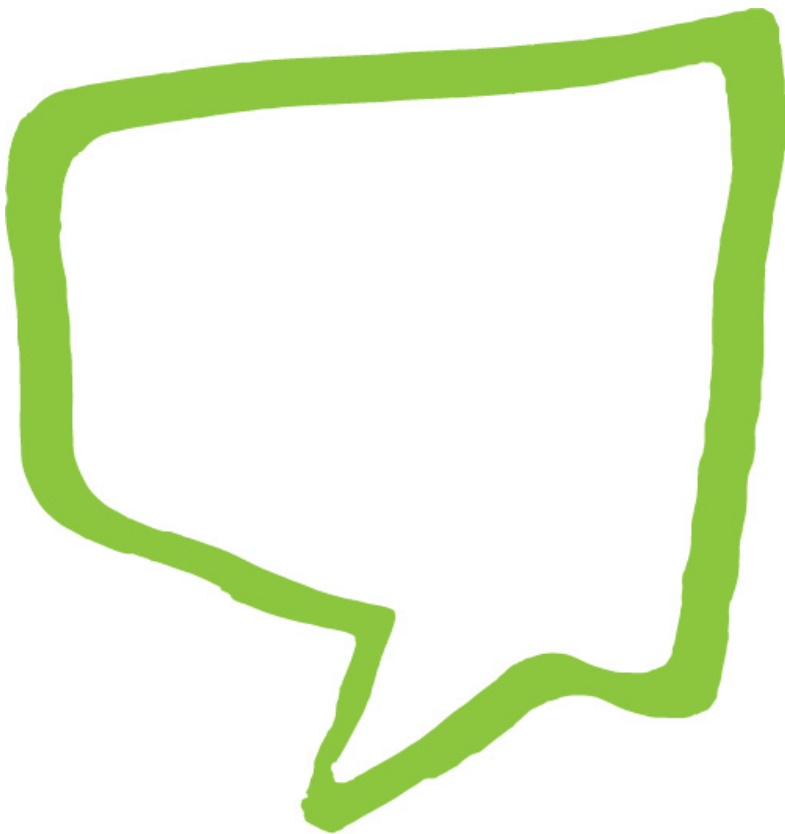


# Allocation of Council Homes

Norwich City Council

Audit 2008/09

April 2009



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# Introduction and scope of work

- 1 The work was undertaken to assess whether Norwich City Council homes are being appropriately and effectively allocated in accordance with agreed policies and procedures. This was in response to concerns arising from the inappropriate allocation of homes to council staff at Goldsmith Street/Greyhound Opening, a sheltered scheme awaiting demolition. This matter initiated interest from both local media and residents. This work was undertaken therefore to help assess the Council's response and whether there are additional audit risks that we need to address at this time.
- 2 The following three areas were considered specifically:
  - how properties are let through the Choice Based Lettings (CBL) Scheme;
  - how properties are let as 'direct lets' i.e. outside of the advertising and shortlisting process for CBL; and
  - how properties are let, or tenancies created, in any other way.

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# Overall findings

- 3 Lettings to staff on a temporary basis as part of the staff relocation package have stopped, and the staff relocation policy has been withdrawn. The CBL scheme is offering an open and transparent way of allocating council homes in Norwich. Allocations are being made in accordance with the scheme, and this is resulting in properties being let in accordance with the policy framework. Some properties are let as 'direct lets' but this is a low percentage of overall lets, and there are appropriate processes for agreeing and approving any lets in this way. Lettings to staff are dealt with through the CBL scheme in the same way as for other applicants, but there are additional approvals required at senior officer level before any tenancy is granted. Lettings to staff on a temporary basis as part of the staff relocation package have stopped, and the staff relocation policy has been withdrawn.
- 4 However, there are not sufficient controls in place to show clear audit trails from the start to the end of the allocation process, record keeping is inadequate in some cases, and policies and processes are not followed consistently. Quality assurance arrangements are limited and there is very little performance information to show how well the service is being provided, or that properties are being allocated correctly. In particular there is little control over who can create tenancies, and no overall monitoring of the tenancies created and reconciling these to allocations made, or to the reasons for the new tenancy. The Council is not therefore minimising the risks to ensure that properties are allocated appropriately.

