

MALDON DISTRICT COUNCIL

FINAL INTERNAL AUDIT REPORT

HOMELESSNESS AND TEMPORARY ACCOMMODATION
DECEMBER 2023

Design Opinion	● Moderate
Design Effectiveness	● Moderate

IDEAS | PEOPLE | TRUST



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DISTRIBUTION

Richard Holmes	Director of Service Delivery and Head of Paid Service
Hannah Wheatley,	Assistant Director Place & Community/Service Delivery Directorate
Damien Ghela	Lead Specialist Housing Strategy Officer
John Swords	Senior Housing Specialist
Helen Greengrass	Senior Specialist Co-ordinator Housing

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

REPORT STATUS

Auditors:	Aaron Winter, Director and Chief Audit Executive Andrew Billingham, Audit Manager Nadine Turner, Assistant Manager
Dates work performed:	November 2023 - December 2023
Draft report issued:	04 December 2023
Final report issued:	18 December 2023

EXECUTIVE SUMMARY

CRR REFERENCE: R33 LACK OF TEMPORARY ACCOMMODATION & SOCIAL HOUSING TO COPE WITH DEMAND

Design Opinion



Moderate

Design Effectiveness



Moderate

Recommendations



SCOPE

BACKGROUND

- ▶ The Housing Act 1996, Homelessness Act 2002, Localism Act 2002, and the Homelessness Reduction Act 2017 places statutory duties on Local Authorities relating to homelessness. As such the Council is required to ensure that advice and assistance is provided to households who are homeless or threatened with homelessness.
- ▶ Where the Council is satisfied that an applicant is eligible for assistance, unintentionally homeless, and falls with a specified priority need group, the Council has a duty to ensure that suitable accommodation is available for the applicant and his or her household.
- ▶ The Homelessness Act 2002 requires all local housing authorities to produce a new homelessness strategy no less than every five years, based upon a review of homelessness in their area. The Council has a Homelessness and Housing Strategy 2018-2025, which outlines the Council's plan to prevent and manage their duties to those who are at risk of, or become homeless.
- ▶ The Council's Homelessness team is made up of two triage officers, three homelessness officers, a domestic abuse officer, a rough sleeper outreach worker, a DWP work coach and a Ukraine resettlement worker.
- ▶ The service has a budget of c£186,000, not including salaries, to manage the service. As of September 2023, there had been 310 homeless approaches, 17 temporary accommodation placements in district, and 21 out of district.

PURPOSE

- ▶ The audit was conducted to provide assurance over how the Council manages its homelessness and temporary accommodation responsibilities and how effective these arrangements are.

AREAS REVIEWED

- ▶ We reviewed the MDC Housing Strategy 2018-2025 to assess whether it linked to all relevant legislation and Government guidance.
- ▶ Sampled 10 decisions for issuing temporary accommodation to ensure the priority need was clear and aligned to Government guidance and decisions were subject to a quality review process.
- ▶ Sampled 10 decisions where temporary accommodation was not issued ensuring the reason was clear, documented and a consistent approach was taken.
- ▶ Assessed the training provided to Housing Officers to ensure their skills and knowledge are kept up to date, and looked at how this is monitored and recorded.

- ▶ Reviewed the arrangements to manage/monitor budgets and whether grants sufficiently cover the outgoing costs of homelessness and temporary accommodation.
- ▶ Established the reporting arrangements to senior officers and Members on the risks, number of homelessness cases and the cost of temporary accommodation so there is adequate oversight.



