# INTERNAL AUDIT REPORT

**LGSS**

# HOUSING OPTIONS AND HOMELESSNESS
# 2017/18

| *Issue Date:* | 1ˢᵗ September 2017 | *Issued to:* | Ann Marie Hawkins – Head of Community Wellbeing and Partnerships |
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| *Author:* | Heather Fraser – Principal Auditor | | Tom Day – Community Partnerships Service Manager |
| | | | Ann Ball – Housing Services Manager |
| | | | Norman Proudfoot – Corporate Director *(Final Draft and Final Report)* |
| | | | Councillor Michael Rook, Chair of Governance & Audit Committee *(Final Report only)* |

# HOUSING OPTIONS AND HOMELESSNESS 2017/18
# EXECUTIVE SUMMARY

## 1. INTRODUCTION & OVERALL OPINION

The proper and effective operation of housing allocations and homelessness applications supports the Council's corporate priority of supporting vulnerable people. To achieve this, the Council operates in partnership with other Leicestershire districts and has adopted a sub-regional choice based lettings scheme.

The allocations policy is clear and comprehensive, and is based on appropriate sources, such as related legislation, the sub-regional choice based lettings scheme and localised priorities. The policy was recently reviewed, it is however noted, that further review is required pending changes in legislation; therefore, the policy is yet to be formally approved by the Executive.

Staff in the Housing Team are highly experienced and have extensive knowledge of the policies and related systems. It is however noted, that whilst some process mapping has taken place, up-to-date operational procedure notes do not currently exist. The production of a basic procedure manual would help to improve resilience in the event of a significant period of unexpected staff absence.

Sample testing in relation to housing and homelessness procedures identified that the assessment of applications, housing of applicants and appeals processes were operating in compliance with agreed policies. It is however noted, that whilst specific performance indicators are in place, sufficient quantitative data is not currently reported to management.

A scoping exercise is due to take place to consolidate the Council's homelessness and housing strategies, with a view to producing a draft strategy by the end of the year. A date should be specified within the Council's Forward Plan to confirm when the draft housing strategy will be presented to Members for consultation, in order to mitigate the risk of non-compliance with the relevant legislation and agreed guidance.

Sample testing identified that in the relevant cases Housing Benefit had been claimed and used to offset the Council's temporary accommodation costs. Following a benchmarking exercise which was undertaken by the Housing Services Manager during 2015, additional temporary accommodation providers are being used and a business account has been established with a hotel chain in order to maximise value for money.

The audit was carried out in accordance with the agreed Audit Planning Record (APR), which outlined the scope, terms and limitations to the audit. The Auditor's Opinion is summarised below:

| Internal Audit Assurance Opinion | | | |
|---|---|---|---|
| **Control Environment** | **Good** | 🟢 | |
| **Compliance** | **Substantial** | 🟢 | |
| **Organisational Impact** | **Minor** | 🟢 | |
| **Risk** | **Essential** | **Important** | **Standard** |
| **Risk 01 - The Council's housing allocations policy is not applied accurately or consistently.** | 0 | 2 | 1 |
| **Risk 02 - Arrangements for dealing with homelessness applications represent poor value for money and are not treated in accordance with the local allocations policy or national code of guidance and underlying legislation.** | 0 | 0 | 0 |
| **Total Number of Recommendations** | **0** | **2** | **1** |

## 2. SUMMARY OF FINDINGS

**Risk 1: The Council's housing allocations policy is not applied accurately or consistently.**

The Council's 'Home Search Allocations Policy' was approved by the Executive on 25th March 2013 and was implemented during 2014. A 'Home Search, Housing Advice and Homelessness Service Review' was carried out in July 2016, following this; a review of the policy was undertaken by the Housing Services Manager, with the provision of consultancy support in respect of the Equalities Impact Assessment. It is however noted, that further review is required, following recent changes in legislation; therefore, the policy is yet to be formally approved by the Executive. Management have advised that the policy will be presented to the Executive in autumn 2017. **Recommendation one** addresses this finding.

The policy is based on appropriate sources, such as related legislation, the sub-regional choice based lettings scheme and localised priorities. Based on review of the policy, there is a good level of detail regarding eligibility criteria and prioritisation of applications. The policy is easily accessible on the Council's website together with links to the online application form.

All applications are checked by a member of the Housing Team to ensure they are complete and that any supporting evidence and documents, including identification, have been provided. If anything is incomplete then the missing information is requested and the application is classified as 'Pending Enquiries'. Once all information has been received and verified the applicant is sent a decision letter including details of their priority banding and how to apply for specific properties.

All available properties are advertised on the Council's website on a weekly basis and home seekers can bid for properties via the website or by phone. Bids are automatically shortlisted by the system and are ranked according to local connection, housing need band and effective date. The shortlist is automatically 'frozen' when the bidding cycle closes. The shortlisting results for each property are nominated to or accessed directly by the Registered Provider landlord, who is responsible for contacting home seekers who have been shortlisted for a property and for allocating the property in accordance with their own allocations policy.