# Recommendations

- 5 The Council has taken action to prevent a reoccurrence of the inappropriate allocation of accommodation to staff such as occurred at the Greyhound Opening scheme. However, it does not have sufficient controls in place to ensure that all homes are allocated and all tenancies are created appropriately, and which clearly demonstrate compliance with agreed policies and procedures. The following recommendations are made to the Council to address the issues raised in this report, and steps should be taken to fully implement these by October 2009.
- Ensure allocations through the CBL scheme have sufficient checks and audit trails throughout the process to demonstrate clearly that the tenancy has been correctly granted to the nominated applicant.
  - Ensures that the policy and processes for allocations through CBL are consistently followed by:
    - having a quality assurance approach which ensures the same standard of record keeping and the same process is followed when allocating homes, regardless of whether the allocation is made by the Home Options Team or the Sheltered Housing Team;
    - control the arrangements whereby applicants' priority banding can be changed to ensure that the policy is consistently applied, the priority change is properly authorised and there are clear records supporting this; and
    - improve record keeping for direct let properties so that it is transparent and clear why such a letting has taken place.
  - Take all reasonable steps to identify any applicants for housing where a conflict of interest could occur because of a staff or councillor connection, and ensure that the process for dealing with these cases is consistently followed with appropriate records maintained.
  - Ensure that the published list of all properties let that week is up to date with all the properties let captured.
  - Review the allocations procedure making improvements as necessary but in particular detailing how robust audit trails of lettings should be maintained and reflecting the recent changes in relation to direct lets.
  - Examine the different ways in which tenancies are created, identifying which officers are able to create or alter tenancies, and assess this to ensure that proper controls are in place and that there are appropriate authorisation levels for different types of tenancy.

- Strengthen performance management arrangements by:
  - identifying the performance information needed to effectively manage the service;
  - identify the hierarchy of information and the appropriate levels to which it should be reported;
  - improving joint working between the various sections delivering the service to achieve consistency of approach and to share performance information to drive improvement;
  - improving the accuracy of performance information so that managers can rely on it; and
  - carry out regular reviews of the CBL scheme to assess how well it is meeting its objectives and report the outcomes of this, along with relevant performance information, to senior managers and Members.

# Detailed findings

## Homes let through CBL

- 6 Generally the system for letting homes through the CBL scheme works well and shows the following strengths.
- The CBL scheme is run effectively and is providing an open and transparent way of allocating properties. The scheme has been running since November 2007, and is a partnership between Norwich City Council, South Norfolk District Council, Broadland District Council and all the main RSLs operating in the area. There is a shared allocations scheme which sets out the policy governing allocations to each of the partners.
  - The CBL system (Abritas) provides a robust means of ensuring properties are offered correctly. Shortlisting for properties results in a ranked list in order of banding and time waited. From this list five nominations are drawn with each application checked to ensure it is up to date and holds the correct details which match the offer criteria. If an application is 'skipped' the reasons for this are recorded on the system. The paper list of the five nominations is sent to the customer services team which contacts the top three and arranges a viewing of the property. This provides an audit trail to show that the property is being offered in accordance with the proper policy and procedure.
  - There are appropriate arrangements for staff members who are housing applicants. The application form asks whether the applicant is a staff member or relative and the application is then flagged as an NCC staff member (although this is a fairly recent development). The application is processed and banded and then submitted for approval to the team leader. If the staff member receives an offer of accommodation and accepts, the letting is signed off by a Head of Service before any tenancy can be created.
  - To provide further assurance that staff on the Housing Register have made appropriate declarations, there has been an exercise to cross reference housing applications with staff members to ensure that declarations have been made on the housing application form. A similar exercise is due to be carried out for councillors.

