

**FROM:** Audit and Risk Manager

**SUBJECT:** Housing Incentive Schemes

**TO:** Head of Housing and Property Services  
Housing Manager

**DATE:** 30 September 2012

**C.C.** Chief Executive  
Head of Finance

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1. INTRODUCTION

- 1.1. In accordance with the Audit Plan for 2012/13, an examination of the above subject area has been completed recently and this report is intended to present the findings and conclusions for information and action where appropriate.
- 1.2. Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2. SCOPE AND OBJECTIVES OF AUDIT

- 2.1 The Council operates two incentive grant schemes designed to help address an imbalance in supply and demand between particular types of property among the Council's housing stock:
- § Transfer Incentive Grant Scheme (TIGS) – offers individuals grants of £5,000 to existing Council secure tenants in under-occupied family-sized general needs accommodation of 3 or more bedrooms as a consideration for transferring to smaller properties;
  - § Resettlement Grant Scheme (RGS) – offers assistance to applicants on the Common Housing Register who successfully bid for certain types of low-demand properties.
- 2.2 The schemes are administered by the Housing and Property Services (specifically a designated Lettings Officer responsible to the Housing Manager) and are funded by annual allocations of £100,000 in the Housing Improvement Programme Capital Budget.
- 2.3 The purpose of the audit was to assess the adequacy of controls to ensure that the two Schemes are operated in compliance with approved policies and secure delivery of their objectives. The examination comprised an evidential risk-based overview of the structures and processes governing the Schemes focusing on the following areas:

- § strategies and policies;
- § roles and responsibilities;
- § processes and procedures;
- § monitoring and review.

2.4 The findings are based on examination of relevant documentation and discussion with the relevant officers. The principal contacts were Dave Ward (Housing Manager) and Nicola Leech (Lettings Officer).

2.5 For testing purposes, the documentation relating to all TIGS grants paid from April 2011 to date (23 cases) was examined.

### 3. FINDINGS

#### 3.1 Strategies and Policies

3.1.1 The Schemes currently in place are substantially those approved by the Executive in December 2007. The TIGS initially offered grants on a two-tier structure (£10,000 for tenants transferring from 3-bedroom properties and £15,000 for those transferring from 4/5-bedroom properties).

3.1.2 Although not specifically mentioned in the Executive submission, correspondence seen indicates that the Scheme was to be of finite duration ending in September 2008. Certainly, the last payment under this two-tier structure was made in July 2008, followed by a lengthy pause before payments at the flat rate of £5,000 started in September 2009.

3.1.3 Although it has been advised that this change to the TIGS had been reported to Members to take effect from the financial year 2008/9, attempts to locate the report proved unsuccessful.

3.1.4 The RGS still operates under the terms approved in 2007, although take-up has effectively lapsed at the time of the audit with no expenditure incurred during the last 12 months.

3.1.5 The TIGS is promoted periodically in the tenant magazine 'Home News', the last major article on the subject appearing in the Summer 2011 issue.

#### 3.2 Roles and Responsibilities

3.2.1 The Scheme of Delegation effectively authorises the Head of Housing and Property Services to approve payments of grant under the two Schemes. The entry uses terminologies relating to schemes in operation prior to 2007, although the different wording does not create any significant ambiguity on officer authority.

3.2.2 In accordance the Executive recommendation in 2007, the terms of reference of the Housing Appeals and Review Panel have been extended to include hearing appeals against officer decision not to award payments under the two Schemes.

