


# Chiltern and South Bucks District Councils

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## Assurance Review of Temporary Accommodation

2017/18

## Executive Summary

OVERALL ASSURANCE ASSESSMENT	OVERALL CONCLUSION								
 <p>The diagram shows a central yellow circle labeled 'REASONABLE ASSURANCE' surrounded by a blue ring with the text 'Adequate &amp; effective governance, risk and control processes'. To the right, four horizontal bars represent assurance levels: 'SUBSTANTIAL ASSURANCE' (green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).</p>	<ul style="list-style-type: none"> <li>Guidance needs to be developed in relation to eviction of SBDC B&amp;B clients with rent arrears to ensure that accommodation costs do not escalate with little prospect of recovering contributions from clients.</li> <li>The SBDC cost recovery process is time consuming for all officers involved. The level of payments being recovered from clients and the costs incurred in recovering such payments should be subject to analysis to ensure that it is cost effective to pursue these debts.</li> <li>Given the increasing number of B&amp;B cases, options for procuring a small-scale dedicated rent management system should be explored to ensure client accounts can be managed efficiently and effectively.</li> </ul>								
RATIONALE AND SCOPE	ACTION POINTS								
<p>The aim of the review was to assess the adequacy and effectiveness of the internal controls in place in the Councils for the management of Temporary Accommodation for homeless applicants.</p>	<table border="1"> <thead> <tr> <th data-bbox="1205 946 1413 1019">Urgent</th> <th data-bbox="1413 946 1621 1019">Important</th> <th data-bbox="1621 946 1830 1019">Routine</th> <th data-bbox="1830 946 2038 1019">Operational</th> </tr> </thead> <tbody> <tr> <td data-bbox="1205 1019 1413 1099">0</td> <td data-bbox="1413 1019 1621 1099">3</td> <td data-bbox="1621 1019 1830 1099">6</td> <td data-bbox="1830 1019 2038 1099">2</td> </tr> </tbody> </table>	Urgent	Important	Routine	Operational	0	3	6	2
Urgent	Important	Routine	Operational						
0	3	6	2						

## Management Action Plan - Priority 1, 2 and 3 Recommendations

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Compliance	Sample testing highlighted a number of cases where there were gaps with SBDC monthly rent statements not being issued to clients. It was indicated that this was due to a period of absence of the Finance Manager, with resources not available to cover this process in their absence.	SBDC rent statements to be issued on a monthly basis in all cases in accordance with agreed procedures. Action to be taken to ensure that appropriate resources are in place to cover periods of absence of key officers involved in the recovery process.	2	Agreed. Cover arrangements are now in place.	Implemented	Finance Manager
5	Compliance	There is no clear guidance in place as to the escalation mechanisms and the point at which SBDC will evict clients for non-payment of rent contributions. This is a complex decision making process and requires balancing with the Council's legal duties towards the clients and the individual circumstances of each case. However, without any clear guidance on when eviction can occur the accommodation costs incurred by the Council will continue to escalate with little or no contributions being made by clients.	Guidance to be developed in relation to eviction of SBDC clients with rent arrears to ensure that accommodation costs do not escalate with little prospect of recovering contributions from clients.	2	Agreed.	30/09/17	Housing Manager

PRIORITY GRADINGS

**1 URGENT** Fundamental control issue on which action should be taken immediately.

**2 IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3 ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
9	Compliance	It was evident from reviewing the temporary accommodation processes that it is time consuming for all officers involved, particularly in relation to the South Bucks cost recovery process. Given the level of payments being recovered from clients, the costs incurred in recovering such payments should be subject to analysis to ensure that it is cost effective to pursue these debts.	Cost benefit analysis to be undertaken to ensure that it is cost effective to pursue B&B debts.	2	Agreed.	30/09/17	Head of Finance
1	Compliance	It was noted that there are no formal targets or any formal monitoring of decision timeframes to ensure that any delays in the assessment process are reasonable.	Target timeframes for duty decisions to be established and monitored through system flags/reports to enable senior officers to better assess reasons for any delays.	3	Agreed.	31/10/17	Housing Manager

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Compliance	The initial TA placement process is the same for both Councils. It was noted, however, that separate procedures are still in place and different forms are still being used across the two Councils despite it being a shared service. In addition, a number of the forms used for the TA placement process appear to be duplicating information and creating unnecessary additional workload. Standardised letters to clients have begun to be developed, however testing indicated an inconsistent approach to the information included in letters and emails to clients, particularly in relation to payment requirements, methods of payment and consequences of non-payment in SBDC cases.	Procedures and forms to be standardised for the two authorities, with standardised wording to be introduced for all communication with clients, in particular in relation to payment responsibilities, methods of payment and consequences of non-payment.	3	Currently separate procedures in CDC and SBDC, where possible forms will be standardised.	31/10/17	Housing Manager

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Compliance	In general, the records being maintained on the Locata system were thorough, with audit trails of documentation and communication with clients being easy to follow. In four of the cases tested, however, a full audit trail was not in place on the Locata system attaching all relevant TA placement documents (including 2 SBDC cases where a signed version of the B&B placement letter outlining the client's payment responsibilities was not on file).	Officers to be reminded of the importance of ensuring all relevant documentation is obtained and retained on file. A checklist could be incorporated into the process to help ensure that all documentation is retained.	3	Agreed.	30/09/17	Housing Manager
6	Compliance	Discussions with the Senior Housing Options Officer indicated that the SBDC B&B letter may only be issued on placement into B&B and refers to the obligation to pay for that particular accommodation. Often the client will move around different providers, but subsequent letters may not be issued with a new declaration for them to sign, or if they are issued it is very difficult at this point to ensure that the client returns a signed version.	South Bucks B&B letter to be updated to make reference to the client's requirement to pay a contribution towards the cost of the initial accommodation provided, as well as any subsequent B&B or other nightly paid accommodation provided.	3	Agreed.	30/09/17	Housing Manager

