

Finance and Audit Scrutiny Committee

Wednesday 4 January 2017

A meeting of the Finance and Audit Scrutiny Committee will be held at the Town Hall, Royal Leamington Spa on Wednesday 4 January 2017 at 6.00pm.

Membership:

	Councillor Quinney (Chair)	
Councillor Ashford		Councillor Harrington
Councillor Barrott		Councillor Illingworth
Councillor G Cain		Councillor Rhead
Councillor Mrs Falp		Councillor Thompson
Councillor Gifford		(Conservative Vacancy)

Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

Agenda

Part A – General Items

1. Apologies and Substitutes

- (a) to receive apologies for absence from any Councillor who is unable to attend; and
- (b) to receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. **Minutes**

To confirm the minutes of the meeting of the meeting held on 29 November 2016
(To follow)

Part B Audit Items

4. **Review of the Housing & Property Services Risk Register**

To consider a report from Housing & Property Services **(Pages 1 to 27)**

Part C – Scrutiny Items

5. **Student Accommodation and Houses in Multiple Occupation**

To consider a report from Finance **(Pages 1 to 5)**

6. **Comments from the Executive**

To consider a report from Democratic Services. **(To follow)**

7. **Review of the Work Programme and Forward Plan**

To consider a report from Democratic Services. **(To follow)**

8. **Executive Agenda (Non Confidential Items and Reports) – Thursday 5 January 2017**

To consider the non-confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting.

**You are requested to bring your copy of that agenda to this meeting.
(Circulated separately)**

9. **Public and Press**

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

10. **Executive Agenda (Confidential Items and Reports) – Thursday 5 January 2017**

To consider the confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting.

**You are requested to bring your copy of that agenda to this meeting.
(Circulated separately)**

General Enquiries: Please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ.

Telephone: 01926 456114
E-Mail: committee@warwickdc.gov.uk

For enquiries about specific reports, please contact the officers named in the reports

You can e-mail the members of the Committee at f&a@warwickdc.gov.uk

Details of all the Council's committees, Councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 456114 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

The agenda is also available in large print, on request, prior to the meeting by calling 01926 456114.

	FINANCE & AUDIT SCRUTINY 04 January 2017	Agenda Item No. 4
Title	Review of the Housing & Property Services Risk Register	
For further information about this report please contact	Bill Hunt Deputy Chief Executive Tel: 01926 456014 email: bill.hunt@warwickdc.gov.uk Ken Bruno Housing Strategy & Development Manager Tel: 01926 456044 email: ken.bruno@warwickdc.gov.uk	
Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	1 November 2016 – Finance & Audit Scrutiny Committee (last service risk register review) / Minute no. 62	
Background Papers	WDC risk management policy & guidelines	
Contrary to the policy framework:	No	
Contrary to the budgetary framework:	No	
Key Decision?	No	
Included within the Forward Plan? (If yes include reference number)	No	
Equality & Sustainability Impact Assessment Undertaken	N/A: no direct service implications	

Officer/Councillor Approval		
With regard to report approval all reports <i>must</i> be approved as follows		
Title	Date	Name
Chief Executive/Deputy Chief Executive		Chris Elliott/Andrew Jones
Head of Service		Bill Hunt
CMT		As above
Section 151 Officer		Mike Snow
Monitoring Officer		Andrew Jones
Audit & Risk manager		Richard Barr
Portfolio Holder(s)		Cllr Peter Phillips
Consultation & Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1 **Summary**

- 1.1 This report sets out the process for the review by Finance & Audit Scrutiny Committee of the Housing & Property Services Risk Register.

2 **Recommendation**

- 2.1 That Finance & Audit Scrutiny Committee review the Housing & Property Services Risk Register, attached at Appendix 1, and make observations to officers as appropriate.

3 **Reason for the Recommendation**

- 3.1 To review process enables members of the Committee to fulfil their role in managing risk. In its management paper "Worth the risk: improving risk management in local government", the Audit Commission sets out clearly the responsibilities of members and officers:

"Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:

- decide on the structure through which risk management will be led and monitored;
- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;
- approve the council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness: and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

- 3.2 The Executive agreed on 11th January 2012 that:
- (a) Portfolio Holders should review their respective Service Risk Registers quarterly with their service area managers.
 - (b) Portfolio Holder Statements should include each service's top three risks.
 - (c) Executive should note the process for the review by Finance & Audit Scrutiny Committee of service risk registers.
 - (d) The relevant Portfolio Holders should attend the Finance & Audit Scrutiny Committee meetings at which their respective service risk registers are reviewed.
- 3.3 The full framework endorsed by Executive at that meeting is set out as Appendix 3.
- 3.4 Risk registers are in place for all significant risks facing service areas in the provision of their services. In addition to service risk registers for all service areas there is the Significant Business Risk Register that contains the organisation's corporate and strategic risks (the latest version of this will be presented to the January 2017 Executive meeting).
- 3.5 The latest version of the Housing & Property Services Risk Register is set out as Appendix 1 to this report. The register has been updated by the Housing & Property Management Team in the last few weeks, in accordance with the Council's established criteria for scoring risk. Risk scoring is a subjective exercise, based on an assessment of the likelihood of something occurring, and the impact that might have. Appendix 2 sets out the guidelines that are applied to all risk registers within the Council.
- 3.6 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse is true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour, the former-described set of risks are within the area shaded red, whilst the latter-described set of risks are within the area shaded green; the mid-range are in the area seen as yellow.
- 3.7 The Housing & Property Services Management Team that produced the risk register attached to this report consist of entirely different personnel to that which produced the register previously. Consequently the risk ratings are all new. In future where ratings are re-assessed and the register shows movements the covering report will explain why these moves have taken place. This approach has not been possible on this occasion because none of the staff who previously assessed the risks are still working at the authority.
- 3.8 It is recommended that Members review the risk register set out as Appendix 1 and the additional information set out in sections 8 and 9 below, to assure themselves that risks have been appropriately identified and assessed and that appropriate measures are in place to manage the risks effectively. Members may wish to question the Portfolio Holder and relevant officers on these aspects and assure themselves that their risk register is a robust document for managing the risks facing the service.

4 **Policy Framework**

- 4.1 The Housing & Property Services Risk Register is part of the Council's corporate risk management framework. The Register reflects the Council's corporate priorities and key strategic projects that are contained in Fit for the Future.

5 **Budgetary Framework**

- 5.1 Although there are no direct budgetary implications arising from this report, risk management performs a key role in corporate governance including that of the Budgetary Framework. An effective control framework ensures that the authority manages its resources and achieves its objectives economically, efficiently and effectively.
- 5.2 The risk register sets out when the realisation of risks might have financial consequences. One of the criteria for severity is based on the financial impact.