### 3.3 Processes and Procedures

- 3.3.1 The RGS scheme operates within the Homechoice housing applications system. By contrast, the TIGS operates outside Homechoice with its own formal application process and transfer waiting list.
- 3.3.2 The TIGS application and allocation process is mainly paper-based although the monitoring of transfer applications and properties under notice of tenancy termination that forms part of the process is supported by reporting from the ActiveH housing management database. Literature available on request includes a description of the Scheme in question/answer format and a list of locations of accommodation for people aged 60 years and over.
- 3.3.3 Payment of grant is made by cheque against a purchase order invoice raised in the Total Financial Management System. A standard payment form is completed by the Lettings Officer detailing the transfer and applicable deductions to be made from the payment. The form is submitted as the invoice document attachment for the Total payment transaction (along with the printed purchase order) and as a request to process rent and Supporting People charge deductions.
- 3.3.4 Although the entire grant assessment process and final authorisation are invariably performed alone by one officer in each case, it should be stated that the Lettings Officers do not have access to Total so at least two independent officers have to generate the actual payment, one of which must have order and invoice authoriser permissions. From examination of grant payments over the last 12 months, it is noted that the Senior Finance Officer (Housing and Property Services) was always one of those officers.
- 3.3.5 Deductions for rent and Supporting People charges are processed by Finance through the Paris Income Management System to debit the capital expenditure account and credit the requisite rent accounts via the normal cash receipting interfaces.
- 3.3.6 Examination of the 23 cases referred to above (2.5) confirmed that:
- § properly constituted applications were made (except in one case where the application form could not be located – possibly mislaid before it could be scanned);
  - § all eligibility criteria were satisfied;
  - § appropriate deductions for rent, overpaid housing benefit and Supporting People charges as applicable were made and correctly credited to the rent accounts;
  - § payments by the Council for removals and carpet fitting services (where applicable) were correctly deducted at the VAT inclusive amounts.
  - § the net payments were correctly calculated (in one case there was no net payment as the grant was wholly absorbed by rent arrears, council tax arrears and overpaid housing benefit).

### 3.4 Monitoring and Review

- 3.4.1 Payment recording sheets are maintained by the Lettings Officer for budget monitoring purposes covering both the TIGS and RGS, and an annual summary of grants made under the Schemes is prepared for internal management consumption. The capital allocations have been continually underspent and 'slippage' of £45,000 has been taken over during last two years.
- 3.4.2 As regards high level monitoring and review of the Schemes in the context of wider objectives for housing, the picture comes across as patchy. Since their approval, the few reports to Members that could be located containing references to the Schemes deemed them as successful but without any clear indication of how that success was measured. The budget performance outturn suggests that take-up of the Schemes has been less than expected which serves to qualify the notion of 'success' if measured on that basis.
- 3.4.3 What does not come out clearly is an overall perspective of the extent to which the TIGS has impacted on the scale of under-occupied family-size Council accommodation over its life so far. It has been advised that an exercise was undertaken when the Schemes were implemented to determine the overall scale of under-occupation as a baseline, although there is no evidence that the resultant findings were ever reported in the context of Scheme outcomes.
- 3.4.4 In a recent briefing note, the Housing Manager has advised that forthcoming developments will necessitate a review of the TIGS and future policy decisions may diminish the relevance of the Scheme.
- 3.4.5 The almost negligible recent take-up of the RGS raises questions about whether capital funds (currently £10,000 per annum) should still be committed to that Scheme.

#### **Risks**

- ***The impact of the Schemes in achieving their objectives cannot be effectively measured;***
- ***Capital funding is inappropriately allocated.***

#### **Recommendations**

- (1) Future review of the Transfer Incentive Grant Scheme should include an assessment of the current scale of under-occupied Council family properties and setting of clearer success factors for outcome reporting.**
- (2) The future and financing of the Resettlement Grant Scheme should be reviewed.**

4. CONCLUSIONS

- 4.1 The examination showed a generally sound control framework in place and operating effectively giving SUBSTANTIAL assurance that grants and assistance given under the Transfer Incentive Grant Scheme and Resettlement Grant Scheme are in accordance with the relevant policies.
- 4.2 There are some reservations concerning past monitoring and review of the Schemes. In particular, reports to Members have referred blandly to the 'success' of the TIGS without clear criteria given of what constitutes success and in the face of visible indicators that show take-up to have been lower than expected.
- 4.3 A review of the TIGS is envisaged in the light of forthcoming developments on housing generally. The future and financing of the RGS also warrants review in the light of negligible recent take-up.

5. MANAGEMENT ACTION

- 5.1 Recommendations to address the issues raised are reproduced in the appended Action Plan for management response.

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