AREAS OF STRENGTH

- ▶ The Council has a Housing Strategy 2018-2025, which clearly links to its obligations under homelessness legislation and supports the Corporate Plan 2021-2023.
- ▶ The Council's decision-making process is through its governance structure including the Planning and Community Services Committee, to ensure consistent understanding of strategic housing issues and changes to national policy and legislation. The Council has created a Strategic Housing Board which is a Member and Officer group, which meets regularly, to consider progress with the Housing Strategy and risks.
- ▶ The team at the Council follow the HM Government Homelessness Reduction Act 2017 and code of guidance, when providing temporary accommodation, they complete a homelessness investigation and outcomes sheet, which clearly shows the reason for prevention or relief duty, and an outcome on main duty.
- ▶ The Housing Officers undertake Council mandatory training as well as specific training through Shelter, ensuring skills and knowledge are kept up to date. Training is monitored through a team skills matrix.
- ▶ The Council offers financial help (incentives) to get a private rented property if threatened with homelessness or homelessness and on a low income. There are two schemes: damage deposit guarantee scheme and rent in advance.
- ▶ Budgets are monitored through monthly budget meetings with the Finance Partner. Budget reports are talked through, and forecasts reviewed. As of 21 November 2023, approximately £124k of the £160k Homelessness prevention grant had been spent. The current forecast for annual spend is £250k, so £90k over the grant. The expectation is that this will be off set against income from Housing Benefit.
- ▶ Financial reporting goes to the Corporate Leadership Team monthly, and budget monitoring reports go to the Planning and Community Services Committee quarterly. There is an ongoing financial risk due to demand for Temporary Accommodation, however this is being monitored and reported on.
- ▶ There is regular reporting through balance scorecards and the risk management process. Monthly reports go to the Corporate Leadership Team, and in October it was reported that 158 Council's across the Country have submitted a letter to the Chancellor to ask for an increase in funding and assistance for Housing Authorities to prevent the work stream collapsing and/or causing financial risk to Council's. MDC Officers will be meeting with Local MPs to raise the crisis at a local level and support the District Councils' Network lobbying endeavour. Reporting is also provided on a quarterly basis to the Strategic Housing Board.
- ▶ There are three corporate risks documented regarding housing in the district. Risk 33 specifically relates to the lack of temporary accommodation and special housing to cope with demand, this is reporting as a high risk and is reviewed on a regular basis.
- ▶ There are initiatives to bring housing stock back into the district, for example buying land and introducing modular housing. This is looking at

the future housing needs and carried out by a Senior Housing Specialist. Any initiatives will require initial approval from the Strategic Housing Board. These initiatives have the potential to ease pressure on temporary accommodation going forward and demonstrate that the Council are proactively looking at future solutions for housing needs.



AREAS OF CONCERN

- ▶ Since March 2023, Bed & Breakfast accommodation is being used for a family, resulting in non-compliance with Government guidance (Finding 1 - Medium).
- ▶ We found some Homelessness Investigation and Outcomes sheets were incomplete, this included information missing from the Specialist Housing Officer (L2) sign off for interim accommodation and/or Relief duty date accepted (Finding 2 - Medium).
- ▶ There is no quality control process in place for approaches where the Council has decided there is no priority need for temporary accommodation, therefore inconsistent quality control standards are being applied across the process (Finding 3 - Medium).



CONCLUSION

Housing and Homelessness is a national issue. HM Government publishes official statistics, on 31 March 2023, 104,510 households were in temporary accommodation, which was an increase of 10.0% from 31 March 2022. Households with children increased by 10.3% to 64,940, and single households increased by 9.6% to 39,570. Compared to the previous quarter, the number of households in temporary accommodation had increased by 4.0%.

The Council has no housing stock of its own so is reliant on partnering housing associations to provide suitable housing. This has resulted in delays moving people out of temporary accommodation, therefore limiting the number of people who can be provided with temporary accommodation within the district. However, there are options to house people outside of the district. The longest family in temporary accommodation awaiting a 3-bed property was 3 years, 8 months, this was reported to the Strategic Housing Board.


The Council has a dedicated team and an embedded set of controls to assess, document, monitor and regularly review homelessness and temporary accommodation needs within the district. The biggest risk for the Council is the lack of housing supply, and going forward the number of cases and the grants provided to the Council (financial risk). The Council's leadership team and Members are aware of the risks regarding homelessness and temporary accommodation, as these are documented and regularly reported on.

However, we identified a number of control weaknesses regarding secondary signatures on Homelessness Investigation and Outcomes sheets, no quality control process to ensure a consistent approach to non-priority decisions for allocating temporary accommodation, and an area of non-compliance regarding the use of B&B accommodation.

Therefore, we have concluded moderate assurance for control design and operational effectiveness.

