

Internal Audit of Accommodation Provision for the Homeless

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Public Sector Internal Audit Standards

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Purpose and Scope of Review

We carried out a review of Homelessness between January – March 2020 as this area has not been reviewed for some time, and is a high profile area in terms of the significant financial pressures and reputational risk resulting from housing people in temporary and emergency accommodation for lengthy periods. The review was carried out prior to the Covid-19 lockdown that has greatly impacted the Community Support Services (CSS) and has substantially increased the demand for temporary and emergency accommodation.

When we carried out our review, homeless citizens should only have been provided accommodation where they had a priority need as detailed in the Housing (Wales) Act 2014 (see Appendix 3), but since the lockdown, Welsh Government (WG) issued guidance (Phase 1) that details that everyone presenting as homeless should be accommodated. Further guidance was published in June 2020 requiring all Welsh local authorities to publish a plan on the measures they plan to put in place to ensure long-term resettlement of citizens currently living in temporary and emergency accommodation, and how they plan to deal with future cases.

We had conversations with staff, in September 2018 and January 2019, and our initial feedback was passed to (CSS) as part of their internal review of the delivery model for homelessness so it can be managed corporately. It is not only CSS that has responsibility for homelessness, other services that have responsibilities that can assist with improvements in this area were involved in our review, for example: Community Housing (within the Communities and Customers Service); Strategic Planning & Housing and Housing Enforcement (Planning, Public Protection & Countryside Services); and Housing Development (Finance & Property Services).

This review focussed on the provision of emergency (bed & breakfasts, hotels, caravans, etc.) and temporary leased accommodation, and the long term solutions that will be put in place to minimise their use. Terminology differs within the accommodation process for homeless citizens in that properties are leased and not rented, the citizens are occupiers and not tenants as they do not have the same rights, and it is occupations rather than tenancies.

The council is taking a more strategic and corporate approach to homelessness to put in alternative longer term accommodation measures in place to reduce the reliance on bed and breakfasts and hotels, particularly through a cross-service management team led by the Corporate Director (Economic & Community Ambition). There is also the Strategic Housing and Homelessness Group (SHHG) that first met in July 2019 and meet bi-monthly, and members include the Corporate Director (Economic & Community Ambition), relevant heads of service and several Cabinet lead members.

The scope of our review covered:

1. Strategic & Governance Arrangements
2. Roles and Responsibilities
3. Supply, Quality and Allocation of Accommodation
4. Charging
5. Payments & Arrears
6. Securing Permanent Tenancies.

Audit Opinion

Strategically, there has previously been a lack of clear direction and a co-ordinated approach to address the prolonged use of temporary and emergency accommodation. Detailed actions are contained within the Housing Strategy 2016-2021 and the Homelessness Strategy 2017-2021; however, progress has been slow in creating more permanent solutions to minimise the use of this type of accommodation. The Strategic Housing & Homelessness Group (SHHG) and cross-service management team now provides a more cohesive steer, together with a corporate action plan, which has prompted better engagement across services to explore alternative solutions. Some of these, e.g. building / refurbishment of affordable homes, will take time to be delivered and to have an effect.

There are effective governance arrangements in place, including: terms of reference for the SHHG, and elected members are monitoring progress through the Partnership Scrutiny Committee meetings. SHHG will be subject to a review to ensure it continues to remain effective; suggested developments could include greater involvement with partners

such as charities and Registered Social Landlords (RSLs), setting up a task and finish group to deliver key projects, and developing a forward work programme.

Operationally, staffing issues within the Homeless Prevention team have clearly impacted on the workload, resulting in a higher caseload. Consequently, cases are not being reviewed frequently and citizens are staying in temporary and emergency accommodation for longer than necessary. While Housing Enforcement assist with checks at the start of an occupation, there has been a lack of regular checks by the Homeless Prevention team of the condition of the accommodation and the citizens that reside there.

Staff have some guidance to enable them to follow the homelessness legislation detailed in Part 2 of the Housing (Wales) Act 2014. However, there is generally a lack of documented procedures to cover key processes, particularly within the accommodation process, to ensure it is applied consistently and in line with legislation.

Quality assurance checks are important to ensure consistency and compliance with key legislation. While an external social housing consultant is used to review cases that have gone to appeal and highlight where improvements can be made, no other checks are carried out internally independent from the case officer. Similarly, a review of some recent initiatives employed to assist a citizen with securing a permanent tenancy has yet to take place.

From initial discussions, there has been a considerable improvement to reduce the amount of paper used by the team and ensure that key information is recorded. However, some key information is not being recorded effectively or efficiently. Staff need to review the content of network drive folders, and would benefit from further training on the Open Housing system.