6 **Risks**

- 6.1 The risks are contained in the service's Risk Register, set out as Appendix 1.

7 **Alternative Option(s) Considered**

- 7.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

8 **Overview of Housing & Property Services risk management**

- 8.1 The Housing & Property Services Risk Register is managed by the departmental management team (the Housing & Property Management Team or HPMT as shown in the register) and reviewed quarterly. The specific service management teams also review the register from their perspective on a quarterly basis as well.
- 8.2 Service managers are responsible for the day-to-day identification and management of risks and for bringing to the attention of their respective managers any risks that should be added to the register.
- 8.3 The Risk Register includes the significant business risks across the service; some of these are common across the service and others, given the broad range of services, are specific to a particular part of the service. Sitting beneath this Risk Register are a series of detailed risk assessments within each part of the service that identify the day-to-day risks which exist within the service. In general terms these are health & safety risks relevant to the type of service being provided. There are also the Service Area Crisis Plan and Business Continuity Plans which address emergency situations.
- 8.4 In preparation for this review the Risk Register has been considered by the Audit & Risk Manager and critically reviewed by the Insurance & Risk Officer and their comments have been considered and reflected in the register. It was also considered by Senior Management Team on 7th December 2016 and their views have also been incorporated.

9 **Housing & Property Services risks**

9.1 Housing & Property Services is responsible for the management, maintenance and improvement of virtually the entire built property portfolio. It also manages a number of people-based services, such as tenancy, leasehold and estate management, the housing register and homelessness. As a result it faces a wide variety of risks. The risk register (Appendix 1) includes generic risks at the start of the document. These are divided in to various categories. Service-specific risks are then listed, relevant to the various sections of the service.

9.2 There are 29 risks contained in the Risk Register; 20 are service-specific risks and the remainder are generic risks. The three biggest areas of risk to the service area are considered to be legislative; contractual and property-based:

§ **New legislation.** Housing is a highly regulated and legislated field with national policy changing frequently. As many of the customers served by housing are on lower incomes the service also faces risks from changes to welfare benefits legislation which, again, is a politicised policy arena. Managers keep abreast of developments in their respective fields and plan for implementation where required.

§ **Contracts.** The service has a large number of very significant high value contracts in place with external service providers. Effective procurement and contract management arrangements in the service area are therefore essential to the minimisation of risks in this area of work.

§ **Property.** Because the service area manages and maintains the built portfolio of the Council there are also significant risks around this in terms of the potential implications of failing to manage these services effectively.

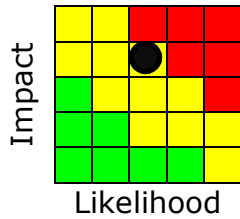
9.3 It should be noted that major risks around: performance management; corporate governance; human resources; financial management; procurement; partnerships, legal; information management; asset management; business continuity; and the environment are not included on the Housing & Property Services Risk Register. These are set out on the Significant Business Risk Register. The Housing & Property Services Risk Register contains more localised service-area based risks.

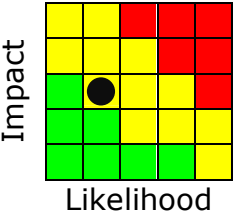
Housing & Property Services Risk Register

Updated: November 2016

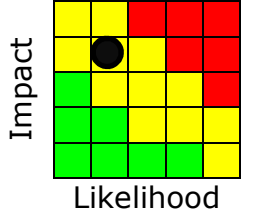
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
Housing & Property Services - Generic Risks (all teams)								
1. Inadequate staffing resources	<p>Inability to recruit/retain staff</p> <p>Uncompetitive salaries, terms and conditions</p> <p>Poor working environment</p> <p>Unsafe working practices</p> <p>Poor management of staff</p> <p>Increasing sickness levels</p> <p>Heavy workloads</p> <p>Low morale</p> <p>Accidents</p>	<p>Failure to meet statutory obligations</p> <p>Inability to provide services at normal levels</p> <p>Pressure on remaining staff leading to deterioration in staff morale</p> <p>Complaints/Legal action/strike action</p> <p>Additional costs to employ temporary staff</p> <p>Reputational damage</p> <p>Death or ill health</p>	<p>Terms & conditions review</p> <p>The Service Area Crisis Plan has been updated to ensure sufficient plans are in place to maintain service in the event of significant loss of staff or systems</p> <p>Mobile (home) working practices in place</p> <p>Proactive assessment of upcoming events including reviewing Weather warnings sent by Community Protection and putting in place appropriate mitigations</p>	<p>HPMT (Ken Bruno, Russell Marsden, Simon Brooke plus Head of Housing and in their absence DCE (BH))</p>	<p>1.1 HPMT to feed into corporate review.</p> <p>1.2 HPMT to investigate the opportunity for implementing further mobile working arrangements so that we have a more flexible workforce and working arrangements</p> <p>1.3 HPMT to ensure all appraisals have been completed</p> <p>1.4 To investigate the opportunity for implementing further mobile working arrangements so that we have a more flexible workforce and working arrangements</p> <p>1.5 Ensure that home workers are adequately managed.</p>	Staff Time	March 2017	<p>Impact</p> <p>Likelihood</p>

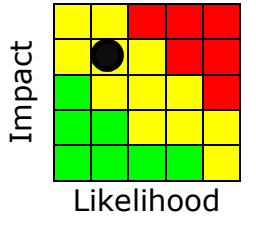
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
2. Insufficient financial resources to sustain the services (HRA and General Fund)	<p>Unexpected cuts in sources of finance</p> <p>Major uninsured or uninsurable incident</p> <p>Poor budget management</p> <p>Increasing costs</p> <p>Significant variances in the assumptions that underpin the Business Plan</p> <p>Housing association Right-to-Buy levy</p> <p>Mandatory rent reduction 2016 – 2020</p> <p>Changes to government regulations and legislation</p>	<p>Reduction in staffing levels</p> <p>Low morale among staff</p> <p>Inability to deliver services</p> <p>Increased complaints</p> <p>Reputational damage</p> <p>Reduction in Services</p> <p>Reduction in the delivery of new homes</p> <p>Inability to make capital repayments</p>	<p>Regular budget monitoring and early warning systems for any unexpected major expense or drop in income.</p> <p>Early contact with insurance Officer.</p> <p>Regular review of business plan performance which is reported to Finance and Audit Scrutiny Committee bi-annually</p> <p>Business Plan is updated annually and reported to Executive for approval</p> <p>All significant decisions are evaluated and impact on the business plan is considered</p> <p>Business Plan has its own risk register which is annually reviewed along with the Business Plan.</p> <p>Housing Futures project reviewing the HRA Business Plan</p> <p>Keep abreast of policy developments and changes in Government.</p> <p>Any change in the law would affect all stock-owning councils and in this case we would have collective bargaining power.</p>	HPMT	<p>2.1 Update the stock condition information to make sure that the business plan is based on robust data and future liabilities are fully understood</p> <p>2.2 Re-profile HRA Business Plan</p> <p>2.3 Introduce active Asset management Policy to generate income and reduce property-based liabilities</p>			<p>Impact</p> <p>Likelihood</p>