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
7	Compliance	A master monitoring spreadsheet has been created to act as the key monitoring tool for South Bucks B&B cases. Given the continued increase in the number of B&B cases and the complexity involved, managing these cases through the use of a spreadsheet is not an optimal solution.	Options for procuring a small-scale dedicated rent management system to be explored to ensure client accounts can be managed efficiently and effectively.	3	Agreed.	31/10/17	Head of Finance
8	Compliance	It was noted that the draft SBDC recovery procedure refers to the requirement for meeting outcomes and action points to be recorded on the Locata journal notes for each applicant. This process is not currently in place; as the Locata system acts as the key case management tool, all relevant notes should be included on the Locata journals in order to ensure that a full audit trail is maintained.	Outcomes from monitoring meetings and action taken to be recorded on the case notes for each applicant to ensure a full audit trail is maintained.	3	Agreed.	31/10/17	Housing Manager

PRIORITY GRADINGS

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## Operational Effectiveness Matters

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Ref	Risk Area	Item	Management Comments
1	Compliance	Consideration to be given to delegating responsibility for duty decisions to case officers in straightforward cases to reduce the time taken when assessing homeless applications.	<i>Agreed.</i>
2	Compliance	Key officers to be given access to all relevant systems in order to allow direct access to relevant information and to streamline the sharing of information across departments and systems.	<i>Agreed. The Housing Team have already been given access to the Revenues &amp; Benefits system.</i>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis



## Detailed Findings

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### INTRODUCTION

1. This review was carried out in July and August 2017 as an additionally requested piece of internal audit work for 2017/18. Based on the work carried out an overall assessment of the overall adequacy of the arrangements to mitigate the key control risk areas is provided in the Executive Summary.

### BACKGROUND

2. When a homeless application is made, if it is considered that the applicant is actually homeless at the time and appears to be in priority need, each Council has a statutory duty to provide interim temporary accommodation while the application is assessed. Where possible, the Councils will avoid placing households in B&B accommodation, however, high demand for temporary accommodation means that the Councils often have no other option than to use B&B placements in order to meet their statutory duty.
3. Where B&B and other nightly paid self-contained accommodation is utilised, the accommodation providers are paid directly by the Councils. Section 206(2) of the Housing Act 1996 allows the Councils to require a client to pay a "reasonable amount" in respect of any sums paid by the Councils to secure accommodation for that client. Chiltern DC covers the full cost of the placement out of its Homelessness budget, which may be offset by any award of Housing Benefit. No contribution is required from the applicant towards the cost of the accommodation.
4. In contrast, South Bucks DC requires a contribution from the client in addition to any Housing Benefit received. Historically, this has required the client to make contributions for the shortfall between their Housing Benefit award (if any) and the full cost of the accommodation charge (e.g. £50 per night). Recent case law led to this approach being questioned as the higher charge may be subject to challenge as unreasonable on the grounds of affordability for the client. Since February 2017, the amount re-charged to clients has been a flat fee of £25 per night, regardless of the actual cost of the accommodation or the circumstances of the applicant. This means that the applicant will be required to make contributions to South Bucks for any shortfall between their Housing Benefit award and the £25 per night charge. All references to "rent" in this report should be taken to mean the amounts being charged by South Bucks under Section 206(2).
5. Two recent large write-offs of B&B arrears for South Bucks have highlighted how costs to the Council can escalate if the income from Housing Benefits and client contributions is not maximised. As a result, from June 2016 the Housing, Finance and Revenues & Benefits Teams have introduced a new corporate process for managing B&B placements for South Bucks in order to avoid a repeat of the issues that gave rise to the large debts. In addition to the introduction of the lower flat fee, new procedures have been put in place to ensure that clear and up to date information is being recorded, shared and regularly monitored by all relevant teams, and that applicants are provided with regular, clear information in relation to their payment responsibilities and the consequences of non-payment.
6. The purpose of this review has been to assess the procedures in place across both Councils for the placement of households in Temporary Accommodation and the ongoing case management, in order to ensure that costs to the Councils are minimised. Particular focus has therefore been placed on analysing the implementation of the new procedures for cost recovery for South Bucks, although a wider review of procedures across the two Councils has also been carried out.

**MATERIALITY**

7. Figures for annual B&B/other nightly paid accommodation costs for 2016/17 are as follows:

	Expenditure on placements	Recovered through Housing Benefit subsidy	Recoverable through client charges	Net expenditure on placements
South Bucks	£919,777	£290,685	£168,710 (after taking into account the 16/17 bad debt provision of £59,926, this figure incorporates actual amounts received plus arrears still being pursued with reasonable expectation of recovery)	£460,382
Chiltern	£172,456	£62,902	£0	£109,554

**KEY FINDINGS & ACTION POINTS**

8. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed for their full impact before they are implemented.

