Flintshire Internal Audit

Audit Report

Audit Opinion

Title:	21/22 Homelessness & Temporary Accommodation	
Portfolio:	Housing & Assets	
Issued Dated:	December 2021	
Report No:	26-2021/22	
Report Status:	Final Report	

Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards.
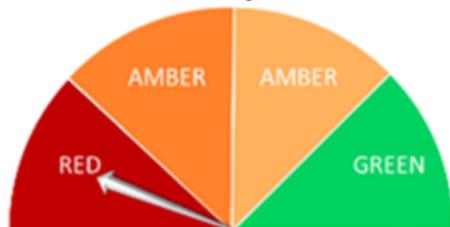
1 Executive Summary:

Introduction and Scope:

The Temporary Accommodation audit was carried out as part of the Internal Audit Annual Plan for 2021/22 which was agreed with Chief Officers and approved by the Council's Governance and Audit Committee.

Temporary Accommodation is a key mitigation should levels of homelessness increase and enables the authority to meet its statutory duties to accommodate eligible homeless households. This is underpinned by the North Wales Regional Homelessness Strategy 18/22, which complies with Section 50 of Part 2 of the Housing (Wales) Act 2014, for achieving the following objectives in the local housing authority's area:

- The prevention of homelessness;
- That suitable accommodation is and will be available for people who are or may become homeless;
- That satisfactory support is available for people who are or may become homeless.

The Housing & Prevention Service Manager came into post in March 2020. He requested this audit as this has been identified as an area of risk for current service delivery in light of the increase demands placed on the service during Covid and future direction of travel in relation to the Rapid Rehousing Agenda. The review focused on the adequacy and effectiveness of the controls in place to manage the defined potential risks:

- Temporary accommodation resources are not adequate to deal with increased levels of homelessness.
- Processes are not in place or insufficient to ensure the temporary accommodation portfolio is managed effectively and its operational practices are not robust enough to meet increased demand and potential growth of portfolio capacity.
- Management information is not available to oversee control effectiveness of temporary accommodation rent collection, void

Audit Opinion:

In each report we provide management with an overall assurance opinion on how effectively risks are being managed within the area reviewed. Appendix A of the report details our assurance levels:

Assurance:	Explanation
Red- Limited	Limited Assurance – Urgent process revision required • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial impact • Key management information does not exist • System/process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources Conclusion: a lack of adequate or effective controls.

The table below highlights the number and priority of agreed actions to be implemented.

Priority	High (Red)	Medium (Amber)	Low (Green)	Total
No.	3	3	1	7

and lease management.

During the COVID 19 pandemic, a number of government initiatives were introduced which assisted with the mitigation of homelessness levels. The pandemic impacted significantly on this frontline service and management was successful in achieving the nationwide ambition to provide shelter to all those who were identified as being homeless. It is important to note this service area has had significant turnover in the last 18 months with 50% of the staff in the housing solutions team being new whilst dealing with significant increases in caseloads due to the COVID 19 pandemic.

As these national mitigations come to an end and with already high numbers of homeless households accommodated as part of the national public health response which extended additional accommodation duties to a large number of people; there is a strong likelihood of increased pressure on temporary and emergency housing.

The 18/22 strategy will need to be reviewed in line with the Rapid Rehousing Transition Planning Briefing Paper which has been recently published by Welsh Government to provide guidance to councils on the requirements to increase the availability of both social and private rented housing for the homeless and reduce the timescales to bring empty properties back into use by June 2022. A New Housing Support Programme Strategy which incorporates the Homeless Strategy is also requiring adoption by Flintshire County Council by 31st March 2022.

In order to achieve this, systems, processes, and controls need to be considered so they can operate effectively and proactively monitor performance whilst identifying emerging trends or new areas of focus. This will ensure the operation is less reactive.

The review has identified that significant improvements are required. These relate to the overall control framework including the lack of a Homelessness and Temporary Accommodation Policy, undocumented inadequate operational processes and lack of evidence of reliable

management information. Finally due to the lack of documented procedures or evidence of accurate data being used to support decision making we are unable to provide assurance that risks are being mitigated.

It should be noted that the Service Manager was clear from the start that he anticipated weaknesses would be identified through this review and has advised that the findings are in line with his own assessment on taking post. The Service manager considers this offers additional confidence in regards to the opportunities for positive response from the service post audit.