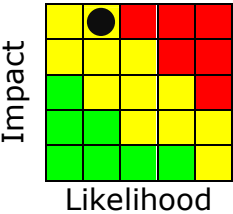
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
3. Failure to:- Respond to new legislation. Comply with new/existing legislation Take into account legal implications of decisions	Lack of adequate training or failure to comply with policies & procedures Lack of appropriate performance management Low staff morale Inadequate supervision and management procedures Fraud & corruption by staff, contractors or tenants (e.g. tampering with electric supply/meter) Staff shortages	Failure to deliver statutory and contractual obligations Deterioration in service delivery Increase in number of complaints/compensation/negligence/liability/claims resulting in financial cost and/or reputational damage to Council Poor service performance against PAP&SAP measures Deterioration in staff morale Not legally compliant Breach of Data Protection Act	Effective supervision and management controls in place including; one to ones, team meetings, appraisals, training, recruitment & selection, capability etc. New performance management framework is being developed and implemented and brought into use in April 2015 Corporate audit programme in place and service specific management audits in place ELearning system in place and Promotion of corporate policies, including; Anti-Fraud & Corruption Strategy, Bribery Act 201, Internal Audit guidance notes, Whistleblowing Policy, Money laundering Policy, Employee Code of Conduct Compliance with Code of Financial Practice & Authorisation limits supported by system based controls Separation of duties and declarations of interests Effective budgetary control Electronic devices have integrated security systems so that systems cannot be accessed if they are stolen	HPMT	3.1 Complete a review of all policies to ensure that they are up to date, relevant and compliant and put in place a programme for updating and reviewing on a regular basis. 3.2 Assess the need for specific procedures to back up policies and prepare these as necessary. 3.3 Commission department wide document management system and processes to include recommendations for managing documents and implementation support.	Staff time Staff time Staff time	September 2017 To follow the above. March 2017	 <p>Impact</p> <p>Likelihood</p>

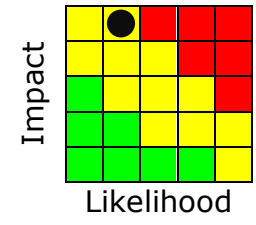
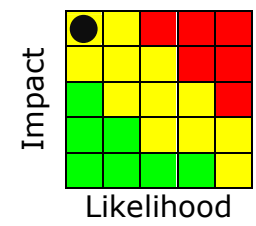
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
4. Loss of IT	<p>Failure of WDC system or support, Power failure, System problems, including hacking/ cyber security threats & cyber crime</p> <p>Major incident at Riverside House</p>	<p>Failure to meet statutory obligations</p> <p>Inability to provide services at normal levels which could include an effect upon home working</p> <p>Pressure on staff leading to deterioration in staff morale</p> <p>Legal action</p> <p>Reputational damage</p>	The Service Area Crisis Plan has been updated to ensure sufficient plans are in place to maintain service in the event of significant loss of staff or systems	HPMT	4.1 Teams to document procedures for all critical tasks	Staff Time	March 2017	 <p>Impact</p> <p>Likelihood</p>

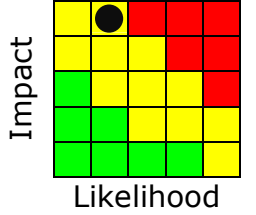
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
5. Accidents /health and safety of staff	Lone working Potential violent customers Hazardous premises Bad weather Heavy workloads Tiredness Driving Inadequate/faulty equipment	Death or ill health Increase in sickness absence Loss of confidence Deterioration in staff morale Increase in compensation claims from staff Reputational damage Impact on service delivery	Operate Staff Alert List Partnership links with MAPPA, Police and Social Services Issue of mobile phones to staff working out of the office Bespoke assessment of safe working practices where required Joint Consultative Group (management and unions) Accident/incident reporting and investigation DSE assessments WDC Health & Safety Advisor has reviewed the operation of the Tunstall Lone Worker system on our recommendation & reliability has improved as a result Corporate health & safety policy& risk assessments Adequate equipment including PPE COSSH, safe systems at work and permits to work compliance	HPMT	5.1 All HPMT managers to carry out lone worker risk assessments for their lone workers 5.2 All HPMT managers need to ensure that all lone workers are signed up and on the system. 5.3 Carry out a full Departmental review, section by section, to understand risks	Staff Time Staff Time Staff Time	31 st March 2017 31 st March 2017 31 st March 2017	<p>Impact</p> <p>Likelihood</p>

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
6. Accidents /health and safety of contractors	<p>Not complying with procurement requirements</p> <p>Lack of appropriate performance & contract management</p> <p>Inadequate risk management</p> <p>Poor communication with contractors</p>	<p>Injury/death</p> <p>Contractors refusing to work</p> <p>Increase in number of complaints/ compensation/ negligence/liability/ claims</p> <p>Damage to buildings</p> <p>Failure to deliver statutory and contractual obligations</p> <p>Deterioration in service delivery</p> <p>Poor service performance against Priority Action Plan (PAP) & Service Area Plan (SAP) measures</p> <p>Deterioration in staff morale</p>	<p>Effective procurement and contract management procedures in place including regular contractor meetings</p> <p>Materials and installations are specified to meet relevant standards</p> <p>Monitoring of workmanship by WDC Clerk of Works, Surveyors & Property Maintenance Officers</p>	HPMT	<p>6.1 Update stock condition information</p> <p>6.2 Review of Repairs and Maintenance contracts</p>	<p>Staff time</p> <p>Staff Time</p>	<p>December 2017</p> <p>March 2017</p>	 <p>Impact</p> <p>Likelihood</p>

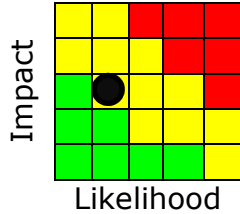
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
7. Failure of contractor to deliver service	<p>Lack of appropriate performance & contract management</p> <p>Inadequate procurement</p> <p>Contractor dissatisfaction with client</p>	<p>Increase in number of complaints/compensation/negligence/liability/claims</p> <p>Damage to buildings</p> <p>Failure to deliver statutory and contractual obligations</p> <p>Deterioration in service delivery</p> <p>Poor service performance against Priority Action Plan (PAP) & Service Area Plan (SAP) measures</p> <p>Deterioration in staff morale</p>	<p>Effective procurement and contract management procedures in place including regular contractor meetings</p> <p>Materials and installations are specified to meet relevant standards</p> <p>Monitoring of workmanship by WDC Clerk of Works, Surveyors & Property Maintenance Officers</p>	HPMT	7.1 Review of Repairs and Maintenance contracts (see also Corporate Risk Register)	Staff time	March 2017	 <p>Impact</p> <p>Likelihood</p>

