

Final Internal Audit Report

HEAT – Assessment Management (Emergency Accommodation Assessment)

December 2023

Distribution: Corporate Director of Housing
Head of Temporary Accommodation
Interim Head of Homelessness and Allocations
Director of Finance (Deputy S151 Officer)
Corporate Director of Resources and S151 Officer (Final only)

Assurance Level	Issues Identified	
No Assurance	Priority 1	4
	Priority 2	2
	Priority 3	1

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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1. Introduction

- 1.1 The Homelessness Reduction Act changed in April 2018 to require that all eligible applicants receive some level of advice and assistance rather than just those with a 'priority need'. The Act transformed the way the Council handles homelessness introducing two new duties in addition to the main housing duty:
- *Duty to prevent homelessness:* the Council have to help people at risk of losing suitable accommodation as soon as they are threatened with homelessness within 56 days. This includes single people, childless couples and families. Under the Homelessness Reduction Act, residents must co-operate with the steps and efforts the Council is taking to prevent them from becoming homeless;
 - *Duty to take steps to relieve homelessness:* This duty is for those who are already homeless. The Council provides advice and assistance to all those who are homeless to help them find suitable accommodation for themselves and their families; and
 - *The Main Housing Duty:* After 56 days, the relief duty comes to an end if the resident has not secured alternative accommodation. The Council assesses whether or not a main housing duty will be owed after the relief duty ends. The main housing duty is owed to those who remain homeless after the relief duty, are in priority need and have not made themselves intentionally homeless.
- 1.2 Someone who does not have the right, or is unable, to stay in their present accommodation can make a homeless application to a local authority.
- 1.3 Outside normal working hours, the local authority should have an emergency telephone service to a duty officer, often a social worker. The emergency telephone number should be publicised in the local authority's area.
- 1.4 If a local authority has reason to believe that an applicant may be homeless, eligible for assistance and have a priority need, it must make accommodation available while it makes inquiries and decides what duty (if any) is owed.
- 1.5 A person may have a priority need for a number of reasons, for example if they have children or are pregnant, are a care leaver under 21, or are vulnerable. From 5 July 2021, a person who is homeless as a result of domestic abuse automatically has a priority need.
- 1.6 Croydon Council (Council) has several ways that applicants may get in contact including a self-help tool on the Council's website, a dedicated phoneline, email channels, and a walk-in process.
- 1.7 At the time of the audit, H-CLIC information reported by Croydon up to September 2022 stated that there were 1,981 households within temporary accommodation, and 325 households were owed a relief duty. Of the 1,981 households within temporary accommodation, the Council reported that: 49 met the definition of a section 193 duty, 1,158 were under investigation, and 769 could not be classified.

- 1.8 The Council have hired an external specialist to assist with producing a revised Homelessness and Rough Sleeping Strategy. The aim of this new strategy is to drive savings of £1m+ by increasing the focus on early intervention and prevention. This strategy will be used to update the Homelessness Policies and Procedures at the Council.
- 1.9 Emergency accommodations are a part of Housing Directorate led by the Director of Housing with the operational activities managed by the Head of Temporary Accommodation and Interim Head of Homelessness and Allocations.
- 1.10 Our review focused on the effectiveness of controls in place within the emergency accommodation process of the Council. Our review and testing were performed remotely.
- 1.11 The audit was undertaken as part of the agreed Internal Audit Plan for 2022/23. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1. We were not however able to obtain all relevant documents required to complete the review; further details are set out in Section 2 and 3 below.

