Bolsover, Chesterfield and North East Derbyshire District Councils'

Internal Audit Consortium

Internal Audit Report

Authority:	**Chesterfield Borough Council**
Subject:	**Choice Based Lettings**
Date of Issue:	**12th May 2017**

Report Distribution:	**Head of Housing** **Housing Options Manager**

INTERNAL AUDIT REPORT

CHOICE BASED LETTINGS

Introduction

An internal audit review of the operation of Housing Allocations through the Choice Based Lettings (CBL) Policy has recently been completed.

Scope and Objectives

The scope and objectives of this report are:

- Establish allocation procedures operating
- Confirm current procedures are in accordance with The CBL Policy and operating effectively by means of examination of a sample of lettings
- Identify any areas of apparent weakness and make recommendations, which will improve controls/procedures

Conclusion

The conclusion of the audit is that Limited Assurance can be placed on the area audited (certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some of the key risks are not well managed). A definition of all the assurance levels is at Appendix 1.

Findings and Recommendations

Previous audit recommendations

1. The previous audit of CBL was undertaken in 2013. Six recommendations were made and agreed as a result of that audit.

2. Out of the six recommendations; two have been confirmed as fully implemented, one has been partially implemented and three could not be evidenced as being implemented. Where appropriate recommendations not implemented/full implemented have been reiterated as part of this report (R3, R6, R7, R8).

Background

3. Choice Based Lettings was launched in April 2009, which involved minor changes to the Allocations Policy to enable implementation of CBL.

4. The principal is to advertise available properties and give applicants requiring accommodation the opportunity to be actively involved in getting a home in their area of choice

5. The Policy was revised in May 2015 and changes relating to the policy were implemented in April 2016. The main changes implemented were: -
   - Residency Requirement (12 months residency or full time employed in area)
   - Discharge of Statutory Duty in the Priority Band
   - Removal of lodging points
   - Ending of Sub-Regional CBL scheme
   - Pre-allocation risk assessment (including financial assessment)

6. The introduction of the residency requirement and the minimum weekly income of £100 (as determined as part of the pre-allocation risk assessment) have had detrimental effects on the managing of the housing waiting list, in the way of reduced number of applications received and the increasing void periods.

7. During the audit a further CBL Allocations and Transfers Policy had been drafted and was due to presented to Cabinet for consideration on 2nd May 2017. The report was to recommend the removal of the residency and minimum weekly limit of £100.

Procedure Guides

8. Detailed guidance notes and flowcharted procedures in respect of Choice Based Lettings are available to members of the CBL Team via the Housing On-line help facility however discussions with the Team Leader (Allocations) highlighted that some of the procedures and letter templates are now out of date.

Recommendations	
R1	Procedural notes, flowcharts and associated letter templates should be updated to accurately reflect current procedures and be aligned with the current policy ***(Priority: Medium)***

9. Help and guidance is available to prospective tenants via the Council's internet (On The Move Website) or at the Housing Solutions Centre for details concerning the application and the bid process.

10. Information on recent lets (results of previously advertised homes illustrating how many people expressed interest in a particular home, priority band and registration date of each customer offered a home) is also available via the Council's internet

Review of Application Forms

11. A sample of 20 applicants on the waiting list as at 23rd March were randomly selected with the housing application reviewed to ensure:
    - Band appropriate to housing needs
    - Accuracy of points allocated (ensuring evidence in instances of medical points)
    - Proof of ID verified
    - Accuracy of details input to Housing Northgate System (e.g. People requiring rehousing)

12. The only inaccuracies noted were:-
    - Application 113047 – No evidence of annual review held on file or details of review recorded in Northgate notepad facility.
    - Application 169226 – Address details confirmed to supporting documents however no photo ID provided (if no photo ID available picture should be taken on the webcam facility of the Housing Solutions Centre and copy retained on file)

13. The above were all brought to the attention of the Team Leader Housing Solutions at the time of the audit. It was requested by e-mail that practices for updating the notepad for annual reviews done over the telephone and instances of no photo ID should be discussed at the next team meeting, no response to the e-mail request was received by the conclusion of the audit.

Recommendations	
R2	Staff should be reminded that: - In the event of an annual review being conducted over the telephone that the notepad facility within Northgate should be updated to reflect the outcome. In instances where no photographic ID is available a photo must be taken on the 'On the Move' shop webcam, signed by the applicant and retained on file. ***(Priority: High)***

14. At the previous audit it had been agreed that a system of 'quality control' checks on a sample of completed applications be introduced. Discussions with the Assistant Housing Solutions Manager during the audit confirmed that this has not been undertaken.