**SCOPE AND LIMITATIONS OF THE REVIEW**

9. To assess the adequacy and effectiveness of the internal controls in place in the Councils for the management of Temporary Accommodation for homeless applicants. While the review has focused on the use of B&B and other nightly paid accommodation, the use of Temporary Accommodation in general has been reviewed and the following key areas have been considered:

- A programme is in place to ensure sufficient numbers of Temporary Accommodation units are available;
- Appropriate policies and procedures are in place for managing Temporary Accommodation, e.g. initial placement of individuals, case monitoring, billing/payments, moving on to settled accommodation, eviction.
- Temporary accommodation is only used when no other housing solutions are available (including using B&B only as a last resort);
- The information provided to homeless applicants is clear, and sets out Temporary Accommodation payment responsibilities and options for assistance (e.g. Housing Benefit).
- Expenditure is being controlled appropriately and value for money is being obtained;
- Appropriate procedures are in place to determine what the client’s contribution should be, who is involved in this and how it is reviewed;
- All income due to the Councils is recovered, with appropriate procedures in place to deal with accounts in arrears;

- Adequate liaison is in place between Housing and Benefits teams to ensure those placed in temporary accommodation promptly apply for benefits and provide all relevant information in order to maximise Housing Benefit and minimise costs to the Council and the client;
  - Budgets are appropriately monitored and effective action taken where significant variances are highlighted;
  - Appropriate performance indicators are in place and regularly reviewed; and
  - Management are provided with regular updates on the performance of the service in order to be able to take action to address any issues identified.
10. The review has focused on the use of Temporary Accommodation during or following a homelessness duty decision being made. The scope of the review does not include an assessment of the reasonableness of individual homelessness duty decisions.
11. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.

**DISCLAIMER**

12. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

**RISK AREA ASSURANCE ASSESSMENTS**

13. The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
<b>Limited Assurance</b>	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
<b>No Assurance</b>	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

**ACKNOWLEDGEMENT**

14. We would like to thank staff for their co-operation and assistance during the course of our work.

**RELEASE OF REPORT**

15. The table below sets out the history of this report.

<b>Date draft report issued:</b>	11 <sup>th</sup> August 2017
<b>Date management responses received:</b>	17 <sup>th</sup> August 2017
<b>Date final report issued:</b>	21 <sup>st</sup> August 2017

15. The following matters were identified in reviewing the Key Risk Control Objective:

**Directed Risk: Failure to direct the process through approved policy & procedures.**

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**Background**

- 15.1 Chiltern and South Bucks operate a shared housing service which includes a shared housing options and homelessness service.
- 15.2 Each Council has a statutory duty to secure that accommodation is available to homeless persons who meet certain eligibility criteria. When a homeless application is made, if it is considered that the applicant is actually homeless at the time and appears to be in priority need (for example a person with dependent children), then there is an additional duty under section 188 of the Housing Act 1996 to provide interim temporary accommodation while the application is assessed.
- 15.3 Following assessment of the case, if the Council decides that all eligibility criteria are met and it has a full duty towards the applicant, it must ensure that housing is available for the applicant. This duty is satisfied in practice by securing temporary accommodation for the immediate future, with applicants registered with Bucks Home Choice in order to bid on suitable properties for permanent accommodation as and when they become available. There is no time limit on this duty, however the duty will come to an end if: (i) the applicant accepts an offer of accommodation via the Bucks Home Choice scheme, (ii) the applicant refuses a suitable offer of accommodation, or (iii) the applicant loses the temporary accommodation that was provided (e.g. evicted for rent arrears).
- 15.4 If, following assessment of the case, the applicant does not meet all the required eligibility criteria then the Council will not have a duty to make sure that housing is available. It is required, however, to arrange housing for a reasonable period to allow the applicant to make their own housing arrangements (in practice the applicant is typically provided with temporary accommodation for a further 14-28 days).
- 15.5 Every applicant has the right to request for a review of the decision that has been made on their application. Review requests must be made to the Council within 21 days of the decision being received by the applicant. The review will be undertaken by a senior officer of the Council who was not involved in the original decision. If the review decision goes against the applicant, there is a further right of appeal to the County Court on a point of law. Any appeal must be brought within 21 days of the review decision.

**Temporary Accommodation Options**

- 15.6 Demand for temporary accommodation in both districts has increased significantly over the last two years, which is also reflective of a national trend for increasing numbers of temporary accommodation placements. Such higher levels are expected to continue, and the coming into force of the Homelessness Reduction Act may also result in the Councils facing increased demands for temporary accommodation.
- 15.7 Chiltern DC has an agreement in place with Paradigm Housing Group to assist the Council in meeting its statutory obligations by providing temporary accommodation at Tom Scott House (20 units of self-contained interim accommodation). Where Tom Scott House is fully occupied, Paradigm will try to assist the Council by making other dwellings within its stock available as interim accommodation.

- 15.8 If no self-contained temporary accommodation is available for a household on the date that the household becomes homeless then CDC will secure B&B accommodation. Rooms are booked as and when and are charged on a nightly rate. If no B&B accommodation is available then CDC may have to utilise hotel accommodation on a short term basis until B&B or other alternative temporary accommodation becomes available.
- 15.9 Unlike Chiltern, South Bucks does not have any designated temporary accommodation to meet its statutory duties. It is reliant on B&B accommodation, L&Q properties let on a temporary basis (approximately 15 units at any one time), and other opportunities that become available (for example the Council is currently able to utilise vacant former police houses in Gerrards Cross and vacant L&Q-owned student accommodation in Wycombe, although these units could be withdrawn at any time upon giving notice).
- 15.10 There may be rare occasions where one of the Councils has available capacity within its temporary accommodation while the other authority is facing significant pressures to secure sufficient accommodation. In this situation the Council with available capacity may make its temporary accommodation available to the other authority to utilise in order to fulfil its statutory duties.
- 15.11 For households with family commitments, the period of time spent in B&B should not exceed six weeks. The Councils will seek to move such households to alternative self-contained accommodation as soon as possible, and will be prioritised for a move from B&B as and when suitable self-contained temporary accommodation becomes available.