2. Key Issues

Priority 1 Issues

As discussed with the Interim Head of Homelessness and Allocations, staff had not received training since 2018. Furthermore, we were not provided with any training records and thus we cannot provide assurance on the effectiveness of this area. **(Issue 1)**

There were 427 outstanding assessment appointments with people claiming homelessness between the 16 December 2022 and 31 March 2023. This list of outstanding cases did not include cases emailed to the 'Triage Queue Inbox', the count of which could not be ascertained at the time of audit. It was explained that the Council was facing increased demand for housing which resulted in longer wait times for people claiming homelessness. **(Issue 2)**

H-CLIC data from July 2022 to September 2022 showed the Council had 20 families in Bed and Breakfasts (B+B's) who had been there for more than six weeks i.e. in non-compliance with Section 17.33 of the Homelessness Code of Guidance for local authorities which states that families should only be placed in B+B's as a matter of last resort, and only for a maximum of six weeks. It was explained that the Council was facing increased demand for nightly accommodation which resulted in the Council having to split families in order to house them and this poses the risk of safeguarding. **(Issue 3)**

The Housing Directorate used two systems i.e. Open Housing Management System (OHMS) provided by Northgate and SharePoint for processing EA and TA housing applications (called TEA) at the time of the audit. The Housing Needs Officer confirmed that there had been instances in past where the use of multiple systems resulted in staff

failing to check both systems, missing vital information about, or even the existence of, a housing application, which in turn resulted in duplicate applications, and increased workload. Comparison of the TEA records (i.e. the record of properties occupied and being paid for) to the OHMs tenancies as at 1 November 2022 found that there were 222 placements on TEA not yet set up on OHMs as tenancies. **(Issue 4)**

Priority 2 Issues

The Council did not have approved final versions of Emergency Accommodation (EA) Temporary Accommodation (TA) Allocations Policy and Homelessness and Rough Sleeping Strategy for Croydon 2019-22 at the time of the audit.

Furthermore, the documents shared did not define Housing Directorate's structure with details of staff and their roles and responsibilities within TA and Homelessness and Allocations teams and single initial point of contact for the people applying for temporary or emergency housing. **(Issue 5)**

While the Council was facing capacity issues and longer wait times (refer Issue 2), it continued to discharge its housing duty for applicants that refused the initial housing offer. Of the 14 households in the Council where the main housing duty ended between July and September 2022, only three were due to the households refusing a suitable temporary accommodation offer, withdrawal of application, or loss of contract. This further impacted the statutory timeframes of providing relief within 56 days of new housing applications. **(Issue 6)**

The Priority 3 issue is included under item 4 below.

3. Actions and Key Findings/Rationale

Control Area 1: Legislative, Organisational and Management Requirements

Priority	Action Proposed by Management	Detailed Finding/ Rationale - Issue 1				
1	<p>A training plan is being put together as part of the transformation of the service.</p> <p>The Homelessness and Rough Sleeping strategy is now underway and should be embedded and agreed by May 2024.</p>	<p>Expected Control</p> <p>The Council develops a staff training plan along with its frequency for the Homelessness Team as part of draft Homelessness and Rough Sleeping Strategy. Further, the Council should maintain training records for all such trainings to track staff attendance to such trainings.</p> <p>Finding/ Issue</p> <p>During the internal audit, the Interim Head of Homelessness and Allocations explained that staff had not received training since 2018. Furthermore, evidence was not provided in relation to training records and therefore assurance on the effectiveness of training cannot be provided in this area.</p> <p>The Council were in the process of updating Homelessness and Rough Sleeping Strategy which will define future training requirements for staff.</p> <p>Risk</p> <p>Lack of training to ensure staff have up-to-date technical and legislative knowledge may result in staff being unaware of the current processes and regulations thereby resulting in inconsistencies or inaccuracies within the processes and non-compliance with regulations.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Interim Head of Homelessness and Allocations</td> <td>Ongoing from August 2024</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Interim Head of Homelessness and Allocations	Ongoing from August 2024	
Responsible Officer	Deadline					
Interim Head of Homelessness and Allocations	Ongoing from August 2024					

