

Finance Scrutiny Sub-Committee
Housing Scrutiny Sub-Committee

24 March 2009

26 March 2009

**Implementation of the Recommendations from the
Temporary Accommodation Commission**

All Wards

Report authorised by: Executive Director Housing Regeneration and Environment,
Chris Lee

Executive summary

This report sets out the progress made in implementing recommendations from the Commission on the overspend in Temporary Accommodation.

Summary of financial implications

There are no financial implications to the recommendations in this report as the sub committee have no decision making powers. However, this report deals with improvements in the financial management of the Council.

Recommendations

- (1) That progress in implementing the recommendations in noted.

Consultation

Name of consultee	Directorate or Organisation	Date sent to consultee	Date response received from consultee	Comments appear in report para:
Internal				
Chris Lee	Executive Director of Housing, Regeneration and Environment	1 March 2009		throughout
Mark Hynes	Legal and Democratic Services	1 March 2009	13.03	
Mike Suarez	Executive Director for Finance and Resources	1 March 2009	13.03	
Mohammed Khan	Chief Internal Auditor	1 March 2009	5 March 2009	Section 2
Cllr Peck	Cabinet Member for Housing and Regeneration	1 March 2009		
Entered in Consultation and Events Diary?				
Yes/No			If yes, date	XX.XX.06

Report history

Date report drafted:	Report deadline:	Date report sent:	Report no.:
17.02.09	11.03.09	13.03.09	357/08-09
Report author and contact for queries:			
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Background documents

None

Appendices

None

Implementation of the Recommendations of Finance Scrutiny Sub-commission into Temporary Accommodation.

1. Context

- 1.1 This report updates on the progress in implementing the commission's recommendations. It also provides more detailed information into some of the areas identified by the commission.

2. Proposals and reasons

- 2.1 The following section details each of the recommendations made by Cabinet in January in turn and the progress in implementation.

Recommendation 1

- 2.2 That the Chief Executive take action under the general disciplinary code against those officers that had failed to pick up the DWP reduction in caps and thresholds and that had failed to realise the impact of this on the temporary accommodation budget until April 2008.

Update

- 2.3 Complete. The key officers directly accountable for this failure in managerial process and oversight have exited the Council.

Recommendation 2

- 2.4 That the Chief Executive present to Cabinet and Finance Scrutiny Sub-Committee a review of the rules and guidelines relating to the information presented to members in the budget challenge process, and the process by which that information is presented to members, to enable members to have greater confidence in the process. Such a review should particularly take account of the relationship between financial information and operational information.

Update

- 2.5 A holistic review of the service and financial planning process (SFP) is undertaken every year in the months of March and April, where, amongst other things, the issues arising from the previous year are considered and appropriate amendments made to the process to address these. In recent years there has been a focus given to tying up financial information with performance data, using such tools as the "strategic compass", which aims to give a measure of value for money of a service.
- 2.6 The review is currently underway and is considering explicitly how business issues can be explored and validated through SFP. This will be presented to Finance Scrutiny Sub-Committee and Cabinet when completed.

Recommendation 3

- 2.7 That the Chief Executive consider what action is necessary in light of the failure of the Regeneration and Housing department's failure to respond to and implement the recommendations of the KPMG scoping exercise.

Update

- 2.8 The recommendations from the KPMG study have now been implemented. Some of these recommendations relate to the letting of a contract to an external provider of housing management services. This will not now take place and the service will be managed in-house.
- 2.9 The implementation will be reviewed by KPMG at an appropriate juncture, that is, when the in house provision has settled in.

Recommendation 4

- 2.10 That Corporate Committee be presented with a report to each of its future meetings setting out any extant audits and any reports commissioned from external auditors flagging particularly:
- (i) Where recommendations have been provided but the response time from the department is outside of the 35-day limit;
 - (ii) Any recommendation that is past its due date that has not been closed down by the committee.

Update

- 2.11 This is in hand and will be completed. Cabinet should also note that a 'compliance officer' role has now been established within each department that further strengthens compliance with such types of recommendations. Internal Audit is providing each DLT with a summary schedule showing outstanding implementation for each completed audit/investigation and is intensifying spot checking to verify the evidence of implementation.

Recommendation 5

- 2.12 That assurance be provided through a report to the Housing Scrutiny Sub-Committee that those recommendations not picked up in the KPMG scoping exercise have been implemented.

Update

- 2.13 This is included on the Housing scrutiny work programme as a future item.
- 2.14 The recommendations from the KPMG study have now been implemented. Some of these recommendations relate to the letting of a contract to an external

provider of housing management services. This will not now take place and the service will be managed in-house.

Recommendation 6

- 2.15 That the Chief Executive provide a report to Finance Scrutiny Sub-Committee setting out the decisions that led to the authority accumulating such a large stock of temporary accommodation and setting out the lessons learnt from that experience.