- 7 Although the CBL scheme is basically sound there are insufficient controls to assure that policies and procedures are carried out correctly and consistently, and there are a number of areas where improvement is needed.
- Although the five nominations on the short list for an allocation are the same on the paper copy and the system, the order of the ranking may be different. This can be changed if upon investigation of the application a change (such as a change of circumstance) has occurred altering the banding or the time waited. This is manually recorded on the paper version but not the system, meaning that the audit trail is only fully effective for the paper copy (there is an 'IT fix' due to be implemented for this). The paper copy is held by the Home Options team but is not held or scanned into the property file of the allocated property which would offer an additional audit. This is now being introduced.
  - Once the nominations list has left the Home Options team there is no feedback or confirmation of which applicant has accepted the property and taken up the tenancy. This would close the loop on the allocation and be a final check to ensure that the allocation was made correctly. It would also allow monitoring of refusals and success of first offers which is useful performance information.
  - The allocation of sheltered housing is through the Sheltered Housing Team using the CBL scheme. While there is nothing wrong in principle with these arrangements there is little cross over with the Housing Options team and no method in place to assess whether the same procedures are followed and audit trails kept. The CBL Team Leader has recently met with the sheltered scheme managers and regular meetings are now to take place. However, currently lettings are not coordinated and there is no agreed way of applying quality assurance across all lettings. It is also leading to fragmented performance information, with each section responsible for managing its own bit of the scheme.
  - An examination of case papers suggested that policies and procedures are not always followed. The procedure indicates that any changes to the banding of applicants should be agreed by the CBL team leader, or recommended through the Welfare Panel process. However, a range of staff members in the wider Homes Options section, the neighbourhood offices and the sheltered housing team are able to alter the banding on the system, and in some cases this is happening without adequate explanation being recorded. Changes in banding made in this way may not be picked up until the shortlisting stage. Any changes to the banding of applicants should follow an agreed procedure with appropriate authorisation levels.



## Detailed findings

- Procedures in relation to completing the allocations process are not consistently followed. Transparency of the CBL system is assisted by the results of the bidding process being made available on the web site on a weekly basis. This shows the properties that have been let that week, the applicant band the property was let to, the time the applicant has waited, and the number of bids on the property. This provides information to help applicants to decide what bids to make but also offers additional assurance that the properties are let appropriately and in a transparent way. However, the success of this depends on staff closing the letting properly on the system to feed into the published list. This is not happening consistently and at the end of February 2009 there were 51 lettings that had not been closed and included on the published list of properties. This limits the effectiveness of what is potentially a good system.
- The arrangements to deal with potential allocations to councillors or their relatives are not as strong as those for staff. Although housing applicants are asked to declare if they have a connection with the housing organisation to which they are applying, this is not explicit in relation to councillors, as it is for staff. This means that councillors or relatives of councillors are not subject to the stricter procedure for processing staff applications.
- Records in relation to lettings to staff have not been properly maintained, and do not show whether the procedure was followed. Three staff lets for permanent accommodation are recorded since November 2007 through the CBL process. All of these seem appropriate with banding and short listing through the CBL system. However, there is no record either on the system or as a paper record to show whether these allocations were agreed by a senior manager in accordance with the procedure.
- There is no way to be sure that only three staff lets have been carried out since November 2007. The revised arrangements whereby an NNC employee or connection is flagged on the system now means that this can be monitored.
- The procedures supporting the CBL scheme are becoming dated and would benefit from review and being strengthened. In particular they should make clear how direct lets can be made reflecting the current arrangements, and detailing how staff make sure adequate audit trails of lettings are in place.

## Homes let as 'Direct Lets'

8 In general 'direct lets' appear to be being used appropriately.

- The Allocations Scheme gives provision for the use of direct lets, which can be either person or property based, and sets out the criteria where these can be used. Where a direct let is used it is processed, and therefore recorded, through the CBL system.
- Any direct lets are approved by the Homes Option Manager and the Partnership Manager. The procedure has been recently improved and a panel made up of the Partnership Manager and representatives from the three partner councils now decide whether a property or an applicant can be approved as a direct let.
- Relatively few direct lets are carried out as a proportion of all lettings. In total 42 direct lets have been made which is about three per cent of all lettings.

9 However, although the approval system for direct lets is sound, the monitoring and subsequent recording of these is not robust.