The Housing Team consists of six members of staff: the Housing Services Manager; four Housing Advisors; an Assistant Housing Advisor; and a Housing Needs Team Support Officer. The team are highly experienced and have extensive knowledge of the policy and related systems. It is however noted, that whilst some process mapping has taken place, detailed and up-to-date operational procedure notes do not currently exist. The production of a basic procedure manual would help to improve resilience in the event of a significant period of unexpected staff absence. **Recommendation two** addresses this finding.

Home seekers who do not appear to be bidding on properties are reviewed (renewed) on a rolling basis; in addition to cases that have remained in the high housing need band for more than 16 weeks and the priority need band for more than eight weeks.

Review of the Council's TEN performance management system identified that whilst specific performance indicators are in place, sufficient quantitative data on housing allocations is not currently reported to management. **Recommendation three** addresses this finding.

Sample testing of 15 new housing register applications identified that in all relevant cases, a completed application form and appropriate proofs were held on file; in addition, banding decisions were in line with the agreed policy.

Sample testing of 10 applicants who had been housed identified that in all cases, the applicant had placed a bid for the property and an appropriate short–listing process had taken place. Further sample testing of five housing register appeals identified that in all cases, the appeal was valid and in line with the agreed policy, the decision had been taken independently of the officer who made the original decision and written notification of the decision had been sent to the home seeker.

Based upon these findings, the assurance rating for the controls in respect of this risk is *Good Assurance.*

## Risk 2: Arrangements for dealing with homelessness applications represent poor value for money and are not treated in accordance with the local allocations policy or national code of guidance and underlying legislation.

The Homelessness Act 2002 requires local authorities to publish a homelessness strategy based on a review of homelessness, and to repeat this review every five years. The Council's 'Preventing Homelessness Strategy 2013 – 2016' is aligned with the 'Housing Strategy' and was approved by the Executive on 30th September 2013. A scoping exercise is due to take place to consolidate the strategies with a view to producing a draft strategy by the end of the year. Whilst it is noted that the 'Draft Housing Strategy' is currently included in the Council's Forward Plan, a date for its consultation has not been detailed. Without an up to date and formally approved Homelessness Strategy, there is an increased risk of non-compliance with relevant legislation and local priorities. A date should be specified within the Council's Forward Plan, to confirm when the draft Housing Strategy 2016 - 2021 will be presented to Members for consultation.

Individuals and households claiming to be homeless are able to meet with a Housing Advisor in order to complete a 'Homeless Declaration'. The form is used to record a range of information necessary to undertake an initial assessment and to gain the applicant's approval to make further enquiries. The law defines who the Council has a duty to assist with re-housing and the Council follows the 'Homelessness Code of Guidance for Local Authorities' in determining what duty, if any, is owed to a homeless person. The decision is documented and signed by the relevant Housing Advisor, after which it is reviewed and approved by the Housing Services Manager. Homelessness decision letters are clear with regards to how to request a review of the decision made and the timescale in which a request must be made.

If temporary accommodation is required officers will decide where best to place the individual or family based on their circumstances and availability of suitable accommodation. The Council has the use of two units of temporary accommodation within the district (for families) and these are allocated to homeless households on a needs basis when they are available. Single households are routinely placed in Bed and Breakfast or hotel accommodation. The Council has appropriate arrangements in place to ensure that temporary accommodation can be procured from a range of providers at reasonable rates. Following a benchmarking exercise which was undertaken by the Housing Services Manager during 2015, a business account now exists with a hotel chain in order to maximise value for money with regards to temporary accommodation. It is noted that the Council continues to review its approach to procuring temporary accommodation in order to ensure value for money.

All supported applicants are required to make a financial contribution to their accommodation costs; payment depends upon the type of accommodation occupied and an individual's level of income. If an individual is provided with temporary Bed & Breakfast accommodation they have to pay a contribution each night toward the cost of the accommodation. Individuals on a low income are assisted in applying for Housing Benefit toward this cost.

If an individual is not eligible for Housing Benefit they are expected to pay the full cost of the accommodation provided. Placements are moved into permanent housing as soon as possible in order to avoid the prolonged use of temporary accommodation.

Documentation of operational procedures has commenced through development of a 'Homelessness Flowchart' although full up-to-date operational procedure notes do not yet exist with regards to the homelessness application process. **Recommendation two** addresses this finding.

As noted above, review of the Council's TEN performance management system identified that whilst specific performance indicators are in place, sufficient quantitative data on homelessness is not currently reported to management. **Recommendation three** addresses this finding.

Sample testing of 10 homelessness applications identified that in all cases, a completed application form and appropriate proofs were held on file, the applicant's circumstances had been verified and a formal decision notice had been issued. The sample included four cases that were placed in temporary accommodation and in all cases Housing Benefit had been claimed and used to offset the Council's costs. It is also noted that the relevant applications had been subject to management review and approval in the majority of cases.

Sample testing of two appeals in relation to homelessness decisions identified that in both cases, the appeals had been received in writing and were in line with procedures, in addition, the appeal decision had been taken independently of the officer who made the original decision. Written notification of the decision following the appeal was held on file for one case in the test sample, it is however noted, that the remaining case was isolated, based on all other testing that was undertaken during the audit, whereby the relevant supporting documentation could be located.