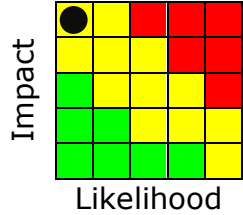
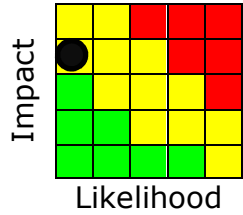
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
Housing & Property Services Specific Risks-Asset Management								
8. Poor asbestos management practices	<p>Failure to survey, monitor or manage asbestos containing materials in accordance with CAR 2012</p> <p>Untrained contractors</p> <p>Contractor fails to check the register</p> <p>Tenants not informed about asbestos</p>	<p>Loss of confidence and reputational damage</p> <p>Improvement notices</p> <p>Prohibition notices</p> <p>Fines, compensation and imprisonment</p> <p>Exposure of staff, tenants and third parties to asbestos containing materials</p> <p>Ill health and/or death</p>	<p>Asbestos Management Plan reviewed and in place</p> <p>Asbestos survey and re-inspection programme</p> <p>Asbestos removal programme</p> <p>Asbestos register is maintained and is shared with staff & contractors</p> <p>Survey recommendations are followed up and executed where reasonably practicable</p> <p>Staff and contractor asbestos awareness training</p> <p>Training log maintained</p> <p>Regular asbestos information articles in tenants newsletters</p> <p>Asbestos awareness is a standard agenda item on both contractor & team meeting agendas</p> <p>Regular meetings held with asbestos contractors</p> <p>Regular asbestos management meetings held with key H & PS staff</p> <p>Appropriate contracts in place for the survey, management and removal of asbestos</p> <p>Appropriate staff in place to manage council processes and contractor performance</p>	Russell Marsden	<p>8.1 Asbestos awareness training to be provided for all relevant H & PS staff</p> <p>8.2 Monitor training of staff and contractors to ensure it remains current and that it is cascaded down to, for example, sub-contractors</p>	<p>Staff time</p> <p>Staff time</p>	<p>On-going</p> <p>On-going</p>	 <p>Impact</p> <p>Likelihood</p>

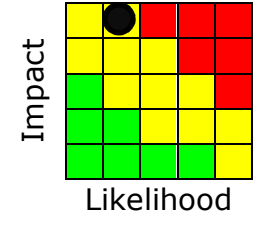
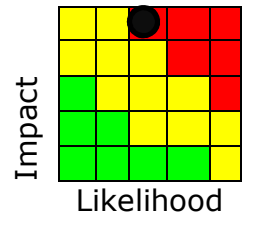
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
9. Inadequate gas appliance maintenance & certification	Failure to carry out repairs or annual servicing due to inability to gain access to properties or lack of knowledge about the existence of a gas supply	Loss of confidence and reputational damage Improvement notices Prohibition notices Fines, compensation and imprisonment Ill health and/or death Damage to property	Gas servicing programme in place Monthly review of programme progress and performance Robust process for gaining access to properties enforceable by Law Installation of gas restrictors at known properties subject to boiler type Appropriate contracts in place for gas servicing Appropriate staff in place to manage council processes and contractor performance Certification stored in MIS database	Tanya dawson	9.1 On-going monthly monitoring of gas servicing programme and progress 9.2 Gas awareness training sessions to be provided for all appropriate staff (these can be provided as & when needed i.e. for new starters) 9.3 Review & improve existing policy & procedures in relation to gas	Staff time Staff time Staff time	On-going On-going March 2017	 Impact Likelihood
10. Inadequate electrical testing of housing assets & corporate assets in accordance with industry best practice & council policy	Failure to undertake electrical tests due to no access Poor management and lack of expertise Failure of existing systems due to lack of regular inspection or testing	Loss of confidence and reputational damage Improvement notices Prohibition notices Fines, compensation and imprisonment Ill health and/or death Damage to property	Electrical Safety testing programme in place. Monthly review of programme progress and performance Electronic copies of ECRs stored on asset database	Tanya Dawson	10.1 Ensure all "no access" properties have an ECR in place 10.2 Review & update existing policy & procedures in respect of electrical testing	Staff time Staff time	March 2017 March 2017	 Impact Likelihood

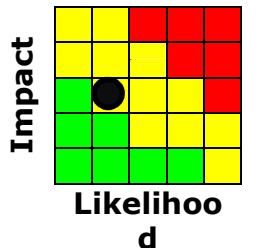
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
11. Service not compliant with Legionella procedure	Failure to maintain testing regime to all relevant properties	Loss of confidence and reputational damage Improvement notices Prohibition notices Fines, compensation and imprisonment Ill health and/or death	Legionella Awareness Group Legionella Management Policy & procedures Legionella testing programme in place Monthly review of programme progress and performance Training of premises managers of the actively managed sites in the weekly flushing of outlets & monthly temperature testing All high risk WDC buildings have schematic drawings to show possible Legionella risk areas Insurance in place	Mark Perkins	11.1 Review & update the Legionella Management Policy 11.2 Ensure that all WDC buildings have schematic drawings to show possible Legionella risk areas 11.3 Maintain training records for relevant H&PS staff 11.4 Ensure adequate records of statutory tests are maintained 11.5 Develop legionella element of MIS database and transfer testing records to MIS.	Staff time Staff time Staff time Staff time Staff time/ICT	March 2017 March 2017 On-going On-going March 2017	 <p>Impact</p> <p>Likelihood</p>