Testing has identified the controls to be insufficient as reflected above, and a red (Limited) assurance rating has been reported.

2 Summary Findings:

Areas Managed Well	Areas for Further Improvement
• The service embraced the change in legislation in response to the COVID 19 pandemic to ensure no individual was homeless and sleeping on the street.	• A Homelessness and Temporary Accommodation Policy is not in place to provide guidance on how the service objectives stipulated in the North Wales Regional Homelessness Strategy will be achieved. • Temporary Accommodation processes and contract agreements - A process is not in place to provide guidance on how to deal with refused offers for permanent accommodation, to oversee rent income, arrears and write off, or to monitor contract agreements. • Management Information is limited and does not demonstrate effective monitoring of service delivery performance. • The Open Housing System is not being utilised to manage stock, tenancies, repair work or rental income to be able to effectively deliver on service objectives. • Lack of evidence of management information being used to inform decision making and service planning. • Quality of data underpinning risk indicators may not be reliable. • Decision making controls are not documented or evidenced as operating consistently.

3 Action Plan:

Priority	Description
High (Red)	Action is imperative to ensure that the objectives of the area under review are met.
Medium (Amber)	Requires action to avoid exposure to significant risks in achieving the objectives of the area.
Low (Green)	Action encouraged to enhance control or improve operational efficiency.

No.	Findings and Implications	Agreed Action	Who	When
1 (R)	<u>Homelessness and Temporary Accommodation Policy</u> The North Wales Regional Homelessness Strategy 2018-2022 was developed to inform commissioning plans and funding priorities for each of the six local authority areas. The aim of this strategy was to address the root causes of homelessness, with the aim of eradicating homelessness in North Wales. A copy of the strategy is available on the Council's website. The Strategy identified a number of areas which required focus which included 'individuals in temporary accommodation being unable to move on, a shortage of the right type of accommodation, costs associated with temporary accommodation being too expensive, and the requirement for continual risk assessments'. It is important that a strategy is underpinned by policy, procedure and performance indicators to ensure its aims are being met. A Homelessness and Temporary Accommodation Policy is not in place to provide guidance on how the service objectives stipulated in the North Wales Regional Homelessness Strategy will be achieved across 18/22. This is relevant as in the absence of the pandemic, the Council would still be seeking to achieve its Homelessness Strategy 18/22 to comply with its	The response will be delivered in 2 stages – medium and longer term. All actions are assigned to the Service manager to be delegated across team. <u>Medium term (June 2022)</u> • Restructure of Housing Support and Homeless Prevention Service and create a specific team for Property Management to take the management of Temporary Accommodation out of the Homeless Team. Restructure has been approved, job descriptions are being devised and recruitment to begin in April 2022. <u>Long Term (Dec 2022)</u> • Homelessness Accommodation Policy to be devised which will guide all processes and ensure delivery of all ambitions identified in the soon to be revised Housing Support Programme Strategy which comes in force 1st April 2022. URN 03234	Service Manager	End of June 22 End of Dec 22

No.	Findings and Implications	Agreed Action	Who	When
	statutory duties (Section 50 of Part 2 of the Housing (Wales) Act 2014). We appreciate that the aims of the strategy will have significantly impacted by Covid 19, however there is no existing policy which management can refer to in order to determine if pre-existing strategic aims have been addressed and actually achieved. This poses a risk the Council's Homelessness and Temporary Accommodation operational processes are not adequate to ensure the temporary accommodation portfolio is managed effectively in line with the approved strategy.			
2(R)	<u>Temporary Accommodation processes and contract agreements</u> Documented procedures help ensure that the policy and strategy aims will be achieved by guiding officers day to day. In addition the team has to engage with external providers and internal service teams in order to be able to deliver to the client. Testing identified: • Nil documented procedures – means that training up new staff is reliant on a single person – easy to be inconsistent, complete the wrong process, etc. • Unable to assess if process is in line with strategic aim e.g. take place at the most effective point in the workflow, if roles and responsibilities are clear or if controls are documented. (also see URN 3255 management information) Key gaps identified:	The response will be delivered in 3 stages – immediate, medium and longer term. All actions are assigned to the Service manager to be delegated across team. <u>Short term (March 2022)</u> • SLAs to be introduced between all areas which have a direct impact in service delivery. Including Responsive repairs through FCC, Void Property Turnaround, Cleaning Contracts, Fire Safety Regime • A process to be defined to deal with refused offers of permanent accommodation. • A process to be defined to review lease agreements prior to their renewal/expiration date. • A process for take on of new properties into the Temporary Accommodation portfolio.	Service Manager	End of March 22 End of June 22 End of March 23