Based upon these findings, the assurance rating for the controls in respect of this risk is ***Substantial Assurance.***

## 3. LIMITATIONS TO THE SCOPE OF THE AUDIT

This is an assurance piece of work and an opinion is provided on the effectiveness of arrangements for managing only the risks specified in the Audit Planning Record.

The Auditor's work does not provide any guarantee against material errors, loss or fraud. It does not provide absolute assurance that material error; loss or fraud does not exist.

## 4. ACTION PLAN

The following Action Plan provides three recommendations to address the findings identified by the audit. If accepted and implemented, these should positively improve the control environment and aid the Council in effectively managing its risks.

## ACTION PLAN

| Rec No. | ISSUE | RECOMMENDATION | Management Comments | Priority | Officer Responsible | Due date |
|---|---|---|---|---|---|---|
| 1 | The allocations policy was recently reviewed, it is however noted, that further review is required following recent changes in legislation; therefore, the policy is yet to be formally approved by the Executive.<br><br>Without an up to date and formally approved allocations policy, there is an increased risk of non-compliance with relevant legislation and agreed guidance, both of which could result in litigation, financial loss, and reputational damage to the Council. | The draft revised allocations policy should be presented to the Executive for their review and approval by 31/12/17. | Agreed. The revised allocations policy will be considered by Executive on 4 December 2017. The current Allocations Policy was published in 2014 is considered up to date and will remain in place until this date. | Important 🟠 | Community Partnerships Service Manager | 31/12/17 |
| 2 | Whilst some process mapping has taken place, full up-to-date operational procedures do not currently exist with regards to processing housing and homeless applications.<br><br>Members of the team are highly experienced and well versed in operational procedures, but resilience could be undermined in the event of any unexpected absence of key staff (business continuity). | Operational procedures for processing housing and homelessness applications should be documented, perodically reviewed and updated. Procedure notes should include standard version control information. | Agreed. Existing procedure notes will be updated and will include standard version control information. Procedures impacted by the Homelessness Reduction Act 2017 will be completed by 31 March 2018. | Standard 🟢 | Community Partnerships Service Manager | 31/03/18 |

| Rec No. | ISSUE | RECOMMENDATION | Management Comments | Priority | Officer Responsible | Due date |
|---|---|---|---|---|---|---|
| 3 | Whilst specific performance indicators are in place, sufficient quantitative data on housing allocations and homelessness is not currently reported to management. Without such information, there is an increased risk of poor decision making which could result in financial loss and reputational damage to the Council. | Information on housing allocations and homelessness should be collated and made available to senior officers and / or Members for review and performance monitoring. Such information should be meaningful, accurate and up to date, in order to aid effective decision making. | The Service Manager monitors information at least quarterly and the Portfolio Holder is briefed monthly on housing allocation and homelessness issues. Movement on the Housing Register is already published on the HHS website and other information is reported in TENS. Performance indicators will be reviewed and discussed with our Portfolio Holder as part of the 2018/19 business planning process and further monitoring information introduced if required. This will take account of any new KPIs coming out of changes in legislation. | Important 🟡 | Community Partnerships Service Manager | 31/03/18 |

**GLOSSARY**

**The Auditor's Opinion**
The Auditor's Opinion for the assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management relay and to establish the extent to which controls are being complied with. The tables below explain what the opinions mean.

| Compliance Assurances | | | |
|---|---|---|---|
| **Level** | | **Control environment assurance** | **Compliance assurance** |
| **Substantial** | 🟢 | There are minimal control weaknesses that present very low risk to the control environment. | The control environment has substantially operated as intended although some minor errors have been detected. |
| **Good** | 🟢 | There are minor control weaknesses that present low risk to the control environment. | The control environment has largely operated as intended although some errors have been detected. |
| **Satisfactory** | 🟡 | There are some control weaknesses that present a medium risk to the control environment. | The control environment has mainly operated as intended although errors have been detected. |
| **Limited** | 🔴 | There are significant control weaknesses that present a high risk to the control environment. | The control environment has not operated as intended. Significant errors have been detected. |
| **No** | 🔴 | There are fundamental control weaknesses that present an unacceptable level of risk to the control environment. | The control environment has fundamentally broken down and is open to significant error or abuse. |

| Organisational Impact | | |
|---|---|---|
| **Level** | | **Definition** |
| **Major** | 🔴 | The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole. |
| **Moderate** | 🟡 | The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole. |
| **Minor** | 🟢 | The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole. |

**Category of Recommendations**
The Auditor prioritises recommendations to give management an indication of their importance and how urgent it is that they be implemented. By implementing recommendations made managers can mitigate risks to the achievement of service objectives for the area(s) covered by the assignment.

| Priority | | Impact & Timescale |
|---|---|---|
| **Essential** | 🔴 | Action is imperative to ensure that the objectives for the area under review are met. |
| **Important** | 🟡 | Requires actions to avoid exposure to significant risks in achieving objectives for the area. |
| **Standard** | 🟢 | Action recommended to enhance control or improve operational efficiency. |