### Costs to the Councils

- 15.12 The provisions of the Housing Act 1996 allow the Councils to require a household to pay a reasonable charge in respect of the temporary accommodation that has been secured for them. In making any charge, the Councils must have regard to the fact that the temporary accommodation must be affordable to the household concerned.
- 15.13 Where clients are placed in temporary accommodation managed by a Registered Provider, e.g. Tom Scott House, the client will have an agreement in place to make payments directly to the Registered Provider and any Housing Benefit payments will be made either to the client directly or to the Registered Provider as landlord.
- 15.14 Where clients are placed in B&B or other nightly paid accommodation, the accommodation providers are paid directly by the Councils. Chiltern DC covers the full cost of the placement out of its Homelessness budget, which may be offset by any award of Housing Benefit. No contribution is required from the applicant towards the cost of the accommodation.
- 15.15 In contrast, South Bucks DC require a contribution from the client in addition to any Housing Benefit received. Historically, this has required the client to make contributions for the shortfall between their Housing Benefit award and the full cost of the accommodation charge (e.g. £50 per night). Since February 2017, the amount re-charged to clients has been a flat fee of £25 per night, regardless of the actual cost of the accommodation or the circumstances of the applicant. This means that the applicant will be required to make contributions to South Bucks for any shortfall between their Housing Benefit award and the £25 per night charge. One of the key reasons for the reduction was the fact that the charge must be affordable for the applicant. By charging the full cost of the accommodation, the charge to the client was significantly higher than LHA levels, and therefore there was an increased risk of challenge that the accommodation was unaffordable. By reducing the charge, moving forward it is expected that (i) clients may be more inclined to pay when they are presented with a smaller debt, and (ii) there is a higher likelihood that the Council could show they have been charging a reasonable amount and therefore entitled to evict when clients are not paying their contributions.

15.16 From those currently in B&B or other nightly paid accommodation, for South Bucks the actual costs being paid to the accommodation provider at the time of the audit ranged from £25 per night up to £95 per night. For Chiltern the actual cost ranged from £35 per night to £85 per night.

15.17 The typical approximate costs for a week spent in B&B at a nightly cost of £50 where the client is entitled to maximum Housing Benefit are as follows:

	Payment to B&B provider (excl VAT):	Total charge to client	Maximum HB recoverable through DWP subsidy	Client required to pay	Net direct cost to Council
South Bucks	<b>£350</b>	£175	<b>(£150)</b>	<b>(£25)</b>	<b>£175-£200</b> depending on actual client contribution
Chiltern	<b>£350</b>	£0	<b>(£150)</b>	<b>(£0)</b>	<b>£200</b>

15.18 At the other extreme, costs where the client is not entitled to any Housing Benefit would be as follows:

	Payment to B&B provider (excl VAT):	Client required to pay	Net direct cost to Council
South Bucks	<b>£350</b>	<b>(£175)</b>	<b>£175-£350</b> depending on actual client contribution
Chiltern	<b>£350</b>	<b>(£0)</b>	<b>£350</b>

15.19 As demonstrated above, South Bucks is minimising its costs through recovering contributions from clients, in contrast to Chiltern which does not require any contributions.

15.20 Annual expenditure on B&B and other nightly paid accommodation, however, is considerably higher for South Bucks than for Chiltern. Figures for annual B&B/other nightly paid accommodation costs for 2016/17 are as follows:

	Expenditure on placements	Recovered through Housing Benefit subsidy	Recoverable through client charges	Net expenditure on placements
South Bucks	£919,777	£290,685	£168,710 (after taking into account the 16/17 bad debt provision of £59,926, this figure incorporates actual amounts received plus arrears still being pursued with reasonable expectation of recovery)	£460,382
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15.21 Key reasons for the higher expenditure include:

- The use of temporary accommodation and the length of time clients are spending in temporary accommodation is closely linked with the supply of affordable housing in general. While the supply of affordable housing is outside the scope of this audit, it was noted that there is a severe shortage of affordable housing, especially in the South Bucks area.
- In 2016/17 South Bucks also saw a slightly higher number of homeless applicants overall when compared to Chiltern. The shortage of social housing in the South Bucks area, coupled with higher private rents, leads to a higher number of households having to rely on the SBDC homelessness service. This means more individuals being placed in temporary accommodation overall, and more time being spent in temporary accommodation prior to being able to find more permanent housing solutions.
- As noted in paragraph 15.9 above, South Bucks does not have any designated temporary accommodation. The lack of alternative temporary accommodation options in South Bucks means that B&B accommodation is having to be utilised more.

### **Policies and Procedures**

15.22 Each Council must secure that sufficient temporary accommodation is available to meet its statutory duty. This accommodation must be utilised and allocated correctly. Each local authority should have a clear statement on how it procures and allocates temporary accommodation. It was confirmed that during 2016/17 a joint Temporary Accommodation Framework was approved by Members of both Councils and sets out the process for securing and allocating temporary accommodation. This contains a number of principles – each Council will:

- Secure temporary accommodation in compliance with its statutory duties under Part 7 of the Housing Act 1996
- Secure self-contained temporary accommodation wherever possible and only secure B&B accommodation when no other suitable self-contained temporary accommodation is available
- Minimise the length of time that any household with family commitments has to spend in B&B accommodation
- Aim to secure temporary accommodation provision within the district
- Ensure that temporary accommodation meets appropriate standards of suitability and fitness
- Minimise the cost of temporary accommodation provision to the Council and maximise income to offset costs where possible.