No.	Findings and Implications	Agreed Action	Who	When
	• SLA agreements are not in place which set and manage expectations between internal service areas who impact the delivery of the process, primarily the void/lease management process. • A process is not in place to provide guidance on how to deal with refused offers for permanent accommodation as these declines impact temporary accommodation stock availability. • A process to oversee rent income, arrears and write off process is not in place. • A process is not in place to identify contracts/agreements which are due to expire for those entities which are utilised for temporary accommodation. An A4 folder is kept in the office with all contracts; yet it is unclear who and how the contracts are being monitored. One of the contracts has been expired since 2009. Failure to have adequate, established processes in place to guide the operation and the management of the temporary accommodation portfolio may lead to the service being unable to meet its objectives and legislative requirements should demand increase and growth of portfolio capacity be required.	<u>Medium term (June 2022)</u> • Rental Charge Policy to be define to oversee rent income, arrears and write off. • Review the performance information needed for management oversight when the Policy is in place. <u>Longer term (March 2023)</u> • The full end to end temporary accommodation process to be mapped to assign roles and responsibilities, identify process delays and inefficiencies as well as document controls. URN 3237		
3(R)	<u>Management Information</u> Accurate and reliable management information is important to ensure the actual operations are delivering its service objectives and risks are being adequately managed. Testing identified management information and its use is limited. Data relating to the temp accommodation delivery is captured in a number of	The response will be delivered in the medium term. All actions are assigned to the Service manager to be delegated across team. <u>Medium term (June 2022)</u> Introduce management information to: • Monitor performance timescales at the various stages in Void Management Process.	Service Manager	End of June 22

No.	Findings and Implications	Agreed Action	Who	When
	systems/spreadsheets which impedes the ability to interrogate the data captured at short notice and without the need for manipulation. Quality of data issue raised in Finding 4, URN 3256. Key gaps identified: The use of management information to provide assurance that the process, policy and strategy are being delivered is not in place. This means that we were unable to test, and management is unable to demonstrate the following: • Unable to reconcile return to Welsh Government with data held in spreadsheets • Performance timescales at the various stages in the temporary accommodation allocation process in order to identify process impediments/ opportunities for improvement. • Monitor declined offers for permanent accommodations which are subsequently denied by the tenant- % offered and declined, reason for decline, etc. • How long individuals/families have been in their temporary accommodation. Although the date of tenant placement and leave date are captured on the temporary database, the data is not analysed. • Oversee rent arrears and collection efforts is not in place. Temp accommodation rent accounts have not been set up on the open housing system for privately owned properties. Finance reporting available reports on values received but does not track against what should have been received to identify areas of rent arrears. Failure to have adequate, management information in place to oversee the management of the temporary	Information to be timely reviewed to identify and address process impediments/ opportunities for improvement. • Provide oversight of all offers for permanent accommodations, those that were declined and the reason for decline. • Oversee length of stays in interim accommodation which is being developed in In-Phase. • Oversee rent collection activities. • Monitor SLA agreement KPIs. URN 3255		