Sample testing of the accommodation process was positive overall: documented agreements were in place with the landlord for leased accommodation; landlords were paid as agreed; and there was a signed agreement with the citizen when allocating emergency or temporary leased accommodation. There is also adequate separation of duties with setting up and amending properties and occupations on the Open Housing system.

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A review of the accommodation charges applied is needed as, currently, the citizen is not expected to contribute towards the costs of emergency accommodation beyond their housing benefit entitlement (if applicable). Within leased accommodation, the shortfall between any benefit entitlement and occupation charge may not be affordable for the citizen. While discretion may be applied in particular circumstances, there is little evidence of actions taken to minimise the shortfall, and may inadvertently contribute to the difficulties/delays experienced in making the transition from emergency/temporary accommodation to permanent.

There is a lack of regular monitoring of payments and arrears, and the recovery process is applied inconsistently at the final recovery stage. The council is reluctant to evict citizens for non-payment (and during the Covid pandemic, landlords were not permitted to evict), but there needs to be sufficient action to minimise debts and so that citizens are able to manage and maintain a permanent tenancy once secured.

Overall, while considerable action has been undertaken recently to make improvements, because of the significance of the risks being raised, we provide a low assurance rating.

Low Assurance ●	Significant weaknesses in management of risks and/or control that put achievement of objectives at risk
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Action Plan

Issue 1 – Prolonged use of emergency and temporary accommodation

Citizens are staying in emergency and temporary accommodation for lengthy periods resulting in significant budgetary pressures, and providers becoming too reliant on the council for this service - Major Risk ●

While there has been some engagement by services previously to tackle the quality and prolonged use of temporary and emergency accommodation, there has been a lack of a clear direction and a co-ordinated approach. Underlying weaknesses as follows:

- The Housing Strategy 2016-21, Homelessness Strategy 2017-21 and regional homelessness prevention strategy for North Wales 2019-21 all detail actions to prevent the long term use of emergency and temporary accommodation. While it is difficult to ascertain progress with some of the actions, e.g. developing protocols with Citizen Advice Denbighshire (CAD), there has been a significant delay in implementing others, such as working with Housing and RSLs to identify move on options, sourcing more appropriate forms of accommodation (both in Year 1 of the Strategy). Although new actions to address these have been detailed in the corporate action plan;
- Homeless Prevention staff continue to work reactively rather than proactively to prevent homelessness. Recent staffing issues may have compounded this issue, but by the conclusion of our review, the team was fully resourced. Stronger direction is required to enable staff to work more proactively;
- There may be a disconnect between the strategic approach, and the work that is being carried out operationally. Tenancy sustainment responsibilities need to be embedded, so that staff are fully aware that this is still part of their role to ensure that appropriate measures to secure permanent tenancies are carried out.

The SHHG provides a corporate mechanism to make improvements in this area, but they will need assurance that key actions detailed in both the corporate and Welsh Government's action plans will be delivered within designated timescales.

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Agreed action	Responsibility	Deadline
1.1 To implement the Welsh Government Phase 2 Plan, to embed a rapid rehousing model to reduce the reliance on the long term use of unsuitable emergency and temporary accommodation. This includes purchasing a property to provide emergency family accommodation and the purchasing of a property to provide permanent units of accommodation.	Corporate Director (Economic & Community Ambition)	31/03/2021
1.2 To carry on working with Community Housing and Registered Social Landlords (RSLs) whilst Single Access Route To Housing (SARTH) allocations are suspended, to permanently accommodate a number of homeless households from emergency accommodation.	Lead Officer Community Housing /Service Manager CSS	31/03/2021
1.3 To convert existing leased properties from community housing to permanent tenancies for 11 households, thus ending homelessness duty.	Team Manager (Homeless Prevention)/ Lead Officer Community Housing	31/12/2020
1.4 To implement the Welsh Government Private Rented Sector (PRS) Leasing Scheme and secure 33 properties to permanently accommodate homeless households.	Service Manager CSS	31/03/2021 and ongoing for 5 years
1.5 To complete a needs assessment for every homeless household in emergency accommodation to determine the level of support required and agree their individual housing plan, as required by WG.	Service Manager CSS	31/03/2021 and ongoing for any new household presenting as homeless
1.6 To continue to improve prevention services to those households at risk of homelessness through close working with Civica/DWP partnership, CAD and Working Denbighshire, procuring a range of early intervention and prevention services, and building on best practice and learning from existing partnerships.	Service Manager CSS/ Procurement Business Partner	30/06/2021
1.7 To amalgamate the Strategic Homelessness Plan and WG action plan into one document to be monitored by the Strategic Homelessness and Housing Group.	Principal Manager CSS	30/11/2020

