

Presented pursuant to Housing Act 1988, c.50, sch 8, para 9(3)

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# Grants and Loans to the Housing Action Trusts Account 2004-2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 24 APRIL 2006

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## Foreword

### Scope of the Account

- 1 Under paragraph 9(1) of Schedule 8 to the Housing Act 1988 (the Act) the First Secretary of State is required to prepare an account for each financial year showing
  - a the sums paid by him to each Housing Action Trust under paragraph 3 of schedule 8 to the Act (grant-in-aid);
  - b the sums issued to and received by him under paragraphs 4(4) and 4(5) respectively of schedule 8 to the Act (loans from the National Loans Fund), and the disposal by him of such sums under paragraph 4(6); and
  - c the sums paid by him into the Consolidated Fund or the National Loans Fund under paragraph 7 of Schedule 8 to the Act (surplus funds).
- 2 This Account is prepared under paragraph 9(1) of Schedule 8 to the Act for the year 2004-2005. It has been prepared in the form and manner directed by the Treasury under paragraph 9(4) of Schedule 8 to the Act.
- 3 Housing Action Trust expenditure formed part of Request for Resources 1 in the 2004-2005 ODPM Resource Account.

### Statement of Accounting Officer's responsibilities

- 4 HM Treasury has appointed the Permanent Head of the Office as the Principal Accounting Officer with responsibility for preparing this account and for transmitting it to the Comptroller and Auditor General. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accounting Officer's Memorandum issued by the Treasury and published in 'Government Accounting'.

*Peter Housden*  
Accounting Officer  
Office of the Deputy Prime Minister

29 November 2005

# Statement on Internal Control

## Introduction

This statement is given in respect of the Housing Act 1988 Housing Action Trusts Composite Account and incorporates the transactions that pertain to this account.

## Scope of responsibility

The Housing Action Trusts (HATs) are Non-Departmental Public Bodies sponsored by the Office of the Deputy Prime Minister (ODPM). The HATs are paid grant-in-aid by the Office, and those payments are disclosed in the attached account. As the Permanent Secretary for ODPM, I have been appointed by the Treasury as Accounting Officer for this account.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of ODPM's policies, aims and objectives as set by the Office's Ministers. I have a duty to safeguard the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

Ministers set the vision and political direction of the Office's policies within which many calculated risks are taken. My senior managers and I ensure that Ministers are able to take informed decisions on the basis of policy options that have clear statements on implications attached to the various courses of action.

The Chief Executive of each agency and other bodies, falling within the ODPM departmental boundary, including the HATs, is responsible for risk management and the maintenance and operation of the system of internal control in that body. Each has signed a statement relating to that system which is reproduced in the accounts of the body.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Office's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The system of internal control has been in place in ODPM for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and this statement complies with the Treasury guidance.

## Capacity to handle risk

Risk is identified, assessed, managed and reviewed within the Office to ensure the efficient, effective, and economical delivery of the objectives, targets and business.

Throughout the year, processes were in place to identify, assess and manage risk through business and delivery planning (including for the Spending Review 2004), through project and programme management, through policy development and implementation and through audit.

Further work to embed risk management within planning, project and programme management and delivery is being driven by the Office's Centre of Excellence. In 2004, this work included addressing elements of the Treasury's risk framework – covering leadership, strategy and policies, people, partnerships, processes, outcomes and handling – including the identification assessment and management of risk early in the policy development process and the spread of risk across the Office.

## The risk and control framework

Our aim is to create an environment of 'no surprises' in which we manage our threats and opportunities effectively. Risks identified through the Business and Delivery Planning processes and other project and programme management systems, performance monitoring and through implementation of internal and external auditor's recommendations form the basis of the Office's risk register that feeds into the management information systems. This corporate and strategic risk register is regularly reviewed and updated by risk owners.