DETAILED FINDINGS

1 USE OF BED & BREAKFAST (B&B)

TOR Risk:	There is inconsistent or irregular review of cases where a placement in temporary accommodation continues to ensure people are found more stable/permanent accommodation resulting in higher temporary accommodation costs
Significance	 Medium

FINDING

Use of Bed & Breakfast (B&B)

The Department for Levelling Up, Housing and Communities - Homelessness Code of Guidance for Local Authorities Homelessness Code of Guidance for Local Authorities states under section 16.30 - *'Housing authorities must not use B&B to accommodate families with children or pregnant women except where there is no alternative available, and then for a maximum period not exceeding 6 weeks. Guidance states that B&B type accommodation is never suitable for 16-17 year olds.'*

We found in one case that B&B accommodation is being used to home a mother and three children under 17. This temporary placement started on 23 March 23, so has exceeded six weeks. The Council has accepted main duty, this case is reviewed monthly, seen as a priority, and awaiting suitable three or four bedroom social housing to become available.

The risk of this family remaining in B&B accommodation has resulted in non-compliance with Government guidance leading to a reputational risk, and a high financial cost of temporary accommodation, adding pressure on the financial risk to the service. In addition, this poses a risk to the health and development of the children in this case.

RECOMMENDATION

- I. To continue to monitor this case on a regular basis, and report areas of non-compliance against Government guidance as part of their monthly highlight report to the Council's Corporate Leadership Team.
- II. As per Government guidance the Council should consider including a plan to reduce or eliminate the use of B&B accommodation.
- III. Report any areas of non-compliance through the monthly highlight reports to the Corporate Leadership Team.

MANAGEMENT RESPONSE

Maldon District Council acknowledges the audit findings in relation to use of B&B Accommodation.

The findings need to be balanced against the national and regional reality of available accommodation. The Essex region has declared a Housing Crisis due to lack of availability which extremely limits the options available to Housing Solutions


I. Housing activity monitors all cases of a similar nature. Cases of concern are raised to the Council’s Corporate Leadership Team with the data being contained within the Balance Scorecard document. Accepting the audit recommendations, steps will be taken to add commentary to the monthly Highlight Report

II. The Council’s Homelessness & Housing Strategy is due for an update in 2025. This will include refresh commentary on B&B use. However, due to the National context it is impossible to fulfil our Statutory obligations without use of B&B accommodation in some capacity. This has been escalated through central Government liaison meetings. However, it remains to be seen if central Government acknowledge the reality of availability.

III. Accepting the audit recommendations, steps will be taken to add commentary to the monthly Highlight Report

<p>Responsible Officer:</p>	<p>I. Damien Ghela, Helen Greengrass II. Damien Ghela, John Swords, Helen Greengrass III. Damien Ghela, Helen Greengrass</p>
<p>Implementation Date:</p>	<p>I. January 2024 II. 2025/26 financial year work III. January 2024</p>

2 HOMELESSNESS INVESTIGATIONS AND OUTCOMES SHEET

TOR Risk:	Officers fail to follow available guidance resulting in inappropriate decisions being made, which may not be in line with legislation
Significance	 Medium

FINDING

Homelessness Investigation and Outcomes sheet

When a priority need for temporary accommodation is identified, the Housing Officer completes a Homelessness Investigation and Outcomes sheet which details the reason for the priority, the name of the Housing Officer and includes a quality control process through secondary signatures from Specialist Housing Officers.

We tested a sample of 10 decisions which resulted in providing temporary accommodation, and found:

- All priority needs were defined and aligned to The Department for Levelling Up, Housing and Communities - Homelessness Code of Guidance for Local Authorities
- 5/10 (50%) Homelessness Investigation and Outcomes sheets were missing information, this included Specialist Housing Officer (L2) sign off for interim accommodation and/or Relief duty date accepted.

The risk of not completing the quality control process through secondary signatures may result in an incorrect decision being made, leading to reputational damage and potential financial loss to the Council.



RECOMMENDATION

- I. Review the robustness of the quality control process/secondary signature from Specialist Housing Officers.
- II. Conduct root cause analysis to understand why the secondary signature is not always completed.
- III. Remind all Housing Officers of the importance of getting the relevant agreement signatures when temporary accommodation is allocated.