15.23 The Framework also includes an overview of the options to be explored by the Councils over the next 12 months to help maintain and increase the supply of temporary accommodation to meet current and future needs. Such measures include: reviewing the housing options service to help prevent or relieve homelessness before a client becomes homeless; exploring options for new developments to incorporate new temporary accommodation provision; exploring options for working with the private rental sector to secure temporary accommodation; exploring options to work with other partners including Wycombe and Aylesbury Vale District Councils to deliver additional temporary accommodation provision. It was confirmed that a number of options are currently being explored, including leasing and buy back schemes with Registered Providers, and development of sites for new temporary accommodation units.



- 15.24 Where a client gives notice of an impending homelessness issue, an investigation into whether the Council owes them a duty can take place. Where a client presents themselves as homeless on the day, the client has to be housed that night in emergency temporary accommodation and an investigation into the duty owed will follow while they remain in temporary accommodation.
- 15.25 There are separate procedure notes in place for Chiltern and South Bucks for the process for placing clients into B&B. These cover the processes to be followed for booking clients into B&B, the documentation to be provided to clients and internally for informing all relevant departments, and processes for updating the Locata system as necessary. It was noted that, following changes to processes during 2017, these procedures do not completely reflect the new processes and documentation requirements.
- 15.26 There is also a flow chart in place for the recovery of rental payments for nightly paid accommodation (SBDC only), as well as a draft process note, which is still a work in progress. At the time of the audit, process mapping meetings were taking place between officers from all relevant departments to agree further changes to streamline processes and clarify roles and responsibilities of officers across the Housing, Finance, Customer Services and Revenues & Benefits teams.
- 15.27 It is therefore acknowledged that procedures require review and update, and this is currently an ongoing process. As such, a general recommendation relating to review of procedures has not been raised here. However, where specific areas of weakness were identified, these have been referred to in the report below along with relevant recommendations.

**Compliance Risk: Failure to comply with approved policy and procedure leads to potential losses.**

- 15.28 The Housing team use the Locata system to manage homelessness applications and temporary accommodation placements. Reports run from the Locata system showed that, at the time of the review, for Chiltern there were 32 current cases of individuals/families being housed in temporary accommodation. For South Bucks, there were 60 current cases. Further breakdown by type of accommodation is as follows:

	Accommodation within RSL stock	Bed & Breakfast	Other nightly paid, privately managed accommodation (self-contained)	Hostel Women's Refuge	Other - Homeless at Home	Total
Chiltern	20	9	2	1	0	32
South Bucks	21	20	18	0	1	60
<b>Totals</b>	<b>41</b>	<b>29</b>	<b>20</b>	<b>1</b>	<b>1</b>	<b>92</b>

- 15.29 Sample testing was carried out with respect to 10 CDC cases and 10 SBDC cases of households in temporary accommodation at the time of the audit. This focused on those currently in B&B accommodation, although other types of temporary accommodation were also included in the sample for completeness. In all cases, testing was carried out to verify that:
- All appropriate documentation regarding the TA placement had been completed promptly and retained on file;
  - Clients were assisted to complete Housing Benefit claims promptly (ideally at the time of placement) to ensure maximum amount of Housing Benefit awarded to minimise potential Council costs;
  - Adequate audit trails are in place to cover TA placement, Housing Benefit applications and ongoing case management.
- 15.30 For the South Bucks cases, additional testing was carried out to verify that:
- Initial documentation relating to temporary accommodation charges and client responsibilities had been completed promptly, signed by the client and retained on file;
  - Rent statements have been sent out on a monthly basis;
  - There has been adequate communication with clients regarding payment of charges, with appropriate records maintained on file.
  - Appropriate action is being taken in cases of continued non-payment of charges.
- 15.31 Sample testing highlighted the following:
- The length of time spent assessing homeless applications can have a direct effect on the length of time spent in temporary accommodation and the related costs incurred by the Councils. The assessment time can vary dramatically depending on the particular circumstances of each case and the fact that the Councils are reliant on all relevant information being provided by the applicant and other third parties. From the sample tested, the timeframe ranged from one week to 4 months. While there was nothing within the sample tested to suggest that the longer timeframes were unreasonable, it was noted that there are no formal targets or any formal monitoring of decision timeframes to ensure that any delays in the assessment process are reasonable. Discussions with the Senior Housing Options Officer indicated that Locata system reports could be used to flag cases going over a target timeframe to enable an assessment of whether there is a resourcing issue or other reason for the delay. Discussions also indicated that it may be beneficial to delegate responsibility to case officers for making duty decisions in straightforward cases in order to reduce the timeframes involved in passing cases to senior officers to review.

**Recommendation: 1****Priority: 3****Target timeframes for duty decisions to be established and monitored through system flags/reports to enable senior officers to better assess reasons for any delays.**

**Operational Effectiveness Matter: 1**

**Consideration to be given to delegating responsibility for duty decisions to case officers in straightforward cases to reduce the time taken when assessing homeless applications.**

- While the recovery of costs element is unique to South Bucks, the initial temporary accommodation placement process is the same for both Councils. It was noted, however, that separate procedures are still in place and different forms are still being used across the two Councils despite it being a shared service.
- A number of the forms used for the temporary accommodation placement process appear to be duplicating information and creating unnecessary additional workload.
- Standardised letters to clients have begun to be developed, however testing indicated an inconsistent approach to the information included in letters and emails to clients, particularly in relation to payment requirements, methods of payment and consequences of non-payment in SBDC cases.