## Review of effectiveness

As Principal Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Office who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Mechanisms exist to ensure the effectiveness of the system of internal control is regularly reviewed and these are set out in the statement contained within the 2004-2005 ODPM Resource Accounts.

## Significant internal control problems

No significant internal control issues arose during the year in the operation of this account.

*Peter Housden*  
Accounting Officer  
Office of the Deputy Prime Minister

29 November 2005

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on page 7 under the Housing Act 1988. These financial statements have been prepared in the form and on the basis determined by Treasury.

## Respective responsibilities of the First Secretary of State, Accounting Officer and Auditor

As described on page 2 the First Secretary of State is responsible for the preparation of the financial statements in accordance with the Housing Act 1988 and Treasury directions made thereunder. The Accounting Officer is responsible for ensuring the regularity of financial transactions and for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements properly present the receipts and payments and are properly prepared in accordance with the Housing Act 1988 and Treasury directions made thereunder; and whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Accounting Officer has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 3 and 4 reflects compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audits so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, fraud, or other irregularity and that, in all material respects, the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In my opinion

- the account properly presents the receipts and payments of the First Secretary of State in respect of grants and loans to the Housing Action Trusts for the year ended 31 March 2005 and the balances held at that date and has been properly prepared in accordance with the Housing Act 1988 and the directions made thereunder by the Treasury; and
- in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

31 March 2006

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP



## Housing Act 1988

### Account prepared under paragraph 9(1) of schedule 8 to the Housing Act 1988 ('The Act') of sums paid and received by the First Secretary of State under paragraphs 3, 4 and 7 of that schedule in respect of Housing Action Trusts for the year ended 31 March 2005

- 1 Sums paid by the First Secretary of State to Housing Action Trusts under paragraph 3 of Schedule 8 to the Act.

The grant-in-aid payments made by the First Secretary of State to each Housing Action Trust in the financial year 2004-2005, and for comparison the payments made in 2003-2004, are as follows

	2003-2004	<b>2004-2005</b>
Liverpool Housing Action Trust	£28,330,000	<b>£19,000,000</b>
Castle Vale Housing Action Trust	£20,000,000	<b>£7,550,000</b>
Tower Hamlets Housing Action Trust	£4,145,000	<b>£1,200,000</b>
Stonebridge Housing Action Trust	£16,950,000	<b>£31,617,000</b>
	<u>£69,425,000</u>	<u><b>£59,367,000</b></u>

- 2 Loan issued by the First Secretary of State under paragraph 4(3) of schedule 8 to the act, and repayment to him of such loans under paragraph 4(5) of schedule 8 to the Act.

The following loan was made by the First Secretary of State in the financial year 2003-2004 and was repaid in 2004-2005

	2003-2004	<b>2004-2005</b>
Tower Hamlets Housing Action Trust	£3,600,000	<b>-£3,600,000</b>
	<u>£3,600,000</u>	<u><b>-£3,600,000</b></u>

- 3 Sums issued to and received by the First Secretary of State under paragraphs 4(4) and 4(5) respectively of Schedule 8 to the Act, and the disposal by him of such sums under paragraph 4(6) of Schedule 8 to the Act.
- 4 Sums paid by the First Secretary of State into the Consolidated Fund or the National Loans Fund under paragraph 7 of Schedule 8 to the Act.

There were no transactions under headings (3) and (4) in the financial year 2004-2005.

- 5 Further information

In accordance with the Tower Hamlets Housing Action Trust (Dissolution) Order 2004 (SI 2004 No.586), Tower Hamlets Housing Action Trust was dissolved on 30 June 2004. In accordance with the Castle Vale Housing Action Trust (Dissolution) Order 2005 (SI 2005 No.411), Castle Vale Housing Action Trust was dissolved on 30 June 2005.

For further information about the National Audit Office please contact:

National Audit Office  
Press Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
Tel: 020 7798 7400  
Email: [enquiries@nao.gsi.gov.uk](mailto:enquiries@nao.gsi.gov.uk)

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