- Three direct lets were examined on the system. This is a time consuming exercise as the information is held across three different systems. Although all of the properties were ticked as direct lets information could not be found to indicate why this was the case, and it seems the main way of tracking this would be by e-mails held by the Partnership Manager. This is an insufficient audit trail and does not allow any analysis of the reasons for direct lets, or why, for example, they are disproportionately taking place in sheltered stock (of the 42 direct lets that have been made nearly half were for sheltered properties). The Panel arrangement and the template being developed to support the direct let request will strengthen this, provided the documentation and decision are clearly attached to the applicant and property file. It would also add transparency if performance information on direct lets was included in the CBL Partnership Board performance report.
- Staff lettings on a temporary basis under the re-location policy would have been dealt with as a 'direct let' and subject to the approval process. However, because there has been no overall monitoring of direct lets there is no way to know whether any staff lettings have been made in this way, other than staff knowledge or back tracking through the files. The staff re-location scheme has now ceased so this will no longer be an issue in future.
- Direct lets are covered in the allocations procedure but not in sufficient detail. A new procedure was introduced in October 2008 specifically for direct lets in relation to decants, but a more comprehensive approach is needed, which includes providing an audit trail and monitoring arrangements.

## Detailed findings

### Homes let or tenancies created in other ways

- 10 This is an area of potential risk as it covers tenancies that can be created outside of the CBL process. There are circumstances, such as in the case of succession, where tenancies are set up outside of the allocations system, and these need to be governed by appropriate policies and procedures. In the case of the Greyhound Opening issue where properties were allocated to staff outside of agreed policies and procedures, tenancies were created outside of the CBL system by bringing previously decommissioned properties back into use. This meant that these tenancies were not captured or recorded on any system as allocations.
- 11 The Council has reviewed its decommissioning processes to safeguard against such an incident happening again. However, there are a number of areas that need addressing in relation to the creation of tenancies to improve the probity of how these are managed.
- It seems that there is little control over who is able to set up tenancies on the system. While any restrictions should not hinder operational working there does not seem to be sufficient control to ensure that tenancies are properly set up and authorised. A range of staff, including temporary staff, routinely set up tenancies allocated through the CBL scheme. Although the CBL scheme determines the allocation and follows this through, there is no final check to sign off the allocation or tenancy and ensure that the top shortlisted applicant who accepted the property received the tenancy. Similarly this may apply to tenancies created outside of the CBL scheme for tenancy management reasons.
  - There is a lack of coordination in recording and reporting on the creation of tenancies. All tenancies whether created through CBL or through tenancy management need to be captured, monitored and reconciled.

### Performance management

- 12 This is generally a weak area and there is insufficient information to show how well the service is performing, or to identify potential areas for concern. Managers have recognised this and are exploring the type of performance information and reports that are needed to help them manage effectively.
- 13 There are a number of areas where improvements can be made.
- The CBL Partnership Board receives high level performance information on a quarterly basis. This shows the number of applicants by band, the number of properties advertised, the number of new tenancies by band and new applicants in last six months who have not bid. However, additional information could be included in the report, with direct lets being a good example. This would need to be agreed by the Partnership.
  - Outside of the performance information reported to the Partnership Board there is no other performance information collected, routinely monitored and reported on. Work has started in the Home Options team to identify with the IT service what information reports can be generated to help monitor and manage the service.

- In particular there is inadequate information and monitoring to show:
  - the number of voids entering the CBL system (and whether this is all voids);
  - the number of offers and subsequent acceptances, in relation to those voids; and
  - the number and type of tenancies created in various categories i.e. through an allocation through CBL, through direct lets, through mutual exchanges, through succession of tenancies, through a temporary tenancy or any other way in which a tenancy can be created (a report to show this has been requested through Academy).

**14** Without this type of information it is difficult to show whether properties are being allocated, and tenancies created, in accordance with the policies and procedures.

- Responsibility for void management and allocations is shared across the housing service, but joint working seems limited and performance information does not seem to be shared. There is a voids team in place but meetings of this team do not regularly include representatives from the Home Options Team which would allow a better understanding of performance by different work streams. For example, information considered could include the number of offers accepted first time, the number of refusals and the time taken for different elements of the allocation process from shortlist to sign up.
- There are no BVPIs specifically relating to allocations so senior managers and Members do not see performance information relating to allocations. It is good practice to regularly review the CBL scheme to assess how well it is meeting the aims of the allocations policy and housing needs in the area. This could be an appropriate way of reporting progress to Members.
- Performance information that is available is not always accurate. CBL and letting of properties relies on three different IT systems, and this causes problems with the accuracy of performance information. For example, figures on the number of applications are significantly different on the two systems. This has been recognised and work is underway to address this, but it is clearly time consuming for staff, and hinders effective performance management.

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