**Recommendation: 2**

**Priority: 3**

**Procedures and forms to be standardised for the two authorities, with standardised wording to be introduced for all communication with clients, in particular in relation to payment responsibilities, methods of payment and consequences of non-payment.**

- Housing Benefit applications had been made either on the day of placement or very soon afterwards, with claims being processed promptly and with effect from the date that the applicants went into temporary accommodation, ensuring maximum recovery of benefit income to the Councils. No issues were noted.
- In general, the records being maintained on the Locata system were thorough, with audit trails of documentation and communication with clients being easy to follow. In four of the cases tested, however, a full audit trail was not in place on the Locata system attaching all relevant TA placement documents (including 2 SBDC cases where a signed version of the B&B placement letter outlining the client's payment responsibilities was not on file).

**Recommendation: 3**

**Priority: 3**

**Officers to be reminded of the importance of ensuring all relevant documentation is obtained and retained on file. A checklist could be incorporated into the process to help ensure that all documentation is retained.**

- In a number of cases there were some gaps with SBDC monthly rent statements not being issued to clients. It was indicated that this was due to a period of absence of the Finance Manager, with resources not available to cover this process in their absence.

**Recommendation: 4****Priority: 2**

**SBDC rent statements to be issued on a monthly basis in all cases in accordance with agreed procedures. Action to be taken to ensure that appropriate resources are in place to cover periods of absence of key officers involved in the recovery process.**

- In one case, it was noted that the rent statement sent out to the client was inaccurate as it did not include all periods to be charged, and one period was showing as being charged at the wrong nightly rate. In addition, it was noted in two cases that client payments received were recorded on the rent statements in the wrong period. While the figures were accurate, this can appear confusing to the clients when receiving their statements. However, additional checks add to the cost effectiveness of the process and since the move to a standard daily charge of £25 the complexity of the bills has reduced. Furthermore each case is already checked before the final bill is issued.
- A review of the Locata journal notes for the South Bucks cases indicated an adequate level of communication between Housing Officers and clients relating to payment of charges, in addition to the rent statements being issued. For the sample tested, the arrears at the time of the audit ranged from £82.32 up to £1338.67. While it was clear that continued attempts are being made to secure payments from clients, this often results in little or no payments actually being received. There is no clear guidance in place as to the escalation mechanisms and the point at which SBDC will evict clients for non-payment of rent contributions. This is a complex decision making process and requires balancing with the Council's legal duties towards the clients and the individual circumstances of each case. However, without any clear guidance on when eviction can occur the accommodation costs incurred by the Council will continue to escalate with little or no contributions being made by clients.

**Recommendation: 5****Priority: 2**

**Guidance to be developed in relation to eviction of SBDC clients with rent arrears to ensure that accommodation costs do not escalate with little prospect of recovering contributions from clients.**

- 15.32 A specific review was carried out of the proforma letter issued to applicants on placement in B&B for South Bucks. It was confirmed that the letter is clear regarding the applicant's responsibility to pay the cost of the accommodation, being £25 a night, or a weekly charge of £175. It is also clear that a failure to pay may result in the Council having to take action to end the provision of the accommodation and the applicant will then have to make their own housing arrangements. It is also clear on the action to be taken to apply for Housing Benefit and responsibilities for paying the shortfall between the Housing Benefit and the total accommodation charge. The letter also details the action to be taken if there are problems with paying and is clear about the methods of payment.

- 15.33 In addition, the letter contains a declaration to be signed by the applicant to confirm that the contents of the letter have been explained to them and that the applicant understands that (i) they are obliged to make payments, and (ii) failure to make the required payment may result in the Council ending the provision of the accommodation and discharging its duty to provide interim accommodation, in which case the applicant will have to make their own housing arrangements.
- 15.34 Discussions with the Senior Housing Options Officer indicated that the letter may only be issued on placement into B&B and refers to the obligation to pay for that particular accommodation. Often the client will move around different providers, but subsequent letters may not be issued with a new declaration for them to sign, or if they are issued it is very difficult at this point to ensure that the client returns a signed version. Sample testing highlighted two cases where new letters had in fact been issued for the move, however in both cases a signed version of the letter had not been received from the client. In order to ensure clarity and prevent any dispute over payment requirements, the initial B&B letter could be updated to make it clear that they will be responsible to pay the costs of the particular accommodation referenced, as well as any subsequent temporary accommodation that they are placed in.

**Recommendation: 6****Priority: 3**

**South Bucks B&B letter to be updated to make reference to the client's requirement to pay a contribution towards the cost of the initial accommodation provided, as well as any subsequent B&B or other nightly paid accommodation provided.**

- 15.35 Discussions with the Senior Housing Options Officer also highlighted inefficiencies in the way that information is shared among the various departments involved in temporary accommodation cases. For example, documents may be provided to the Housing team as part of the applicant's homeless application and held on the Locata system which are equally necessary for completing Housing Benefits claims. At present, this is managed through ad hoc email liaison between the different departments in order to establish if additional information has been received.

**Operational Effectiveness Matter: 2**

**Key officers to be given access to all relevant systems in order to allow direct access to relevant information and to streamline the sharing of information across departments and systems.**

**Monitoring of temporary accommodation placements**

- 15.36 A master monitoring spreadsheet has been created to act as the key monitoring tool for South Bucks B&B cases. This includes a summary financial position for all cases (total charged, total HB income received, total income received from client, and total outstanding) as well as key details relating to the continuing management of each case. In addition, there are tabs relating to each individual/family containing a pro-forma rent statement, showing the breakdown of amounts charged, received, and outstanding, as well as any other pertinent details relating to the individual case (e.g. information relating to any Housing Benefit award).