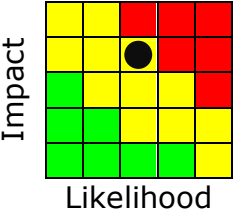
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating																				
12. Risk of widespread fire in blocks of flats or corporate assets	<p>Fire in a communal area of a block of flats or individual flat which spreads to other parts of the building</p> <p>Damage by fire to a corporate property</p> <p>General acts or omissions by anyone</p> <p>Accidental or deliberate ignition of a fuel</p> <p>Electrical fault</p> <p>Gas explosion</p>	<p>Loss of confidence and reputational damage</p> <p>Improvement notices</p> <p>Prohibition notices</p> <p>Fines, compensation and imprisonment</p> <p>Ill health and/or death</p> <p>Damage to property</p> <p>Effect on staff</p> <p>Need to rehouse occupiers</p>	<p>Compliant services testing programmes (gas, electric, biomass, fire detection and fire fighting equipment)</p> <p>Fire risk assessment programmes</p> <p>Procedure for the inspection and removal of stored items from communal areas</p> <p>Tenants Newsletter articles advising of fire safety measures</p> <p>Procedure for leaseholder fire doors</p> <p>Compliance Register in place</p> <p>All repairs recommended in FRAs have been carried out</p>	Russell Marsden	<p>12.1 Continue to operate services testing programmes</p> <p>12.2 Automate FRA process in MIS including letters to tenants & leaseholders</p>	<p>Staff time</p> <p>Staff time</p>	<p>Ongoing</p> <p>March 2017</p>	<p>The Residual Risk Rating matrix is a 4x4 grid. The vertical axis is labeled 'Impact' and the horizontal axis is labeled 'Likelihood'. The colors of the cells are as follows:</p> <table border="1"> <tr> <td>High Impact</td> <td>Low Likelihood</td> <td>Medium-Low Likelihood</td> <td>Medium Likelihood</td> <td>High Likelihood</td> </tr> <tr> <td>High Impact</td> <td>Low Likelihood</td> <td>Medium-Low Likelihood</td> <td>Medium Likelihood</td> <td>High Likelihood</td> </tr> <tr> <td>Medium Impact</td> <td>Low Likelihood</td> <td>Medium-Low Likelihood</td> <td>Medium Likelihood</td> <td>High Likelihood</td> </tr> <tr> <td>Low Impact</td> <td>Low Likelihood</td> <td>Medium-Low Likelihood</td> <td>Medium Likelihood</td> <td>High Likelihood</td> </tr> </table> <p>A black dot is located in the top-left cell, representing a High Impact, Low Likelihood risk.</p>	High Impact	Low Likelihood	Medium-Low Likelihood	Medium Likelihood	High Likelihood	High Impact	Low Likelihood	Medium-Low Likelihood	Medium Likelihood	High Likelihood	Medium Impact	Low Likelihood	Medium-Low Likelihood	Medium Likelihood	High Likelihood	Low Impact	Low Likelihood	Medium-Low Likelihood	Medium Likelihood	High Likelihood
High Impact	Low Likelihood	Medium-Low Likelihood	Medium Likelihood	High Likelihood																								
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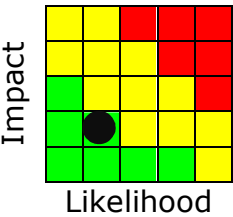
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
13. Housing and/or corporate building fabric falls into disrepair	<p>Unapproved tenant alterations</p> <p>Anti-social behaviour and vandalism</p> <p>Lifestyle</p> <p>Tenants choosing not to report repairs or refusing access</p> <p>Unlawful occupation</p> <p>Poor quality work and/or materials</p> <p>Repairs not undertaken on a timely basis</p> <p>Lack of resources</p> <p>Staff/management failure</p> <p>Repairs incorrectly identified & allocated at point of report</p> <p>Inadequate levels of inspections</p>	<p>Loss of confidence and reputational damage</p> <p>Improvement notices</p> <p>Prohibition notices</p> <p>Fines, compensation and imprisonment</p> <p>Ill health and/or death</p> <p>Damage and deterioration to property</p> <p>Weakening of legal position for lease covenants</p> <p>Increased reactive repairs and reinstatement costs</p> <p>Loss of income</p> <p>Budget overspends</p> <p>Damage to adjoining properties</p>	<p>Maintenance and improvement works programmes the Council's operational Housing & Corporate Property portfolio</p> <p>Accurate and properly maintained stock condition information</p> <p>Cyclical survey programmes</p> <p>Monthly inspections of operational corporate assets</p> <p>Clear escalation process to be available for Building Managers and tenants</p> <p>Performance management framework</p> <p>Awareness articles in home news</p> <p>Learning from complaints & complaints monitoring</p> <p>Tenancy Agreement & Tenants Handbook</p> <p>Adequate repair and maintenance covenants in corporate leases</p> <p>Regular inspections & post inspections carried out by Housing & Property Services teams & by other teams outside the Service</p> <p>Sitexing properties</p> <p>Contract monitoring arrangements in place</p>	Russell Marsden	<p>13.1 Develop robust asset management database</p> <p>13.2 Complete 100% HRA stock condition survey</p> <p>13.3 Maintain and develop corporate property stock condition information</p> <p>13.4 Continue to monitor performance of maintenance and improvements works contracts</p>	<p>Staff time</p> <p>Staff time</p> <p>Staff time</p> <p>Staff time</p>	<p>March 2017</p> <p>September 2017</p> <p>On-going</p> <p>On-going</p>	

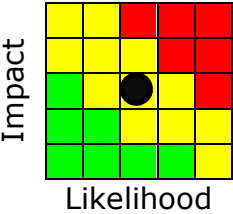
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
14. Deterioration of external areas – paths, greens trees	Failure to maintain Lack of awareness of ownership Vandalism Flytipping	Injury to members of the public Damage to buildings including subsidence due to trees Damage to vehicles Complaints/legal action/Compensation claims	All staff who regularly visit estates to inspect for problems	James Baker	14.1 Ensure Tenancy Officer visits cover communal areas	Staff time	March 2017	
15. Failure to maintain rural street and footway lighting	Anti-social behaviour i.e. tapping into street lighting electrical supply Inefficient inspection regime	Death or ill health Unstable and dangerous footway lighting Insurance claims & complaints Reputational damage & loss of confidence Fines and prosecution	Programme of EICR and periodical visual inspections in place Responsive repairs service Location of rural street lighting available on the GIS mapping system	Mark Perkins	15.1 Continue inspection programme	Staff time	On-going	
16. Failure to maintain existing or replace missing street nameplates	Supplier failure & delay due to a shortage of manufacturers Unreported damage or removal	Death or ill health due to emergency services being unable to or delayed in locating address Failure to meet the Statutory Duty Injury to member of the public	Staff vigilance and communication	Neil Bridges	16.1 Continue to operate street nameplate replacement service	Staff time	On-going	