Issue 2 – Insufficient Monitoring

There is a risk that accommodation used is no longer suitable, is either not being used or used inappropriately, and the welfare of the citizen is not adequately monitored. A lack of monitoring could result in staff not complying with the Housing Act (Wales) 2014, or there is insufficient evidence why support is being provided to the citizen - Major Risk ●

Underlying weaknesses as follows:

- Despite staff sending reminders, not all landlords of leased accommodation are submitting up-to-date gas and electrical certificates, and other key information. There needs to be a robust mechanism for recording this information and a process put in place if landlords continue not to submit this information;
- There needs to be a robust mechanism put in place for ensuring the council complies with the Minimum Energy Efficiency Standards;
- Some landlords for leased accommodation are not registered on Rent Smart Wales, and there needs to be a process for dealing with any known issues with other accommodation providers; and
- There is no quality assurance checking within the homelessness process.

Agreed action	Responsibility	Deadline
2.1 To contract out the management of all private rented sector leased properties to ensure effective property management including all certification and compliance with the Minimum Energy Efficiency Standards and Rent Smart Wales.	Service Manager CSS / Procurement Business Partner	30/06/2021
2.2 To continue with 6 weekly caseload reviews that the Team Leaders / Manager carry out with the Homeless Prevention Officers and a weekly quality monitoring check has been put in place to monitor the activity to permanently accommodate those in emergency accommodation	Service Manager CSS	Ongoing
2.3 To develop and embed performance and quality monitoring for all initiatives to secure accommodation for homeless households, e.g. PRS Leasing Scheme and DCC Landlord Offer.	Service Manager CSS	30/09/2021

Issue 3 - Documented guidance for key processes

Without written procedures or guidance, staff may not be clear of their duties and carry out processes inconsistently, which could lead to non-compliance with legislation - Medium Risk ●

The Homeless Prevention team does not have documented procedures for key processes carried out, e.g. assessment process, allocation of temporary and emergency accommodation, charging, and payments and arrears. Some staff during our review were not entirely clear of their roles and responsibilities, particularly around tenancy sustainment, and therefore having documented procedures and reviewing job descriptions will ensure responsibilities are clarified.

Agreed action	Responsibility	Deadline
3.1 To develop written procedures and guidance based on the new Rapid Rehousing Model, Welsh Government is wanting every Local Authority to implement by March 2022. As new practice is embedded guidance and processes will be developed to support the implementation.	Service Manager CSS	31/03/2022
3.2 To conduct a full review of every role within the Homelessness Prevention Team in line with the new delivery model.	Service Manager CSS	31/03/2021

Issue 4 – Declaration of personal and business interests

There is a risk that conflicts of interest are not being managed as not all staff are declaring a personal or business interests - Medium Risk ●

While staff have discussed with their supervisors where there is a personal interest, there is still a reliance on staff coming forward to declare an interest if citizens are close family members or a landlord of a property, or to disclose where ex-staff members are landlords or owners of property. Homeless Prevention staff are not required to complete a declaration of interest form. No action is taken to apply a system control to ensure that the employee cannot view that person's information.

This issue is not unique to the Homelessness team and it has been picked up during other recent reviews and has been raised corporately as part of the Ethical Culture review. As there is a potential risk specific to this team, we raise it here to ensure it is addressed.

Agreed action	Responsibility	Deadline
4.1 To implement a procedure whereby any personal interest or potential conflict of interest is declared by all staff working in the homelessness service, including working with or having access to a close family member or ex-member of staff's personal information, in-line with Corporate Policies and Procedures	Service Manager CSS	30/11/2020

Issue 5 – Key management information / audit trail

Without recording key information, there is a lack of evidence to demonstrate that adequate action is being taken to secure alternative accommodation, sufficient checks are being carried out on the citizens, or that the person has a genuine homeless need - Moderate Risk ●

Underlying weaknesses as follows:

- Key information is not easy to find on the network drive and may be duplicated. Some paper documentation is still used that is not accessible to other staff;
- No robust mechanism for recording elements of the process, e.g. checks of accommodation and citizens;
- Key information not recorded in relation to the assessment process and allocation of accommodation; and
- Lack of evidence of review of cases, particularly actions taken to find alternative accommodation.