No.	Findings and Implications	Agreed Action	Who	When
	accommodation portfolio may lead to the service being unable to meet its objectives and legislative requirements should demand increase and growth of portfolio capacity be required.			
4 (A)	IT systems / software Requests for temporary accommodation can come from a range of sources and actions need to be timely in order to ensure the client is matched with the right accommodation and their stay is managed in line with service objectives. Accuracy of this information helps make informed decisions. In the event there is no available stock or the current available stock is not adequate to meet the individual/family needs, hotels and B&Bs are utilised. This is particularly challenging for the Council as there are low numbers of these types of accommodations within Flintshire compared to other local authorities in North Wales. This may result in individuals/families being placed out of county to prevent homelessness. The service does not use the Open Housing system to manage stock, tenancies, repair work or rental income. The service holds a number of spreadsheets (Homelessness Prevention 'Database', the Temporary Accommodation 'Database' and the Bed and Breakfast 'Database') to capture information in relation to tenants and accommodations. It should be noted these are not databases with associated functionality but excel documents. Testing identified:	The response will be delivered in 3 stages – short, medium and longer term. All actions are assigned to the Service manager to be delegated across team. Short term (March 2022) • In the short term, improve and enhance excel spreadsheet to capture all information in relation to temporary accommodation so data can be analysed and interrogated in order to identify efficiencies/opportunities for improvements as well as trends. Medium term (June 2022) Open Housing System Private Sector leasing module is already purchased but not implemented. IT has advised will need to wait for V16 of Open housing and IT capacity means that they will not be able to pick up this project until June 2022 at the earliest. Ensure detailed scope of works and Project Plan adopted. Longer term (March 2023) • Implement the new system and all appropriate functionality to manage the Temporary Accommodation Portfolio in regards to all aspects of housing management.	Service Manager	End of March 22 End of June 22 End of March 23

No.	Findings and Implications	Agreed Action	Who	When
	• Excel documents are not secure / supported and risk of loss of info is high. • The data held in these does not reconcile to the information submitted in the Welsh Government Returns for the period tested. • The data is inaccurate as some formulas are linked to the incorrect line within the spreadsheet. • It is not possible to obtain a single client view as the data captured in the various spreadsheets does not have a unique identifier. • Data relating to the temp accommodation delivery is captured in a number of systems / databases / spreadsheets which impedes the ability to interrogate the data captured at short notice and without the need for manipulation. There is a risk that strategic decisions may be made based on inaccurate information captured in the various spreadsheets utilised.	URN 3256		
5 (A)	<u>Evidence of management information to inform decision making and service planning</u> Accurate reliable data gathering and analysis is key in proactively managing service risks, supporting operational decision making and informing longer term planning. Homelessness and Temporary accommodation levels are collected via the Homelessness Prevention 'Database', the Temporary Accommodation 'Database' and the Bed and Breakfast 'Database'. These are not databases, but spreadsheets devised by the service. Data is reported via the Presentations Comparison Spreadsheet and the Welsh Government monthly	Agree in part. A weekly review of temporary accommodation capacity and those individuals'/families likely to move on (leaving temporary accommodation) takes place. Capacity is increased if required; emergency accommodation can be achieved through booking bed and breakfasts through block booking arrangements. Additional pressures have been observed due to Covid, housing market pressures and the need to increase capacity immediately. Welsh Government Covid Hardship Grant has enabled this as part of the emergency homeless and public	Service Manager	End March 2022

No.	Findings and Implications	Agreed Action	Who	When
	returns. We have not been able to reconcile the data held back to the original data source (as raised in finding 3, URN3255) Testing identified that: • There is sometimes a need to use B&B/temporary accommodation in instances where individuals have been previously excluded from certain temporary accommodation settings or certain geographical areas; however these risk factors / issues which limit the choice of suitable accommodation are not effectively captured via the current temporary accommodation spreadsheets to assist decision making. • Data shows that only 50% (30 individual/families) which have been placed in temporary accommodation this financial year have since moved out. It is accepted the usual routes to move clients into permanent accommodation were restricted during the pandemic. However testing identified management information is currently not produced for all those offers for permanent accommodation which are declined or for individuals who have been in temporary accommodation for periods longer than expected. The lack of this management information will hamper compliance with the Rapid rehousing approach specifically, making sure individuals/families reach a settled housing option as quickly as possible rather than staying in temporary accommodation for too long. • At the time of testing we were not provided with any	health response. It is not possible to accurately forecast homelessness numbers. Trend analysis prior to Covid19 is not applicable and would deliver limited value due to the significant change the pandemic has had on the landscape. Achievement of deliverables in line with the Rapid Rehousing Transition Plan is the ultimate aim. <u>Short term (March 2022)</u> • Identification of reasons for refusal of permanent accommodation and action process to manage "unreasonable refusals" to be documented. URN 03236		

