police or other relevant agencies, such as Social Services.

Performance

Our Tenants Panel have reviewed and agreed this policy and we will continue to monitor performance through feedback from our tenants, through

complaints, compliments, feedback surveys and Tenant Satisfaction Measures.