Recommendations	
R3	It would be prudent to reintroduce the previous agreed recommendation "To ensure the accuracy of the allocations database the system of 'quality control' checks on a sample of completed allocations as previously agreed should be introduced. These being undertaken by either the Team Leader Allocations or Assistant Housing Options Manager or the Housing Options Manager". ***(Priority: High)***

Review of Allocations/Quotas

15. Samples of recent 'lets' were extracted from lettings reports (sample size 20).

16. For each property, the bid list was obtained from the Abritas System.

17. In each instance it was confirmed that the successful applicant was the first eligible person on the list, and that the lists were accurate in determining applicant's position (based on date of application/points/band).

18. House files were examined (with the exception of 105 Racecourse Road – file missing) to ensure completeness of documentation, ensuring that the following documents were present in all instances;
    - Signed application form
    - Core Lettings Log
    - Pre allocation statement
    - Tenant checklist
    - Document checklist
    - Offer letter
    - Signed tenancy agreement
    - ID

19. It was noted that in instances where the application form could not be located, a full applicant report is obtained from the Northgate System which details the information on the original application form.

20. The issue of decorating vouchers did not form part of this audit. The value of decorating vouchers issued in respect of change of tenancies was extract from the Agresso Financial Management System. It was noted a 16% increase in the value of decoration vouchers issued between 2014/15 and 2016/17 as illustrated in the table below.

Year	Value £
2016/17	90,394
2015/16	87,221
2014/15	77,489

21. It was ascertained that the Team Leader Housing Solutions maintains a spreadsheet detailing properties advertised within the 4 bands, ensuring that the percentage for each band is within a 5% tolerance of the quota as determined within the CBL Policy.

Void Days

22. For the sample in paragraph 15 the average number of void days was calculated as 42 days (from the date the property became void to the new tenancy commencement date). The figure of 42 days was an adjusted figure to remove instances of major works. In one case (1 Willesden Court – 3 bedroom house) the total number of void days was 77 days. As per the Northgate system the void path was as follows: -

Date	Description	Number of days between events
22/11/16	Keys Received from outgoing tenant	
24/11/16	Pre Inspection Keys Out	2
24/11/16	Pre Inspection Keys Returned	
28/11/16	Property Void	4
10/01/17	Inspection Raised in Repairs	43
10/01/17	Inspection Completed in Repairs	
18/01/17	Post inspection Keys Out	8
18/01/17	Post inspection Keys Returned	
18/01/17	Snagging keys issued to OPS	
20/01/17	Snagging keys returned from OPS	2
20/01/17	Works / Contract Cleaning	
25/01/17	Complete Ready for Letting	5
25/01/17	Full offer made	
26/01/17	Keys returned to Area Office	1
07/02/17	Keys with Prospective Tenant	12
07/02/17	Tenancy Agreement signed	

23. The number of days between the property becoming void and an inspection being raised appears excessive.

Recommendations	
R4	Monitoring of void days should be undertaken particularly in instances of keys being returned by the outgoing tenant and the first event date being generated within the void path to enable to it to be determined where the delays are occurring ***(Priority: Medium)***

24. The corporate target for the average number of days to re-let an empty property is 27 days. The results for quarter 3 and 4 for 2016/17 were reported as 41.12 days and 44.37 days respectively hence failing the corporate target.

25. A report was obtained from the Northgate system which detailed all properties that had been re-let in the period 1st April 2016 to 26th April 2017. A summary of the re-let days per property type was calculated for this sample, see table below. The results have been adjusted to exclude void paths such as major works.

Property Type	Average Re-let Days Adjusted
Bedsit	93.5
Bungalow (0 Bed)	49
Bungalow (1 Bed)	30.08
Bungalow (2 Bed)	34.55
Bungalow (3 Bed)	87
Flat (1 Bed)	30.06
Flat (2 Bed)	52.26
Flat (3 Bed)	70
House (1 Bed)	43.2
House (2 Bed)	50.22
House (3 Bed)	30.8
House (4 Bed)	35.63
Maisonette (2 Bed)	14.6
Maisonette (3 Bed)	43.5
Total Average	37.41

Recommendations	
R5	Close and regular monitoring of the void to re-let days should be undertaken by Management particularly to assess the impact of the introduction of the revised Allocations Policy ***(Priority: High)***

Annual Reviews

26. The testing on application forms as detailed in paragraph 8 confirmed that where appropriate review letters had been issued.

27. The exception was application 113047, where discussion with Housing Allocations staff confirmed that a review had been issued, but that possibly a response had been given over the telephone with this failing to be recorded within the notepad facility in Northgate

28. It was noted that on every Monday the list of reviews not returned is examined and the application details manually deleted from the system. It was confirmed at the time of the audit (20/04/17) by reference to the Northgate system that all reviews had been processed and where reviews had not been returned the application had been removed from the system.