No.	Findings and Implications	Agreed Action	Who	When
	evidence of key indicators being reported / used when discussing or making decisions in relation to immediate / longer term service needs. The lack of reconciled management information being available and being demonstrated as being used in decision making and planning makes it difficult to provide assurance that operational and strategic decision making is based on reliable data. This may put the council at risk of not achieving its strategic objectives in line with the Rapid Rehousing Transition Planning and lead to a potential increase in the requirement and costs for temporary accommodation.			
6 (A)	<u>Risk management</u> A risk has been raised in the Housing and Assets risk register (HA09) which relates to the management of risk to ' ensure sufficient capacity and resilience within the service resources (staffing and budgets) to meet growing need for homeless prevention services and interim accommodation'. A review of the most recent risk register (April 2021) and associated method statement (last updated June 2020) showed the following |	Risk Rating	Likelihood	Impact
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RAW/ Inherent	Red	Not included in risk register	Not included in risk register
Current (April 2021)	Amber	Not included in risk register	Not included in risk register
Target	Amber	High	Significant | The most recent risk register indicates that all risks have been managed to target.	Disagree. Nil further action. Risk is defined and updated quarterly. Metrics for assurance are clear and accurate data is available and used to support risk assessment. Our key risk indicators include spending, number of cases per officer and capacity (in temporary accommodation provision). We are confident in the quality of these metrics and that they are monitored by Management Team and evidenced to demonstrate risk management. URN 03226		

No.	Findings and Implications	Agreed Action	Who	When
	The indicators in the risk method statements list the following metrics to support management's assurance of the risk rating: • Numbers of homeless cases managed under Housing Wales Act 2014 legislation • Outcomes for Homeless Prevention (WHO12 Welsh Government Returns) • Numbers in interim housing (Temp Accom and B&B) • Expenditure on interim housing (Temp Accom and B&B) • Expenditure of Homeless Prevention Funding • Expenditure of Discretionary Housing Payments • Award from Welsh Government Phase 2 Funding Testing has identified a number of issues highlighted in previous findings relating to the reliability of the data quality and lack of management information produced. This makes it difficult to provide assurance that the risk has been scored accurately and is being managed in line with agree tolerance. Failure to accurately score risks impacting temporary accommodation service delivery may lead to increased/ unwarranted costs to the service as a result of not having sufficient staff as well as sufficient availability for the correct type of accommodation required leading to individuals/families being placed in B&Bs and in some cases out of the county.			
7 (G)	<u>Document and evidence all decision making controls</u> An effective control framework means that key controls will operate consistently when needed. The Housing Solutions Team Leader (HSTL) advised	The response to this Audit finding will be delivered in the short term. All actions are assigned to the Service manager to be delegated across team. <u>Short term (March 2022)</u>	Service Manager	End March 22

No.	Findings and Implications	Agreed Action	Who	When
	that she implemented a control to review and sign off each temporary housing allocation to ensure allocation decisions were compliant with process. This control has not been documented in any procedure (see URN 3237). At the time of testing, Internal Audit were advised this control does not operate when the HSTL is unavailable due to sickness or annual leave. The original back up via the Homeless and Advice Manager cannot operate as the post is unfilled. However, the Service Manager has advised that he signs off all decision making for allocations in the absence of the HSTL. Difference between the information supplied to audit between the HSTL and the Service Manager may indicate this control may not be operating consistently. It should be noted that accuracy and reliability of the decision making was outside the scope of this audit and that due to a lack of documented procedures or evidence we were unable to review this any further. However, inconstancies in the operation of a decision making control can pose a risk, potentially leading to increased costs to the service.	• All controls relating to the allocation process to be documented to facilitate a consistent approach and evidence decision making based on roles and responsibilities. URN 03225		

4 Distribution List:

Name	Title
Martin Cooil	Accountable Officer Responsible for the Implementation of Agreed Actions
Neal Cockerton	Chief Officer, Housing and Assets
Martin Cooil	Housing and Prevention Service Manager

Appendix A – Audit Opinion:

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Some** or **Limited** assurance audits will be reported to the Audit Committee.

Assurance	Explanation
Green - Substantial	**Strong controls in place (all or most of the following)** • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.
Amber Green – Reasonable	**Key Controls in place but some fine tuning required (one or more of the following)** • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments Conclusion: key controls generally operating effectively.
Amber Red – Some	**Significant improvement in control environment required (one or more of the following)** • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. Conclusion: key controls are generally inadequate or ineffective.
Red – Limited	**Urgent system revision required (one or more of the following)** • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. Conclusion: a lack of adequate or effective controls.