Agreed action	Responsibility	Deadline
5.1 To engage with the ICT Business Partner to review which system would work best for homelessness record keeping i.e. Open Housing, Paris (or its successor) and update systems accordingly to stop duplication, and ensure a more robust record keeping process.	Service Manager CSS	31/07/2021
5.2 To develop processes and guidance around robust record keeping and management information mechanisms once ICT systems have been agreed.	Service Manager CSS	31/03/2022
5.3 To continue with ongoing 6 weekly caseload reviews for each Homelessness Prevention Officer, by the management team. New processes for review will be introduced as the Rapid Rehousing Model is implemented and KPIs developed.	Service Manager CSS	31/03/2021 and ongoing

Issue 6 – Accommodation charges

Where there is a shortfall between the occupation charge and benefits available, the council usually covers the difference. While discretion can be applied based on individual circumstances, there is little evidence of efforts taken to minimise the shortfall and lessen the financial impact on the council. Also, citizens may be reluctant to secure permanent tenancies as the rent will be unaffordable in comparison - Medium Risk ●

If citizens are entitled to benefits, this is the only contribution that is made towards their emergency accommodation. For 2019/2020, 20.6% of the cost of emergency accommodation was recovered through housing benefit contributions. Where citizens are not eligible or choose not to claim benefits, no supporting documentation is obtained to determine if or how much they can pay towards their accommodation costs. This lack of charging results in significant budgetary pressures for the council, but could also make citizens reluctant to secure permanent tenancies as they would then need to cover the shortfall themselves. A charging policy has been explored previously by CSS but was not pursued further due to the costs of implementing and managing the system. Now a more corporate approach is being taken, this should be reviewed, but if appropriate, there needs to be a robust system for managing the payments and chasing arrears for emergency accommodation. Currently, emergency accommodation is recorded on a spreadsheet rather than the Open Housing system.

There also needs to be a review of the charging policy for leased properties to ensure that the council is not subsidising too much by charging occupiers weekly as landlords charge the council monthly; not consistently applying recharges for damages to property; ensuring that contributions above benefit entitlements are affordable to secure a permanent tenancy; and accurately charging (during our review, staff identified some inaccuracies in the costs charged for the landlord offer).

Agreed action	Responsibility	Deadline
6.1 To undertake a strategic review of charging within emergency and temporary accommodation leading to the development of a Homelessness Charging Policy, if appropriate	Principal Manager (CSS, Support Services)	30/06/2021

Issue 7 – Management of occupation accounts

A lack of regular monitoring will result in outstanding debts not being recovered promptly, and could result in the system being exploited - Medium Risk ●

Underlying weaknesses as follows:

- Arrears are not monitored regularly by the Homeless Prevention team so that prompt action can be taken if the occupier is in debt. During our review, the arrears level for current tenants was approximately £15,000 and £27,000 for former tenants. Community Housing are currently reviewing cases due to staffing issues within the team. There needs to be a clearer understanding why some accounts are in arrears if benefits claimed should be covering the occupation charge;
- There was a number of cases where the recovery process has progressed to 'no change – management decision'. No evidence was provided to understand what measures were being taken to assist the occupier in reducing their arrears and sustaining their occupation. There is a risk that they will never be able to manage a permanent tenancy if insufficient assistance is provided;
- Credits on occupation accounts are not reviewed regularly due to staffing pressures. At the time of our review, there were 56 credits that totalled £8,035. We were unable to obtain a report that detailed how far these credits date back to, or what they related to;
- Due to staffing issues, write offs of bad debts have not been carried out since the end of financial year 2017/18. The bad debt provision was reduced as discretionary housing payments were used to reduce some of the debts. However, as no write offs were done for 2018/19, the bad debt provision was increased by £15,000. If no write offs are done for 2019/20, the bad debt provision will have to be increased further.

Agreed action	Responsibility	Deadline
7.1 To agree a policy and procedures around managing arrears of rent from those households in temporary accommodation including management sign off for writing off bad debts and credits on tenancy accounts.	Service Manager CSS / Finance Business Partner	30/06/2021

Appendix 1 - Assurance Ratings Definitions

High Assurance ●	Risk and controls well managed and objectives are being achieved
Medium Assurance ●	Minor weaknesses in management of risks and/or objectives but no risk to achievement of objectives
Low Assurance ●	Significant weaknesses in management of risks and/or control that put achievement of objectives at risk
No Assurance ●	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives

Report Recipients

- Team Manager (Homeless Prevention Team)
- Service Manager (Business Support & Communities)
- Principal Manager (Support Services)
- Head of Community Support Services
- Corporate Director (Communities)
- Corporate Director (Economic & Community Ambition)
- Head of Communities and Customers
- Head of Planning, Public Protection & Countryside Services
- Senior Finance & Assurance Officer
- Senior Business Systems Officer
- Chief Executive
- S151 Officer
- Lead Officer (Destination, Marketing & Communication)
- Strategic Housing & Homelessness Group
- Strategic Planning & Performance Officer
- Scrutiny Co-ordinator
- Chair-Performance Scrutiny Committee
- Lead Member for Wellbeing & Independence
- Lead Member for Finance, Performance & Strategic Assets
- Corporate Governance & Audit Committee

Internal Audit Team

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Key Dates

Review commenced	January 2020
Review completed	March 2020
Reported to Corporate Governance & Audit Committee	27 January 2021
Proposed date for first follow up review	July 2021