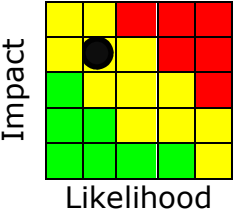
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
Housing & Property Services Specific Risks-Sustaining Tenancies								
17. Unable to respond to emergency calls from Lifeline users	IT system failure Communications failure Power Failure Loss of Control Centre Corporate recruitment and retention policies adversely affecting 24 hour services Corporate standby policy	Death or ill health Reputational damage Litigation	Business Continuity arrangements with Tunstall Corporate SLA with ICT Business resilience reviews in respect of lifeline as part of TSA accreditation	Zoe Court	17.1 Continuously review call performance against targets	Staff time	On-going	
18. Failure of fire alarm system at sheltered schemes, sensors failing to detect fire. Or delay in detection of a fire	Failure of fire alarm system due age Systems that are out of date and not repairable	Injury or death Damage to property Lack of confidence and reputation.	Compliant service testing programs, checks carried out weekly and quarterly Where there is a technical problem with the system, then it is either repaired urgently, and /or temporary battery alarms are installed. If the sensor does send a call to the Lifeline Monitoring Centre, and no staff are at the scheme, then 2 response officers will be sent to the scheme, and the appropriate emergency services will be summoned. Replacement programme underway Clear procedures and staff training	James Baker	18.1 Monitor performance of contract 18.2 Ensure any follow up works from inspections are carried out in a timely manner 18.3 Ensure sufficient Lifeline staff on duty to cover such eventualities, staff to be employed to cover standby rota	Staff time Staff time Staff time	Ongoing Ongoing Ongoing	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
19. Significant non-payment of rent leading to high rent arrears	<p>Ongoing welfare reform (including Universal Credit)</p> <p>Ongoing economic uncertainty</p> <p>Supporting People Budget Cuts to floating support as a result of ongoing austerity measures.</p> <p>Pay-to-Stay</p> <p>LHA Caps for Social Housing</p> <p>Tenants withholding rent</p>	<p>Reduced rental income</p> <p>Increase in homelessness</p> <p>Reduced services</p> <p>Business plan revisions</p> <p>Negative publicity & criticism from Members</p> <p>Reputational damage</p>	<p>Clear and effective rent arrears recovery procedures</p> <p>Financial inclusion strategy</p> <p>Financial inclusion initiatives</p> <p>Additional staff Resources</p> <p>Vulnerable groups identified and offered support</p> <p>Staff training</p> <p>Increase tenant awareness</p> <p>Closer working with other departments – especially Health and Community Protection</p> <p>Ensure money advice services in the district are fit for purpose</p> <p>Work in partnership with other Registered Providers to deliver local and national financially inclusive initiatives</p> <p>Financial risk assessments for new tenants</p> <p>Increase tenant access to Direct Debit</p>	John Gallagher	<p>19.1 Raise opportunities of financial inclusion initiatives within other council departments</p> <p>19.2 work with partners to explore the benefits of collaborative working such as The Breathing Space</p> <p>19.3 Explore the potential of local and national affordable credit initiatives such as the Rental Exchange and Credit Unions</p> <p>19.4 Undertake analysis to identify future risks as a result of ongoing austerity measures on the “working poor”</p>	<p>Staff time</p> <p>Budget</p> <p>Staff time</p> <p>Staff time</p>	<p>ongoing</p> <p>Ongoing</p> <p>March 2017</p> <p>March 2017</p>	 <p>Impact</p> <p>Likelihood</p>

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
20. Inadequate management of accommodating dangerous customers in the community-subject to Multi Agency Public Protection Arrangement (MAPPA) level 2 & 3 or Prolific and Priority Offender (PPO)	<p>Lack of adequate policies and procedures</p> <p>Inexperienced staff or staff not knowing triggers & procedures</p> <p>Lack of partnership working and information sharing</p> <p>WDC not being aware that a customer is subject to MAPPA level 2 or PPO level 3</p> <p>WDC Staff not regularly attending MAPPA & PPO meetings</p>	<p>Risk of harm to members of the public and WDC employees</p> <p>Potential impact on community cohesion</p> <p>Negative press coverage</p> <p>Failure to safeguard vulnerable adults</p> <p>Reputational damage</p> <p>Litigation</p> <p>Ineffective partnership working</p>	<p>County-wide protocol for safeguarding vulnerable adults. (Currently working jointly with other Housing Districts, Boroughs and WCC)</p> <p>Involvement with other agencies to manage risk & regular attendance at MAPPA & PPO Meetings</p> <p>MAPPA & PPO flags on Active H</p> <p>Staff Alert List database</p> <p>Training on safeguarding adults</p>	HPMT	<p>20.1 To develop an internal procedure for accepting and allocating MAPPA and PPO customers, including a risk management plan template</p> <p>20.2 Develop an information sharing protocol for all interested parties</p>	<p>Staff Time</p> <p>Staff Time</p>	<p>March 2017</p> <p>March 2017</p>	 <p>Impact</p> <p>Likelihood</p>

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
21. Failure to understand and react to customer/client contributions	<p>Lack of staff support from the Service to facilitate involvement</p> <p>Not delivering the expectations of our customers</p> <p>Lack of interest by residents</p>	<p>Failure to meet tenant & leaseholder expectations</p> <p>Failure to meet the HCA Regulatory Standard for Tenant Involvement & Empowerment</p> <p>Negative press coverage</p> <p>Increase in corporate complaints</p> <p>Reduction in satisfaction levels</p> <p>Reputational damage</p>	<p>Housing Advisory Group has three tenants/leasehold representatives.</p> <p>The performance management framework is focussed on customer experience and includes a number of measures of customer satisfaction</p> <p>The publication of localised newsletters which are targeted to specific locations and/or customer base</p> <p>The Service Improvement Team is in place to support the service in developing its tenant contribution structures</p> <p>Programme of Estates Walkabouts are in place which enable residents to directly improve the area in which they live in</p>	HPMT				 <p>Impact</p> <p>Likelihood</p>

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
Housing & Property Services Specific Risks- Strategy & Development								
22. Inability to meet the Housing Strategy objective number 2 – to meet the need for housing across the district	<p>Worsening Housing Crisis</p> <p>Lack & cost of land availability</p> <p>Failure to identify land available for new build</p> <p>Inadequate appraisal of full range of options</p> <p>Legislation changes e.g. Welfare Reform</p> <p>Poor partnership arrangements with Registered providers & Developers</p> <p>Ineffective S.106 procedure</p> <p>Poor Housing Market Assessment data</p> <p>Inadequate information/records</p> <p>Not effectively using/spending commuted sums or other resources</p>	<p>Not meeting the Housing Need</p> <p>Increase in numbers on the waiting list</p> <p>Increase in homelessness & demand for temporary accommodation</p> <p>Reputational damage</p> <p>Damage to RSL partnerships</p> <p>Criticism from politicians & the Regulator</p> <p>Loss of opportunity to get Government funding</p> <p>Policy failure</p>	<p>The Housing Strategy has an action plan to address the strategic objective</p> <p>Housing Revenue Account Business Plan directs all available resources towards building new affordable homes</p> <p>The Council is exploring the potential to develop a Council Economic Development and Housing Company and other strategic opportunities to increase the delivery of affordable homes</p> <p>Build partnerships with Housing Associations e.g. W2</p> <p>Strategic market assessment</p> <p>Affordable Housing Supplementary Planning Document in place to ensure developments deliver a suitable amount of affordable housing</p> <p>Commuted Sums policy in place and regular monitoring of funds</p>	Charlotte Rowan-Lancaster	22.1 A new housing strategy to be prepared for April 2017, with report to HAG in January and Executive in March 2017.	Staff Time	April 2017	 <p>Impact</p> <p>Likelihood</p>