MANAGEMENT RESPONSE

I. Following implementation of the latest Council restructure, a review of all Housing Solutions documents and processes will be undertaken to realign and establish levels of responsibility and delegated authorities. This will include a review of case management documentation and processes governing “sign off”.

II. As above


III. As above

Responsible Officer:

- I. Damien Ghela, Helen Greengrass
- II. Damien Ghela, Helen Greengrass
- III. Damien Ghela, Helen Greengrass

Implementation Date:	I.Dec 2024 II.Apr 2024 III.Apr 2024
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3 QUALITY CONTROL PROCESS

TOR Risk:	Officers fail to follow available guidance resulting in inappropriate decisions being made, which may not be in line with legislation
Significance	 Medium

FINDING

Quality control process

There is an embedded quality control process for the allocation of temporary accommodation. This is where Homelessness Investigation and Outcomes sheets are filled out, and a Specialist Housing Officer (L2) is required to agree the interim accommodation and acceptance of main duty.

However, there is no quality control process in place for approaches where the Council has decided there is no priority need for temporary accommodation. These are sometimes complex cases, and even though there is no priority for temporary accommodation there may still be a prevention duty. By applying the same approach (Specialist Housing Officer agreement) consistent standards will be applied across all parts of the process. In addition, embedding quality control checks will support the decision making process if any queries/complaints are raised.

The risk of not introducing a consistent quality control process across the decision making process may result in wrong decisions being made/inadequate advice being given, leading to reputational damage and potential financial loss to the Council.

RECOMMENDATION

Quality control process/secondary signature should be introduced for approaches that do not qualify for temporary accommodation.

MANAGEMENT RESPONSE

Following implementation of the latest Council restructure, a review of all Housing Solutions documents and processes will be undertaken to realign and establish levels of responsibility and delegated authorities. This will include a review of case management documentation and processes governing “sign off”

Responsible Officer:	Damien Ghela, Helen Greengrass
Implementation Date:	Apr 2024

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - TERMS OF REFERENCE



KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the potential key risks associated with the area under review are:

1. There is an inadequate strategy in place to support homelessness prevention, which does not consider the impact of high housing costs or the availability of housing for temporary accommodation.
2. Homelessness procedures are not documented, communicated and available to managers and staff, and roles and responsibilities are not clearly defined. This may lead to an unfair or inconsistent award of temporary accommodation.
3. Training is not regularly provided to staff to ensure their knowledge remains up to date and they have the skills to undertake their roles resulting in poor decision making.
4. Officers fail to follow available guidance resulting in inappropriate decisions being made, which may not be in line with legislation.
5. There is inconsistent or irregular review of cases where a placement in temporary accommodation continues to ensure people are found more stable/permanent accommodation resulting in higher temporary accommodation costs.
6. There are inadequate arrangements to manage/monitor the cost of temporary accommodation to prevent overspend of budgets.
7. There is ineffective reporting to senior officers and Members of the numbers of homelessness cases and the cost resulting in inadequate oversight.



SCOPE & APPROACH

The following areas will be covered as part of this audit, we will:

- ▶ Review the Council's strategy and confirm whether it includes a plan for sourcing temporary accommodation to ensure accommodation is available. We will also confirm the strategy has been approved by members. (Risk 1)
- ▶ Review the guidance in place for officers to ensure it is up to date incorporating any recent changes in legislation, easily available and clearly defines roles and responsibilities. (Risk 2)
- ▶ Obtain and review training records to verify regular training is provided. (Risk 3)
- ▶ Conduct testing of a sample of decisions where the Council has decided there is and there is not a priority need to ensure they have been made in accordance with legislation. (Risk 4)
- ▶ Confirm there is a process in place to find people permanent (move on) accommodation. We will test a sample of cases to confirm the process is operating. (Risk 5)
- ▶ Examine budget monitoring records to ensure there is regular and effective review of the homelessness and temporary accommodation budget. We will also establish if plans are in place to address any potential forecasted budget overspend. (Risk 6)
- ▶ Obtain reports for the last 12 months to ensure reporting to senior officers and Members is regular and effective. (Risk 7)

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review. However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the audit.

FOR MORE INFORMATION:

AARON WINTER

aaron.winter@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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