Declarations

29. Discussion with the Team Leader Allocations confirmed that the requirement to complete form ' Offer of Housing for Staff, Related Applicants and Members of Chesterfield Borough Council' in instances where the applicant has declared such is undertaken.

30. No instances of any application making a declaration was identified as part of the allocations sample reviewed as part of this audit. A report was run from the Northgate system to detail where a response to the declarations questions had been flagged as part of the application process.

31. During the previous audit it was recommended and agreed that a central file would be maintained to hold copies of the completed declaration forms signed by the appropriate Housing Manager (and if required Lead Member).

32. The central file was reviewed to confirm that for a sample of housed applicants the declarations were held on file. For the sample of six applications only two could be confirmed as being retained on the central file. This was highlighted during the audit to the Team Leader Allocations but no response was received.

Recommendations	
R6	As previously agreed, consideration should be given to a central retention/filing system for declarations "Offer to Housing Related Applicant". For the applications referred to the Team Leader (Allocations) during the audit as having declared an interest it would be prudent to ascertain if the appropriate declarations forms have been completed and copies retained on the central file ***(Priority: Low)***

Data Protection / Abritas System

33. During the audit the Team Leader (Allocations) was requested to provide assurance that the current list of users of the Abritas System reflected current staffing arrangements. A recommendation was made during the previous audit that periodic checks of the users should be undertaken to confirm validity, no response was received.

Recommendations	
R7	Periodic checks of the user list of the Abritas system should be undertaken to confirm the validity of all current users. ***(Priority: Low)***

34. In the audit completed in 2013, the situation with removal of personal data held on the Abritas system once an application had been processed (successful tenancy/review not returned) was opaque, creating uncertainty over compliance with Data Protection Rules. A recommendation was made and agreed that Housing Solutions would liaise with Abritas to verify the retention of personal data/information. It could not be established if this had been undertaken.

35. The Council's Information Assurance Manager was contact to ascertain in any assurance could be given that the Abritas system was compliant with Data Protection principles; however no review of this system has been carried out.

36. The Assistant Housing Solutions Manager made contact by e-mail with Abritas during the audit however for clarification that data is removed. The response received from Abritas was as follows:

In response to your enquiry

· Daily backups are taken

- Your current version of the system 6.4 does not have a facility to remove data after a specified period of time. This was introduced in version 7 and is called Data Management. The current version of the system is 9.

- Data is not removed when a review is failed, the application is closed. The facility to remove the data in this circumstance is available from version 7.

37. It would therefore appear that the current version of the Abritas system used by Housing Solutions does contravene Data Protection Policies (holding personal data/information for longer than required).

Recommendations	
R8	The continued use of the current version of the Abritas system as part of the allocations/bidding process should be reviewed as a matter of urgency to ensure compliance with Data Protection Principles ***(Priority: High)***

38. Discussions with the Assistant Housing Solutions Manager confirmed that the corporate document retention policy is followed in respect of the retention of Housing Application forms.

39. Due to restricted storage space at Fountain House some applications forms are currently being stored at the Town Hall (current location unknown due to asbestos clearance work and restricted access). It was confirmed that the dates of applications stored at the Town Hall may now exceed the retention policy.

Recommendations	
R9	A review of retained paper application forms held in storage at the Town Hall should be reviewed as soon as practically possible to ensure the retention policy is being adhered to and that personal information is not being held for longer that reasonably required ***(Priority: High)***

Acknowledgement

40. The auditor would like to thank the Housing Solutions Team for their helpful assistance during the audit. The audit could have been progressed quicker if responses to e-mails/queries had have been forthcoming and it should be noted that a number remain outstanding as highlighted in the report.

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

Internal Audit Report – Implementation Schedule

Report Title:	Choice Based Lettings	**Report Date:**	12th May 2017
		Response Due By Date:	1st June 2017

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
R1	Procedural notes, flowcharts and associated letter templates should be updated to accurately reflect current procedures and be aligned with the current policy	**Med**	**Yes**	**Allocations Team Leader**	**July 2018**			It is acknowledged that the procedure notes and letters require updating. However, this is directly linked to the Allocations Policy and the IT system used for Choice Based Lettings both of which are currently under review. A new IT system has been identified and is being progressed through Project Management Office. This is

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
								likely to take up to 12 months to implement in order to ensure a seamless, safe and secure transfer from the old system to new is undertaken with minimal disruption to service delivery. The new IT system will require a new Allocations Policy to be developed so any letters and procedures notes will be produced after that time.
R2	Staff should be reminded that: - In the event of an annual review being conducted over the telephone that the notepad facility within Northgate should	**High**	**Yes**	**Allocations Team Leader**	**23 May 2017**			**Completed 23rd May 2017.** Staff have been reminded as a result of the