- 15.37 While the spreadsheet appeared to be thorough and incorporated key financial details with respect to each case, it is still a very manual process to monitor and update the spreadsheet, which can be time consuming for officers and leads to increased risk of human error. As noted above, sample testing highlighted inaccuracies with the presentation of rent charges due to human error in updating the spreadsheet. Given the continued increase in the number of B&B cases and the complexity involved, managing these cases through the use of a spreadsheet is not an optimal solution.

**Recommendation: 7****Priority: 3**

**Options for procuring a small-scale dedicated rent management system to be explored to ensure client accounts can be managed efficiently and effectively.**

- 15.38 It was confirmed that monitoring meetings are held on a weekly basis between the Finance Manager and the Monitoring Officer (Housing team) to review all South Bucks B&B cases using the monitoring spreadsheet. Cases are specifically highlighted where there is more than £4,000 outstanding or Housing Benefit is not in payment and these cases are prioritised for action. On a monthly basis, meetings are also attended by the South Bucks Benefits Policy Officer. Any outcomes from these meetings are noted on the monitoring spreadsheet as general status updates or action points for Housing and/or Finance.
- 15.39 In addition to these weekly meetings, it was confirmed that the Senior Housing Options Officer has regular meetings with the Monitoring Officer to review the applicants who are in arrears and confirm what action is to be taken.
- 15.40 It was noted that the draft SBDC recovery procedure refers to the requirement for meeting outcomes and action points to be recorded on the Locata journal notes for each applicant. This process is not currently in place; as the Locata system acts as the key case management tool, all relevant notes should be included on the Locata journals in order to ensure that a full audit trail is maintained.

**Recommendation: 8****Priority: 3**

**Outcomes from monitoring meetings and action taken to be recorded on the Locata journal for each applicant to ensure a full audit trail is maintained.**

- 15.41 At a senior officer level, it was confirmed that monthly B&B Debt Review meetings have also been established as part of the new corporate processes. The first of these meetings took place on 12 July 2017 and was attended by the Head of Finance, Head of Customer Services, Head of Healthy Communities, Finance Manager, Housing Manager, and the Benefits Policy Officer. Formal minutes are maintained, with action points agreed and recorded with responsibilities noted for individual officers. This now enables issues of non-payment or process inefficiencies to be regularly escalated to senior officers in a formal manner for review and action.

15.42 The use of temporary accommodation is also specifically monitored through two priority performance indicators. It was confirmed that these are reported as part of a monthly monitoring information pack (for CDC this is circulated to Management Team and Informal Cabinet, while for SBDC this is circulated to Management Team, Informal Cabinet and Overview & Scrutiny Members). It was further confirmed that these indicators are included within performance reports which are presented to Cabinet on a quarterly basis, as well as an annual performance report. The latest figures for June 2017 are:

#### CDC

- (i) The number of households living in temporary accommodation (snapshot at the end of the month). The target is 38 and the June figure was 35, so this is on target.
- (ii) The number of applicants with/expecting children who have been in B&B accommodation for longer than 6 weeks (snapshot at the end of month). The target is 0, with the June figure being 1 – a comment is included on the report that this relates to one household where a history of previous rent arrears has restricted the options for the Council to move on to alternative housing. Nomination for a move to an alternative social housing tenancy is currently pending.

#### SBDC

- (i) The number of households living in temporary accommodation (snapshot at the end of the month). The target is 68 and the June figure was 64, so this is on target. A comment is included that the number of households remains high due to the level of homelessness applications and limited availability of suitable long term accommodation that households can move on to. The month to month figures have remained broadly consistent with no significant upturn since the start of 2017.
- (ii) The number of applicants with/expecting children who have been in B&B accommodation for longer than 6 weeks (snapshot at the end of month). The target is 18, with the June figure being 5, so this is on target. A comment is included on the report that the number has reduced from previous months as the Housing service has secured increased level of self-contained temporary accommodation to provide alternative options. Also noted that as at 13 July, the number had reduced further to 3 households of which 2 were being accommodated for a reasonable period (as required by law) following a decision of intentional homelessness.

15.43 In addition to the two priority indicators, there is also a corporate performance indicator for both Councils which is included within the quarterly performance reports, being the average length of stay in B&B for all households. The latest published figures show that, for CDC, the average for 2016/17 was 9 weeks, against a target of 10 weeks, and is therefore on target. For SBDC, however, the average for 16/17 was 18 weeks, against a target of 10 weeks.

#### **Arrears (South Bucks)**

15.44 While clients remain in B&B accommodation, statements are due to be sent out to all clients on a monthly basis detailing amounts charged, amounts received by the Council through Housing Benefit and any direct payments by the client, and amounts outstanding to be paid. Chasing clients for non-payment of rent is then an ongoing process throughout their time spent in temporary accommodation, and is managed by the Housing team (a specific Monitoring Officer has been dedicated to this). When individuals move out of B&B accommodation, a formal invoice is raised by Finance for the balance outstanding. The process then becomes the same as any other debt dealt with by the Finance team, with reminders and final notices sent before being passed to debt collectors, and then considered for further recovery action or if appropriate for the balance to be written off.