Update

- 2.16 No decision was made to deliberately accumulate a large stock of temporary accommodation. The Council has a statutory duty to provide homeless households in priority need with emergency accommodation.
- 2.17 The Private Sector Leasing Scheme is a legacy of a contractual agreement between the council and Amicus Group Limited which was affected in early 2003 and all operational functions and service delivery were undertaken by Avenue Lettings (a subsidiary of Amicus Horizon). The partnership ceased as of 29th February 2008 after which the properties have been managed by the Council. It has become evident that the original agreement placed the council in a position of significant financial risk which was further compounded by the poor performance of Avenue Lettings and their repairs contractor.
- 2.18 The poor performance led to a large accumulation of void properties being mismanaged by both Amicus and the repairs contractor and it was necessary for the Council to outsource procurement of additional temporary accommodation to meet with demand through local letting agents in the private rented sector.
- 2.19 The council is now making significant strides in reducing the numbers of households in temporary accommodation to meet the Government's 2010 temporary accommodation target.
- 2.20 There has been a downturn in TA demand of late largely due to an increased availability of Lambeth Living properties and the successful implementation of a homelessness prevention strategy and the ability to offer more sustainable housing options. The numbers of households in all types of temporary accommodation has reduced, and if this trend continues, will further reduce in 2009 and 2010.
- 2.21 The effect is now being felt in a reduction in numbers of PSL properties in management from 475 at the time of the ending of the Amicus contract to 120 at present. Voids have also significantly reduced from 180 units to 14. Other types of temporary accommodation are also being affected. Given the downturn in demand we have commenced a planned programme to dispose all PSL stock and withdraw from the scheme over the next 12 months in order to mitigate future financial risk and costs to the council, returning all properties to owners.
- 2.22 The council is reviewing its' current stock profile and developing a new Temporary Accommodation Strategy to look at the future profile of its temporary

accommodation and factors in the reduction in numbers, alterations in subsidy arrangements, more inexpensive leasing opportunities, and the future of the council-owned hostels some of which are not up to today's standards.

Recommendation 7

- 2.23 That in light of the findings of the commission a report be presented to Corporate Committee reviewing the current processes which would result in matters being included in the council's risk register.

Update

- 2.24 A risk management report was presented to Corporate Committee on 21 January 2009 that outlined one of the changes to our current risk management process. This change has now been implemented and will ensure that risks are adequately captured on the council's corporate risk register.

- 2.25 With effect from December 2008 the council's corporate risk management group are holding quarterly departmental challenge sessions which will scrutinise all risks recorded within a particular department and will also provide challenge to those business units where no risks have been identified. Each challenge session will be followed up by a series of risk workshops within the department to assist them in refreshing their risk registers. A report on the findings of each challenge session will then be taken to the relevant DLT and will also be presented back to Corporate Committee as part of our quarterly risk management updates.

Recommendation 8

- 2.26 That the matter of the possibility of fraud within Private Sector Leasing be pursued and a fully conclusive report on the matter be brought to Corporate Committee.

Update

- 2.27 Internal Audit is working closing with HRE staff on the verification of bed and breakfast payments. PwC will cover this aspect in its follow up review which is in progress. HRE conducted a surveyor's review relating to post-inspection and work specification provided to Amicus and was satisfied that there was no evidence of overcharging or fraud

Recommendation 9

- 2.28 That the Chief Executive considers suspending the arrangements by which contractors are completing work specifications and a report brought to Corporate Committee and Housing Scrutiny Sub-Committee on the minimum controls that should be in place in relation to signing-off repairs.

Update

- 2.29 This is complete. The arrangements have been suspended.

- 2.30 Lettings co-ordinators now pre inspect all PSL void properties and raise works orders as appropriate. All properties are then jointly post inspected with the repairs contractor once works have been completed. Contractors produce inspection and detailed completion of works certificates which are incorporated within post inspections of properties when they will be signed off by a lettings co-ordinator.
- 2.31 Following post-inspection a hand-back certificate is produced which is agreed and signed off. No handback is signed off until all agreed works have been completed.
- 2.32 These matters will be presented to Housing scrutiny and Corporate Committee.

Recommendation 10

- 2.33 That the Chief Executive report to the final Cabinet and final Finance Scrutiny Sub-Committee of 2008-09 on progress against the commission's recommendations.

Update

- 2.34 This report completes this recommendation.

3. Comments from Executive Director of Finance and Resources

- 3.1 There are no financial implications from the recommendations in the report. However, the report is all about recommendations to improve the financial standing and control environment of the council.

4. Comments from Director of Legal and Democratic Services

- 4.1 The Council has statutory duties to provide accommodation to applicants who are homeless and are in apparent priority need and those who are homeless in priority need and not intentionally homeless.

5. Results of consultation

- 5.1 There was no specific consultation for this report..

6. Organisational implications

- 6.1 **Risk management:**

None.

- 6.2 **Equalities impact assessment:**

Any specific proposals to improve the HRA will have their impact assessed separately..

6.3 Community safety implications:

None.

6.4 Environmental implications:

None

6.5 Staffing and accommodation implications:

None

6.6 Any other implications:

None

7. Timetable for implementation

7.1 None