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
23. Failure to meet statutory licensing scheme for homes in multiple occupation (HIMO)	<p>Inadequate staffing</p> <p>Inadequate systems</p> <p>Not being proactive in visiting and assessing properties</p> <p>Attitude of landlords</p>	<p>Failure to meet statutory requirements</p> <p>Reputational damage</p> <p>Legal challenge</p> <p>Complaints</p>	<p>Programme of inspections in place</p> <p>Regular performance reporting</p> <p>Maintain adequate staffing levels</p> <p>Continue to publicise & highlight what the Council does to encourage decent management of HMOs</p>	Mark Lingard	<p>23.1 HMO Licencing programme kept under review.</p> <p>23.2 Consideration to be given to options for smoothing out the profile of application due dates</p>	<p>Staff Time</p> <p>Staff time</p>	<p>March 2017</p> <p>March 2017</p>	 <p>Impact</p> <p>Likelihood</p>

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Officer	Action(s)	Resource	Due Date	Residual Risk Rating
24. Failure to adequately manage residential leaseholds	<p>Lack of staff awareness of leasehold rights and responsibilities.</p> <p>Lack of leaseholder awareness of responsibilities</p> <p>Different lease agreements in place on different properties.</p> <p>Some leaseholders responsible for buildings insurance</p>	<p>Increased complaints potentially escalating to legal action.</p> <p>Inability to fully recover costs through service charges.</p> <p>Damage to adjoining council properties</p>	Current management arrangements.	HHPS	24.1 Establish a project to improve services to leaseholders.	Staff time	Start Dec 16. Recommendations Mar 17 Implementation dates TBC	
25. Increasing levels of homelessness	<p>Buoyant housing market pushing house prices out of reach of local people</p> <p>Recession causing increasing evictions</p>	<p>Increased workloads and pressure on staff</p> <p>Pressure on temporary accommodation leading to increased bed and breakfast use</p> <p>Pressure on budgets</p> <p>Reputational damage</p> <p>Complaints</p> <p>Increased rough sleeping</p>	Current management and monitoring arrangements	Elaine Wallace	25.1 Project to review temporary accommodation provision.	Staff time. Budget implications to be identified through the review.	Underway with completion expected by 31 st March 2017.	

Methodology for assessing risk: Criteria for scoring residual risk rating

Probability of Occurrence

Estimation	Description	Indicators
5: High (Probable)	Likely to occur each year (e.g. considered as more than 50% chance of occurrence in any year).	<ul style="list-style-type: none"> • Potential of it occurring several times within the specified period (for example - ten years). • Has occurred recently.
4: Medium to High	Apply judgement	Apply judgement
3: Medium (Possible)	Likely to occur during a 10 year period (considered as between 5% and 25% chance of occurrence in any year).	<ul style="list-style-type: none"> • Could occur more than once within the specified period (for example - ten years). • Could be difficult to control due to some external influences. • There's a history of occurrence
2: Low to Medium	Apply judgement	Apply judgement
1: Low (Remote)	Not likely to occur in a 10 year period (considered as less than 2% chance of occurrence in any year).	<ul style="list-style-type: none"> • Has not occurred. • Unlikely to occur.

Consequences

Estimation	Description
5: High	<ul style="list-style-type: none"> • Financial impact on the organisation is likely to exceed £500K • Significant impact on the organisation's strategy or operational activities • Significant stakeholder concern
4: Medium to High	Apply judgement
3: Medium	<ul style="list-style-type: none"> • Financial impact on the organisation likely to be between £100K and £250K • Moderate impact on the organisation's strategy or operational activities • Moderate stakeholder concern
2: Low to Medium	Apply judgement
1: Low	<ul style="list-style-type: none"> • Financial impact on the organisation likely to be less than £10K • Low impact on the organisation's strategy or operational activities • Low stakeholder concern

Risk Management Framework: Engagement of Members
Endorsed by Executive 11th January 2012

Executive

- § The SBRR to continue to be reviewed on a quarterly basis by Executive (and so by extension Finance & Audit Scrutiny Committee).


Finance & Audit Scrutiny Committee

- § In conjunction with this, Finance & Audit Scrutiny Committee will also review each quarter a specific Service Area's Risk Register, focusing on the high risks.

This will necessitate the attendance of the relevant Service Area Manager to present their risk register and answer questions from members of Finance & Audit Scrutiny Committee on it. This approach will mean that over a two year period, the Committee will review all Service Risk Registers (SRR).

Portfolio Holders

- § Portfolio Holders to review their respective SRR quarterly with their service area managers.
- § Although not mandatory, Shadow Portfolio Holders are encouraged to review the SRR of their respective Portfolios with service area managers on a quarterly basis also.
- § Portfolio Holder Statements (PHS) are to include the top three risks facing their services.

 Finance & Audit – 4th January 2017		Agenda Item No. 5
Title	Student Accommodation and Houses in Multiple Occupation	
For further information about this report please contact	David Leech Exchequer Manager 01926 456052 email: david.leech@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers	N/A	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	20/12/16	Andy Jones
Head of Service	20/12/16	Mike Snow
CMT	20/12/16	Chris Elliot, Bill Hunt and Andy Jones
Section 151 Officer	20/12/16	Mike Snow
Monitoring Officer	20/12/16	Andy Jones
Finance	20/12/16	Mike Snow
Portfolio Holder(s)	20/12/16	Cllr Whiting
Consultation & Community Engagement		
Final Decision?	No	
Suggested next steps (if not final decision please set out below)		

1. **Summary**

- 1.1 This report details the statutory position in respect of student accommodation/houses in multiple occupation in relation to Council tax liability and the effect such property has on the Council's finances.

2. **Recommendation**

- 2.1 It is recommended that the Committee note the contents of the report.

3. **Reasons for the Recommendation**

- 3.1 This report has been produced at the request of the Chair of Finance and Audit Scrutiny Committee.

4. **Policy Framework**

- 4.1 Council tax liability is governed by statute and offers little scope for the Council to act within a particular policy framework.