Control Area 2: ‘Relief Duty’ Assessment

Priority	Action Proposed by Management	Detailed Finding/ Rationale – Issue 2				
1	<p>The Housing Needs Restructure will fundamentally change the service. There will no longer be a separate triage service but the whole service will focus on prevention and early intervention with only one pathway into the service.</p> <p>Customers will be seen on the day and cases will be dealt with immediately and allocated to officers.</p> <p>Four front line teams will manage all the demand, prevention relief cases whether single or families.</p>	<p>Expected Control</p> <p>The Council conducts regular monitoring of assessment appointments, tracking progress against defined performance measures, regular reporting and escalations to senior management as required to reduce wait times of assessment appointments by considering increasing their resource capacity.</p> <p>Finding/ Issue</p> <p>The Triage Team Manager confirmed via email that there were 427 outstanding assessment appointments with people claiming homelessness between the 16 December 2022 and 31 March 2023. Of these, 170 appointments related to Homelessness Prevention, 215 appointments related to ‘Singles’, 39 manual appointments made within the system by the Council staff and three appointments related to Homelessness Relief cases.</p> <p>Further, as discussed with the Housing Needs Officer, the above list of outstanding cases did not include cases emailed to the ‘Triage Queue Inbox’, the count of which could not be ascertained at the time of audit.</p> <p>The Interim Head of Homelessness and Allocations explained that the Council was facing increased demand for housing which resulted in additional workload for staff and longer wait times for people claiming homelessness.</p> <p>Risk</p> <p>Outstanding assessment appointments may result in the Council having delays in discharging their statutory duty of providing relief within 56 days to prevent homelessness which may lead to non-compliance with regulations and reputational damage to the Council.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Interim Head of Homelessness and Allocations</td> <td>April 2024</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Interim Head of Homelessness and Allocations	April 2024	
Responsible Officer	Deadline					
Interim Head of Homelessness and Allocations	April 2024					

Control Area 4: ‘Main Housing Duty’ Assessment

Priority	Action Proposed by Management	Detailed Finding/ Rationale – Issue 3				
1	<p>An action plan has been agreed with DLUHC.</p> <p>However, it must be stressed many London Boroughs are now in breach and there are record numbers in temporary accommodation and demand is set to continue to rise due to economic factors. This will be an ongoing challenge.</p>	<p>Expected Control</p> <p>The Council should place families in B+Bs as a matter of last resort, and only for a maximum of six weeks as per section 17.33 of the Homelessness Code of Guidance for local authorities¹.</p> <p>Finding/ Issue</p> <p>On review of Department for Levelling Up, Housing and Communities (DLUHC) Homelessness Case Level Information (H-CLIC) data for July to September 2022, the Council had 156 households in B+Bs, 40 of which were households with children. Of these 40 households, 20 (two of which had an appeal pending) had been there for more than six weeks.</p> <p>The Interim Head of Homelessness and Allocations explained that the Council was facing increased demand for nightly accommodation and as a result there were fewer properties available that can house families of four. This resulted in the Council having to split families in order to house them.</p> <p>Risk</p> <p>The Council is failing in its statutory duty.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Head of Temporary Accommodation</td> <td>Ongoing</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Head of Temporary Accommodation	Ongoing	
Responsible Officer	Deadline					
Head of Temporary Accommodation	Ongoing					

¹ <https://www.gov.uk/guidance/homelessness-code-of-guidance-for-local-authorities/chapter-17-suitability-of-accommodation>