15.45 A specific review was carried out with respect to the 10 clients with the highest levels of arrears in order to verify whether appropriate action had been taken throughout their cases to maximise the recovery of temporary accommodation costs. The top 10 debtors account for £98,378.34 of the total arrears. A summary of these 10 cases is included below:

	Period in temporary accommodation	Amount outstanding	Current case status
1	23/02/16 – 27/06/17	£34,710	An initial decision was made in July 2016 that the applicant was eligible for assistance, homeless and in priority need, but homeless intentionally and therefore no duty was owed. This decision was appealed and following further investigations and information provided, a duty was accepted at the end of November 2016. Frequent communication with clients is evidenced on file regarding information required for Housing Benefit application and non-payment of client charges. The TA placement was ended in June 2017 due to non-payment, and an invoice was raised on 04/07/17 for the total amount outstanding. This case is currently subject to a fraud investigation.
2	15/07/16 to date	£13,788.89	Applicant is still in B&B accommodation. There have been various rounds of appeal against the duty decision, which is still ongoing. At the date of the audit the Council was still under a duty to secure accommodation for a reasonable amount of time to allow applicant to secure their own accommodation (letter states 28 days from applicant being notified of the decision). The applicant does also have a right of appeal to the County Court.
3	19/05/16 – 18/04/17	£9,356.99	Invoice raised 05/05/17 for the total amount outstanding. Following standard debtor processes, the debt was referred to a debt collector in July 2017.
4	28/06/16 – 04/12/16	£7,291.36	Following queries over Housing Benefit entitlement, an invoice was raised 15/07/17 for the total amount outstanding. A Final Notice has since been issued. The recovery process is currently on hold as the client has offered to pay by instalments, with a standing order form sent out 01/08/17.
5	29/07/16 – 02/12/16	£7,228.83	Invoice raised 08/02/17 for the total amount outstanding. Referred to the debt collector at the end of April 2017.
6	28/04/16 – 29/05/17	£6,435.74	Invoice raised 09/06/17 for the total amount outstanding. A reminder has been issued and next step will be issuing a Final Notice.
7	15/03/16 – 06/03/17	£6,282.22	Invoice raised 27/03/17 for the total amount outstanding. Since then, the client has been making regular monthly payments to reduce the debt.
8	14/09/16 – 12/06/17	£4,490.09	Invoice raised 28/07/17 for the total amount outstanding. Next step will be a first reminder.
9	13/09/16 – 27/02/17	£4,426.82	Invoice raised 09/06/17 for the total amount outstanding. Final Notice issued 28/07/17 and next step will be to refer the case to the debt collector.
10	31/01/17 to date	£4,367.40	Applicant is still in B&B accommodation. A payment plan has been agreed.



15.46 The following were noted from a review of these cases:

- The vast majority of the debt relates to the higher amounts which were charged prior to February 2017. Where the higher amounts were being charged, evicting clients for non-payment would have presented specific issues for the Council on the grounds that the amounts being charged could be subject to challenge as being unaffordable for the client. As such, the arrears built up without an identifiable solution at that stage. This is particularly problematic in cases involving long and complex homelessness investigations or cases involving numerous appeals, as the Council is under a statutory duty to secure the accommodation pending a final homelessness duty decision, regardless of the fact that clients may not be paying their required contributions. Moving forward, the reduction of the charge to the flat fee of £25 per night not only reduces the overall level of debt, but also increases the likelihood of successful eviction due to non-payment as the risk of challenge is reduced. *(see recommendation 6 regarding the need to ensure that clear guidance is established in relation to eviction due to non-payment of arrears in order to minimise costs to the Council)*
- In the majority of cases, it was noted that there was a delay between the initial placement into temporary accommodation and the first chasing up of non-payment. This process improved following the deployment of an officer within the Housing Options team who has been specifically tasked with reviewing these cases since late 2016. The testing of current cases indicated a good level of arrears monitoring and chasing up of non-payment, although further process improvements may still be made. *(also see paragraphs 15.31 and 15.38-15.40)*
- As noted above with respect to current cases, in all cases there were gaps in sending out rent statements while the clients were still in B&B accommodation. *(see recommendation 4)*
- Once clients moved out of B&B accommodation, it was confirmed that appropriate action had been taken in accordance with standard debtors processes involving invoicing for the total amount outstanding, sending Reminders/Final Notices, referring to debt collectors or setting up payment arrangements.

15.47 A general review was carried out of all current cases involving households in B&B or other nightly paid temporary accommodation at the time of the audit review, in order to verify the current level of arrears for 'live' cases. Summary figures were as follows:

- 38 cases in total (20 in B&B, 18 in other nightly paid self-contained accommodation).
- After taking into account Housing Benefit payments received, the clients have been charged a total of £45,518.04.
- Payments received by clients to date amount to £8,512.39. This equates to 18.7% of the amount required to be paid.
- This leaves a total arrears of £37,005.65 across the 38 cases which continues to be pursued.

15.48 A general review was also carried out of all cases from 16/17 and 17/18 to date where households have moved on from B&B or other nightly paid accommodation, in order to verify the recovery levels for outstanding charges. Summary details are as follows:

- 125 cases in total. In 70 of these cases, the whole balance has been cleared, either through payments or through being written off. The remaining 55 cases continue to be pursued.
- After taking into account Housing Benefit payments, clients were being required to pay a total of £280,725.91
- Payments received by clients to date amount to £72,958.18. This equates to approximately 26% of the amount required to be paid.

- Write-offs have amounted to £90,794.50.
- This leaves a total amount outstanding of £116,973.23 across the 55 cases which continues to be pursued.

15.49 It was evident from reviewing the temporary accommodation processes that it is time consuming for all officers involved, particularly in relation to the South Bucks cost recovery process. Resources across the different Council departments have had to be dedicated to this area to ensure that appropriate monitoring is in place as the number of households in B&B has grown. The level of payments being recovered from clients and the costs incurred in recovering such payments should be subject to analysis to ensure that it is cost effective to pursue these debts.

**Recommendation: 9**

**Priority: 2**

**Cost benefit analysis to be undertaken to ensure that it is cost effective to pursue B&B debts.**

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