

REPORT

Cllr Cole-Morgan : Cabinet Member for Community & Housing

HOUSING REPAIRS (WORKS, STORES AND FLEET)

1. Purpose of report

- 1.1 The Purpose of the report is to inform members of the steps to be taken in relation to the 'No Assurance' rating of Internal Audit after their follow up Audit of Housing Repairs – Works, Stores and Fleet.

2. Background

- 2.1 In 1998 the Direct Labour Organisation undertaking housing repairs was transferred into the Housing Management section from Commercial Services with a remit to stem the significant losses it made and make it break even. This was achieved but additional functions have been added such as the repair and facilities management on the client side, which has grown in itself with the addition of the Beehive Park and Ride site and the take over of 5 Rivers, without any additional resources.
- 2.2 Almost inevitably this has led to stresses in the running of the service, which was exposed in an internal audit report issued in January 2004. This gave a 'no assurance' opinion due to fundamental and serious weaknesses and lack of compliance with Financial Regulations and the Council's rules governing Ordering and Payment. Stock Control and accounting arrangements for items purchased in support of housing repairs were also found to be inadequate and were also deemed to suffer from serious weaknesses.
- 2.3 A follow up audit was undertaken in June 2004 and whilst it found that there had been progress on a number of the essential recommendations there was still cause of concern around progress on some of the essential recommendations to the extent that the no assurance opinion remains.

3. Audits Recommendations and Response

- 3.1 The follow up audit made three recommendations:-
- 3.2 A competitive exercise should be carried out to establish agreements with suppliers with whom the Council is currently spending significant sums of money annually. This would achieve best value and demonstrate that the market had been properly tested. Orders to smaller suppliers should also be based upon obtaining competitive quotes as required by the ordering regulations.

- 3.2.1 **Work is currently being undertaken to establish the range and quantity of orders we have used over the last financial year with a view to setting up framework agreements with these suppliers after a competitive process. We anticipate that this will take approximately six months.**
- 3.3 Urgent action should be taken to evaluate and implement an effective system for controlling and accounting for stores purchased and held in support of Housing Repair Service repairs.
- 3.3.1 **We have researched various computer systems to run a stores administrative system. Whilst in the long term we would like to use a module of Aggresso, in the short term we are looking to develop the existing Access based system in conjunction with I.T. Services. We anticipate having this up and running within two months and can be funded within existing resources.**
- 3.3.2 **To fully implement 3.2.1 and 3.3.1 additional resources are required. A facilities manager is required to assist with the implementation of the Office Centralisation project and that post could assist with the long-term procurement of stores and plant. This could be funded initially from the Office Centralisation project budget, on a fixed term contract to be reviewed when the office project is completed. Subject to approval by the office design group we will start the recruitment process immediately. In the short term, a permanent Administrative Officer is required to properly input and monitor the stores system and to ease the burden of existing administrative staff who have taken on additional tasks following the transfer of responsibility for repair and facilities management of all public buildings held by the Council from Legal and Property Services. Funding for this post would be subject to an invest to improve bid. Significant savings have been made by the integration of these functions within housing.**
- 3.4 Performance standards for the management of the Housing Repairs Service vehicle fleet should be established as soon as possible.
- 3.4.1 **Following further discussion with Financial Services it is felt that there should be corporate performance standards for the whole of the Council's fleet. The majority of the Council's vehicles are the responsibility of Commercial Services who also hold the operational license. Therefore housing management will work in conjunction with Commercial Services to develop these standards, which will be applicable to all Council vehicles. We would anticipate completing this exercise by December 2004.**

4. Recommendations

- 4.1 It is recommended that members note the actions to be taken to rectify the current 'no assurance' opinion outlined in Para's 3.2.1, 3.3.1, 3.3.2 and 3.4.1.
- 4.2 That a further report be brought to Cabinet in six months to report on progress.

5. Implications

- 5.1** Financial - If the recommendations are accepted then funding for the additional facilities management set up required up to the opening of the new offices will be secured through the existing office project scheme subject to approval of the Office Design Group. Any on going requirement can be assessed during that period.

Funding for the additional administrative support of around £20,000 will need to be met from existing resources to be determined by Management Team.

- 5.2** Legal - None
- 5.3** Human Rights - None.
- 5.4** Personnel - Two additional posts are being proposed.
- 5.5** Environmental - None.