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
	be updated to reflect the outcome. In instances where no photographic ID is available a photo must be taken on the 'On the Move' shop webcam, signed by the applicant and retained on file.							Audit, to ensure that this takes place
R3	It would be prudent to reintroduce the previous agreed recommendation "To ensure the accuracy of the allocations database the system of 'quality control' checks on a sample of completed allocations as previously agreed should be introduced. These being undertaken by either the Team Leader Allocations or Assistant Housing Options Manager or the Housing Options Manager".	**High**	**Yes**	**Housing Options Manager/Asst Manager/Team Leaders**	**23 May 2017**			Completed 23rd May 2017. This was initially done on an ad hoc basis following the previous audit and then ceased. A Formal process has now been put in in place for the Housing Options Team Leader and Allocations Team Leader to carry monthly quality assurance checks on 10% of all completed

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
								files amounting to approximately 8-10 files per month. The Housing Options Assistant Manager will undertake quarterly checks of 5 completed file. The Housing Options Manager will complete annual checks of between 5-10 files.
R4	Monitoring of void days should be undertaken particularly in instances of keys being returned by the outgoing tenant and the first event date being generated within the void path to enable to it to be determined where the delays	**Med**	**Yes**	**Housing Options Manager**	**October 2017**			This recommendation is welcomed , as this is something that has been identified as an issue following

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
	are occurring			Housing Options Assistant Manager				recent changes in management in Housing Services. Work has already commenced and meetings have been held with the Operational Services Assistant Manager to identify areas of improvement and to develop a more streamlined void process to reduce overall void times. This includes better and closer monitoring of performance to identify the more problematic areas. Particular attention is being given to void turnaround

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
								times which will be essential in monitoring the impact of the revised/new allocations policy. A working group consisting of officers, members and tenants has also been established with the intention of producing recommendations for improvements which will then be consulted upon after October 2017.
R5	Close and regular monitoring of the void to re-let days should be undertaken by	**High**	**Yes**	**Housing Option**	**June 2017**			**See response to R4.**

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officers	Date			
	Management particularly to assess the impact of the introduction of the revised Allocations Policy			**Manager**				
R6	As previously agreed, consideration should be given to a central retention/filing system for declarations "Offer to Housing Related Applicant". For the applications referred to the Team Leader (Allocations) during the audit as having declared an interest it would be prudent to ascertain if the appropriate declarations forms have been completed and copies retained on the central file	**Low**	**Yes**	**Allocations Team Leader**	**23 May 2017**			**Completed 23rd May 2017.** This process has been set up and implemented
R7	Periodic checks of the user list of the Abritas system should be undertaken to confirm the validity of all current users	**Low**	**Yes**	**Allocations Team Leader**	**23 May 2017**			**Completed 23rd May 2017.** An immediate review has taken place and checks will take place every six months
R8	The continued use of the current version of the Abritas system as part of the allocations/bidding process should be reviewed as a matter of urgency to ensure compliance with Data Protection Principles	**High**	**Yes**	**Housing Options Manager**	**April 2018**			We welcome this recommendation as this is something that has been identified by

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
								housing managers. The current system used to deliver the Choice Based Lettings service, Abritas, is considerably out of date having not been updated for in excess of 7 years. Due to having missed a number of previous updates we are not now able to conduct a simple update to the newest version of Abritas. This has provided an opportunity to conduct a holistic review of the system and to consider alternative systems with

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
								different providers. We have viewed and tested two systems and have agreed to explore changing to a different provider, Locata. A budget has already been approved for this upgrade. This is being taken to Project Management Group and is expected to take up to 12 months to terminate the contract with Abritas and conduct a data transfer and full implementation of Locata. Considerable financial savings have been identified

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
								in changing provider. This new system will also require the development of a new Allocations Policy as mentioned in the comments to R1.
R9	A review of retained paper application forms held in storage at the Town Hall should be reviewed as soon as practically possible to ensure the retention policy is being adhered to and that personal information is not being held for longer that reasonably required	**High**	**Yes**	**Housing Options Assistant Manager**	**June 2017 ongoing**			The issue of the lack of storage space is a constant problem for the Options Team due to the storage of void files and old / cancelled housing applications and the limited available space at the Town Hall. According

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
								to checks carried out on 23rd May 2017, there are no applications which can be disposed of under the current Corporate Retention Policy (6 years). We are currently exploring the possibility of scanning these files/forms to store them electronically but this forms part of the Corporate review of IT and the introduction of a CRM The current IT system requires the use or paper files and application files

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
								which is adding to the identified issue. The new IT system referred to in R8 includes an online application process and is almost entirely paperless. This will assist with the problem of storage and avoid any continuing and ongoing concerns.

Note: In respect of any High priority recommendations please forward evidence of their implementation to internal audit as soon as possible.

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:	Alison Craig	Date:	26th May 2017