Control Area 5: Management Information

Priority	Action Proposed by Management	Detailed Finding/ Rationale – Issue 4
1	<p>The service has now implemented the new Housing IT System NEC. TEA and OHMS are no longer used and existing data has been migrated.</p> <p>All waiting list and allocations data is now on NEC. This is a first phase implementation and further work is underway.</p>	<p>Expected Control</p> <p>The Council has a single case management system to manage EA and TA applications which would include retention of records, live database of housing applicants, eligibility assessments, allocations and placements of housing applicants. Setting up accommodation within the Council’s system in a timely manner is key to enable residents to claim benefits i.e. Universal Credit and pay rent on timely basis.</p> <p>Finding/ Issue</p> <p>The Housing Directorate used two systems for processing EA and TA housing applications at the time of the audit:</p> <ul style="list-style-type: none"> • OHMS provided by Northgate; and • TEA system - manual system. <p>OHMS provides functionalities such as review of applicant’s eligibility and recording assessments, waiting list, allocations, case notes and audit trail of applications and live database of housing applications, EA and TA.</p> <p>The TEA system is an in-house database with workflow forms, used for emergency accommodation. It is used for managing the emergency accommodation properties, identifying where properties are available and being the prime record to check payments to emergency accommodation suppliers.</p> <p>The Housing Needs Officer confirmed that there had been instances in the past where the use of multiple systems resulted in staff failing to check both systems, missing vital information about, or even the existence of, a housing application, which in turn resulted in duplicate applications, and increased workload.</p>

		<p>Comparison of the TEA records (i.e. the record of properties occupied and being paid for) to the OHMs tenancies as at 1 November 2022 found that there were 222 placements on TEA not yet set up on OHMs as tenancies.</p> <p>Risk</p>
Responsible Officer	Deadline	<p>Where multiple systems are used to process the same information including usage of manual systems, there is a risk of data inaccuracies, errors, duplication and wastage of resources. Further, there is a risk of delays in setting up accommodation in the Council system which may result in delays by the residents to claim benefits and pay rent.</p>
Head of Temporary Accommodation	Completed	

Control Area 1: Legislative, Organisational and Management Requirements

Priority	Action Proposed by Management	Detailed Finding/ Rationale – Issue 5				
2	The Homelessness and Rough Sleeping strategy is now underway and should be embedded and agreed by May 2024.	<p>Expected Control</p> <p>The Council has an approved strategy for homelessness. The strategy documents provide clarity on staff and their roles and responsibilities within Temporary Accommodation and Homelessness and Allocations teams.</p> <p>Finding/ Issue</p> <p>The draft EA TA Allocations Policy and the draft Homelessness and Rough Sleeping Strategy for Croydon were reviewed and it was found that:</p> <ul style="list-style-type: none"> • Both documents were being drafted by the Council at the time of audit, thus the Council did not have approved documented policies and procedures outlining the process of emergency housing accommodation assessments and placements; and • The Housing Directorate’s structure with details of staff and their roles and responsibilities within Temporary Accommodation and Homelessness and Allocations teams was not defined. <p>Risk</p> <p>Where clear roles and responsibilities of staff and teams are not defined within the organisational policies, there is a possibility that staff may not be clear on their and other team members roles and responsibilities within the organisation which may lead to inefficient or inconsistent processing of housing applications.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Interim Head of Homelessness and Allocations</td> <td>May 2024</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Interim Head of Homelessness and Allocations	May 2024	
Responsible Officer	Deadline					
Interim Head of Homelessness and Allocations	May 2024					

Control Area 4: 'Main Housing Duty' Assessment

Priority	Action Proposed by Management	Detailed Finding/ Rationale – Issue 6				
2	This is being dealt with by the restructure and training.	<p>Expected Control</p> <p>The Homelessness Reduction Act 2018 states if a housing offer by Council is refused by the applicant, the Council’s housing duty may be ended, or intentional homelessness may result. The Council’s EA TA Allocations Policy and Homelessness and Rough Sleeping Strategy for Croydon 2019-22 should outline the end point when they stop discharging their main housing duty for example when applicants have refused their initial housing offer.</p> <p>Finding/ Issue</p> <p>The Interim Head of Homelessness and Allocations confirmed that the Council continues to discharge its housing duty for applicants who have refused the initial housing offer.</p> <p>With the Council facing capacity issues and longer wait times (refer Issue 2), this further impacted the wait times for assessments of new housing applications.</p> <p>Risk</p> <p>Where the Council continues discharging its main voluntary housing duty after an applicant has refused its initial housing offer, there is a risk of delays and potential non-compliance to discharging its main housing duty and providing relief within the statutory timeframes of 56 days towards new housing applicants waiting to be assessed which may have legal and reputational impact on the Council.</p>				
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Interim Head of Homelessness and Allocations	Sept 2024/Ongoing					