5. **Budgetary Framework**

- 5.1 There has been a growth in student accommodation and as detailed in the report this does have a consequence in terms of what the Council is able to collect from Council Tax.

6. **Risks**

- 6.1 A rise in student accommodation will reduce the amount collectable via Council Tax leading to an uncertain effect on the Council's overall finances given the complexity of Local Government finance.

7. **Alternative Option(s) considered**

- 7.1 This report is for information so no other options considered.

8. **Background**

8.1.1 Student Accommodation

Student accommodation generally falls under one of two circumstances;

a) A single property occupied by students living effectively as one household where they live communally. In this case there will be one council tax banding placed upon the property.

b) A property that is a purpose built block of self-contained units occupied by the students. In this case there will be a number of separate council tax bands attributable to the property.

- 8.1.2 In either of the above circumstances, if the property is solely occupied by students then it will be exempt from council tax and the Council will receive no income. This is the case regardless of who may own the property.

- 8.1.3 As at 31st October 2016 there were 1725 properties classified as student accommodation and therefore exempt from Council tax. This equates to just

under £3 million in lost revenue. This £3m is shared between the precepting authorities in proportion to the precepts, this being a charge on the collection fund (the account to which council tax is paid, and precepts are paid out of). This means WCC pay 78%, WPCC 12% and WDC 10% (excluding the parish/town element).

8.1.4 As with any council tax exemptions or discounts, these reduce the Council's Council Tax Base. The Tax Base is an important component in the calculation of revenue support from Central Government, primarily Revenue Support Grant (RSG). With the tax base being reduced in respect of students, in the past this has served to increase the amount of RSG that the Council receives, on the basis that it is able to raise less council tax locally because of the student residences. However, with the current 4 year grant settlement (2016/17-2019/20), this is based on the Tax Base in 2015 with no allowances for changes factored in to the future years' figures. This means that for any increase in student exemptions in the short/medium term will not be compensated by increased RSG.

8.1.5 Revenue Support Grant for the current year is just over £1.5m, reducing to £800k next year, £300k 2018/19, and zero thereafter. This is from over £6m 5 years ago (with Retained Business rates being on top of this). Local Government finance is invariably very complex and subject to changes such as:-

- Introduction of Business Rate Retention from 2013/14
- 2017 Business Rate Revaluation
- 2020/21 (?) introduction of 100% Business rate Retention

8.1.6 All these factors make year on year comparisons difficult to predict and compare. At some stage the local tax base used in the calculations of local government funding will be updated (probably for the 100% retained business rate system, when a "reset" of the system will be due), which means any change in the cost of such things as student exemptions should be accounted for. Here, the tax base will be one of many factors that drive any future funding settlement (the tax base reflecting what resources that we can raise locally by way of council tax). Unfortunately, due to the complexity of the system, there is an apparent lack of transparency over the figures.

8.1.7 It is also worth mentioning that purpose built student accommodation such as has been built within the area currently, will benefit the Council through our New Homes Bonus allocation. We receive money for each new dwelling built in the Warwick District area and we currently continue to receive that money for a further 5 years. To give some financial context to this a new band D student accommodation banding can raise approximately £8,700 in New Homes Bonus (NHB). However, it should be noted that the results of the recent Government Consultation over NHB have just been announced and the term of payment is to be reduced firstly to 5 years in 2017/18 and then 4 years in 2018/19. In addition there will be an assumed growth rate over which the Council must achieve to receive NHB.

8.2.1 Houses in Multiple Occupation

For Council Tax purposes, a house in multiple occupation (HMO) is defined as:

- a property that has been built or adapted for tenants or licensees to live in, who are not living as a single household, or

- a property lived in by a person or persons, each of whom has a tenancy or license to live in only part of the property or who pays rent or a fee for only part of the property

8.2.2 For most properties it is the rental arrangements that determine whether a property falls under the Council tax definition of a HMO and thereby establishing whether the landlord or tenants are liable for the Council Tax.

8.2.3 As a general rule, a property will be classed as a HMO with the owner liable to pay the Council Tax, where each tenant has his or her own tenancy agreement and only pays rent for part of the property.

8.2.4 The tenants will be liable where there is only one tenancy agreement, with all the tenants names included for the whole of the property, and all of the rent due.

8.3 Classification of Student Accommodation and HMOs (Council Tax or Business Rates)

8.3.1 The Valuation Office Agency (VOA) is an executive Agency of HM Revenues and Customs and they have the responsibility for valuing properties for the purposes of council tax and non-domestic rates. In respect of domestic properties a banding is placed upon the property whilst a commercial property will attract a rateable value. The billing authority issues bills in respect of these valuations.

8.3.2 The Council has responsibility to notify the VOA of any new domestic or commercial premises or any changes to these properties although it has no power or authority to instruct the VOA on which properties should be commercial or domestic. The VOA is governed by legislation which dictates the classification of a particular property and whether it ultimately attracts a liability for Council Tax or Business rates.

8.3.3 The key to whether a property is deemed domestic or commercial relies on the definition of a dwelling as defined within Section 3 of the local Government Finance Act 1992. A dwelling is referenced from the now repealed General Rate Act 1967 in which it is defined as a hereditament which is used wholly for the purposes of a private dwelling or private dwellings. There would seem to be no argument that given this definition student accommodation or HMOs fall under the category of dwelling and therefore are subject to a council tax banding.

8.3.4 Furthermore the legislation describes a particular category of property (akin to student accommodation) where a council tax banding is applicable as "a property which has been constructed, physically converted or structurally adapted, so as to provided separate units of accommodation for several occupiers with significant degrees of self containment".

8.3.5 This contrasts with that of a hotel where the bedrooms are used on a very temporary casual basis and not used solely for an individual's private accommodation. In this situation the hotel is classified as commercial as it does not meet the definition of a dwelling. If however the hotel contained accommodation where an on-site manager lived then this part of the hotel would attract a council tax banding.

8.3.6 In response to an Executive motion on the classification of such property in 2012 opinions were sought from both the VOA and the Institute of Rating,

Revenues and Valuation as to whether these properties could be classified as Commercial. Both concluded that there was no legislation to support a reclassification from domestic to commercial.

- 8.3.7 Factors that decide whether a property is valued as domestic or commercial are governed by legislation that has been established for many years. The legislation is quite clear in defining such properties as student accommodation as dwellings therefore any change to this stance would require a change to primary legislation and political will from the Government.
- 8.3.8 The figure of 1,725 properties classified as student accommodation is the number of student properties and not HMOs. Of course not all student properties are HMOs and actually it is difficult to identify the HMOs from the council tax system. Housing and Property Services have provided recent figures for HMOs of 1,585 (453 licensed and 1,132 unlicensed).