Appendix 2

Audit Opinion of Red – Homelessness

1. Findings of the Internal Audit Review

1.1 The audit found that the public are able to obtain advice and information regarding homelessness assistance on the council’s website, via telephone and at a duty desk located in the Gateway. An application form is in place which can be used to apply for homelessness assistance; the audit found that appropriate evidence is obtained in support of applications to enable officers to establish entitlement to assistance. A control weakness was identified in regards to arrangements to confirm the applicant’s ongoing entitlement to assistance throughout the application procedure and recommendations were agreed to address this.

1.2 Homelessness legislation does not specify the timescale in which applications should be processed though guidance suggests that local authorities should aim for 33 working days though a number of instances were identified in which applications had not been processed within this timescale. Arrangements exist for decisions regarding eligibility for assistance to be approved and for applicants to be made aware of the decision reached; audit testing confirmed that these arrangements are working well in practice.

1.3 The council makes use of its own housing stock to provide temporary accommodation and one council property is retained from the housing stock as a ‘crash pad’ for emergency temporary accommodation placements. If there are insufficient council temporary accommodation units available / ready when required, the only option available is to place applicants in bed & breakfast accommodation. The audit found that there are two bed & breakfasts typically used by the council, the Shamrock in Gravesend and Magee’s Guesthouse in Medway. It’s understood that an exercise had been carried out in which it was determined that these establishments offer the most competitive prices though no evidence could be supplied in support of this.

1.4 Once an applicant has been accepted as homeless they are allowed, in accordance with the Allocations Policy, 12 weeks in which to bid for permanent accommodation; after this period officers are able to ensure that the maximum number of bids have been placed on the applicants behalf. Audit testing found that compliance with this arrangement had been inconsistent and actions to improve this were agreed through the audit.

1.5 The council is required to inform central government of the number of households living in temporary accommodation at the end of each quarter; this information also forms that basis of the council’s measure of accountability CBP21. The audit found that due to an administrative oversight, bed & breakfast placements were not being included within these figures. In addition while CBP21 gives a snapshot of the number of households in temporary accommodation, testing found that this figure fluctuates during the quarter.

1.6 At the time of audit all homelessness applicants placed in council temporary accommodation were required to sign a temporary accommodation license, were charged rent and were required to complete a housing benefit application; these arrangements were not however applied to applicants placed in bed & breakfast accommodation. As such the cost of providing bed & breakfast accommodation fell to the council; as these applicants are likely to be eligible for housing benefit, some of this cost could instead be met by benefit. While occupiers of council temporary accommodation are required to submit a housing benefit application,
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testing identified a weakness in regards to arrangements for checking that an application has been submitted allowing for significant arrears to be accrued. Recommendations to ensure all homelessness applicants submit benefit applications were agreed during the audit.

1.7 Expenditure relating to removal costs amounted to approximately £15,000 in the three and a half financial years preceding the audit. Though the majority of this was spent with one contractor, this had not been put out to competition.

1.8 Expenditure relating to bed & breakfast accommodation increased significantly during 2013-14 compared to the previous three financial years. Audit testing did not find evidence of an increase in the number of homelessness advice cases, homelessness presentations or successful homelessness applications in 2013 compared to 2012.

1.9 Though an appropriate set of budget codes was considered to be in place, at the time of the review, expenditure was found to have been recorded inconsistently across these and recommendations to improve this were agreed.

2. Risk

2.1 The audit identified weaknesses in regards arrangements for the efficient allocation of council temporary accommodation which had the potential to result in an over-reliance on bed & bed breakfast accommodation. In addition the lack of arrangements for recovering the cost of bed & breakfast accommodation were considered to pose a significant financial risk to the council.

2.2 Internal Audit would note the positive approach taken by management in seeking to remedy weakness identified during the audit review. Internal Audit will continue to work with management to ensure that the weaknesses identified are addressed in practice.

3. Management Response to the Internal Audit Review

Responses to the audit findings in 3 above, are given in turn and as follows;

3.1 Additional wording has now been added to acceptance letters, which now reads as follows:

“The council has accepted that you are homeless or threatened with homelessness based on the information you have provided. If there is a change in your housing circumstances, you must advise the council of the change immediately. Failure to do so may result in legal action being taken against you or, if information is revealed after you have been made an offer of permanent housing, the council may take action to evict you.”

Ongoing entitlement is also now checked throughout the application process.

3.2 Information has been placed on the council’s website and other correspondence stating that the council’s aim is to complete investigations within 33 days where possible.

3.3 A further exercise which is now documented has proved that the establishments used by the council have the most competitive prices.
3.4 This recommendation has been actioned and all Officers have been reminded of the requirement to place bids on their applicants behalf. This is also now monitored regularly by managers in the department.

3.5 Bed and breakfast figures are now included in the returns.

3.6 Whilst the cost of Bed and Breakfast accommodation is fully not recoverable through housing benefits, arrangements are now in place to ensure that benefit claims are submitted and fast tracked for eligible applicants.

3.7 With the advice of the council’s procurement officer, this service has been put out to competition as appropriate and confirmation received that the current provider is the most effective.

3.8 Level of presentations dealt with by the Housing Needs team is now recorded and monitored closely by senior members of staff. This monitoring includes the use of Bed and Breakfast or council owned temporary accommodation units.

3.9 Training and subsequently instructions have been given to all members of staff to ensure that expenditure is properly recorded.

4. **Internal Audit Follow Up Review**

4.1 Internal Audit will be conducting a follow-up review in the 2014-15 financial year to assess the progress made in addressing the control weaknesses identified by the audit review. Should the review determine that control issues have not been adequately addressed by management, this will be reported back to the Finance & Audit Committee.