4. Priority 3 Issue

Agreed action	Findings
<p><u>Control Area 1: Legislative, Organisational and Management Requirements</u></p> <p><u>Action Proposed by Management:</u></p> <p>The Housing Restructure has created dedicated teams for customers. There is no longer a triage team. There is now a placement team and move on team. The website is in the process of being updated but we are working closely with Croydon Access to ensure all communications from customers are dealt with by the correct team.</p> <p><u>Responsible Officer:</u></p> <p>Interim Head of Homelessness and Allocations</p> <p><u>Deadline:</u></p> <p>Ongoing</p>	<p>Expected Control</p> <p>All points of contact for the people applying for temporary or emergency housing are available on the Council’s website.</p> <p>Issue/Finding</p> <p>Whilst the Council had multiple points of contact for people applying for temporary or emergency housing, including a designated email within the Triage team and a contact number for the Temporary Accommodation team, the Council’s website does not provide details of the designated email operated by the Triage Team.</p> <p>Risk</p> <p>Where all points of contact are not provided on the Council’s website, there may be delays in receiving applications and providing accommodation to public and discharging the statutory duty.</p>

AUDIT TERMS OF REFERENCE

Housing: Emergency Accommodations Assessments

1. INTRODUCTION

- 1.1 The Homelessness Reduction Act changed in April 2018 to require that all eligible applicants receive some level of advice and assistance rather than just those with a 'priority need'. The Act transformed the way the Council handles homelessness introducing two new duties in addition to the main housing duty:
- 1.2 Duty to prevent homelessness: the Council have to help people at risk of losing suitable accommodation as soon as they are threatened with homelessness within 56 days. This includes single people, childless couples and families. Under the Homelessness Reduction Act, residents must co-operate with the steps and efforts the Council is taking to prevent them from becoming homeless.
- 1.3 Duty to take steps to relieve homelessness: This duty is for those who are already homeless. The Council provides advice and assistance to all those who are homeless to help them find suitable accommodation for themselves and their families.
- 1.4 The Main Housing Duty: After 56 days, the relief duty comes to an end if the resident has not secured alternative accommodation. The Council assesses whether or not a main housing duty will be owed after the relief duty ends. The main housing duty is owed to those who remain homeless after the relief duty, are in priority need and have not made themselves intentionally homeless.
- 1.5 Someone who does not have the right, or is unable, to stay in their present accommodation can make a homeless application to a local authority.
- 1.6 Outside normal working hours, the local authority should have an emergency telephone service to a duty officer, often a social worker. The emergency telephone number should be publicised in the local authority's area.
- 1.7 If a local authority has reason to believe that an applicant may be homeless, eligible for assistance and have a priority need, it must make accommodation available while it makes inquiries and decides what duty (if any) is owed.
- 1.8 A person may have a priority need for a number of reasons, for example if they have children or are pregnant, are a care leaver under 21, or are vulnerable. From 5 July 2021, a person who is homeless as a result of domestic abuse automatically has a priority need.
- 1.9 This audit was part of the agreed Internal Audit Plan for 2022/23.

2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
- Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls; and
 - Report on these accordingly.

3. SCOPE





- 3.1 This audit, focused on assessments of duty, was undertaken as part of the 2022/23 Internal Audit Plan. The specific scope included the following areas and identified issues:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	1	1	1
'Relief Duty' Assessment	1	0	0
Help to Secure Alternative Accommodation	0	0	0
'Main Housing Duty' Assessment	1	1	0
Management Information	1	0	0
Total	4	2	1

Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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