

**Report for:** Corporate Committee – Tuesday 21 March 2017

**Item number:** 11

**Title:** Housing Benefit Subsidy: 2015-16 Grant Claim – report on actions taken following external audit of subsidy claim

**Report**

**Authorised by :** Tracie Evans : Chief Operating Officer

**Lead Officer(s):** Mark Rudd : Assistant Director Shared Services  
Amelia Hadjmichael : Head of Benefits

**Ward(s) affected:** Not Applicable

**Report for Key/**

**Non Key Decision:** Not Applicable

**1. Describe the issue under consideration**

- 1.1 The external auditors update report to Corporate Committee on Tuesday 31 January 2017 highlighted errors in the processing of Housing Benefit Claims. These errors could impact the amount of subsidy received by the Council, could have a significant impact on Council finances and have a detrimental impact on the claimant.
- 1.2 Members of Corporate Committee requested information on the level of errors over previous years for comparison; that the Committee can consider the action plan being implemented by Officers to address the errors; the steps being taken to address the backlog of work and ensure adequate resources are available to address issues identified by external auditors.

**2. Cabinet Member Introduction**

- 2.1 Not Applicable

**3. Recommendations**

- 3.1 That Members of the Committee note the contents of this report.
- 3.1 That Members of the Committee note the on-going work now being undertaken by Officers to address the concerns of the external auditors.

**4. Reasons for decision**

- 4.1 Not Applicable

**5. Alternative options considered**

- 5.1 Not Applicable

## 6. Background information

- 6.1 The external auditors BDO presented a report to Corporate Committee on 31 January 2017 following the audit of the Housing Benefit Grant Claim and Certification. The auditors raised concerns over the number of errors identified in the course of their work that could potentially result in a £1.5m reduction in the amount on money the Council could claim back from Department for Work and Pensions (DWP).
- 6.2 Following the report Committee Members requested information on the level of errors over previous years for comparison. The Committee requested that they consider the detailed action plan being implemented by Officers to address the errors as well as the steps being taken to address the backlog of work and ensure adequate resources are available to address issues identified by external auditors.
- 6.3 To put into context the workload of the Council's Benefits team during 2015/16, the caseload is 34,000 housing benefit claims, and 28,000 council tax reduction paying out £273m in housing benefit. During this period, the Council received 8,837 new benefits claims, assessed 150,379 notifications of change of circumstances, 6,433 other types of notification relating to residents housing benefit, received 178,371 related documents and an additional 58,483 telephone logs direct from Customer Services.
- 6.4 The Council also processes data files from DWP regarding customer's changes in circumstances. In 2015/16 the Council received approximately 45,000 cases to review. In addition to this the team also receive data files from DWP and HM Revenues & Customs (HMRC) as part of a joint fraud & error initiative, where resident data does not match data held by the Council e.g. level of earnings, claims are automatically suspended and the Council has to reassess each case.
- 6.5 Over the last few years the work of the Benefits team has changed significantly. The impacts of a more transient community within the Borough, increases in houses of multiple occupancy, welfare reform and an increase in residents working more flexibly e.g. zero contract hours, part-time hours working, has meant more 'high risk' claims need to be assessed by the Council.
- 6.6 Average time to process new claims and change of circumstances over the past three years is shown below:

	2013/14	2014/15	2015/16
New Claims	40.39 days	19.48 days	17.76 days
Change in Circumstances	15.60 days	11.77 days	11.84 days

- 6.7 The level of errors identified by the auditors in the same three year period is shown below:

	2013/14	2014/15	2015/16
Number of Errors	161	143	162
Number of transactions	140,702	153,881	157,644
£value of subsidy loss	-£104,770	+£841,032	-£1,550,482 *

\* Note: subsidy loss for 2015/16 has yet to be finalised with DWP

- 6.8 Of the errors identified in the 2015/16 audit, it should be noted that 41% of the errors were processed in prior years and that 50% of staff members involved in the processing of those errors have now left the Council.
- 6.9 The audit also recommended that the Council seek and recruit experienced housing benefit staff to ensure the quality of work processed is of a high standard. At the time of drafting this report, there are 13 vacancies within the Benefits team. This has led to a backlog of work. The Council “competes” for experienced staff with other London Boroughs and recruitment and retention of staff has always been difficult. In the past, the Council has relied upon temporary agency staff to fill vacancies; often using inexperienced workers, which has led to processing errors. This practice has now stopped and a more rigorous programme of recruitment was implemented approximately 12 months ago. This includes a rolling recruitment campaign and a much more robust selection process for staff including assessments of literacy and numeracy skills.
- 6.10 The Committee should note that due to the existing difficult recruitment marketplace and the lack of experienced officers available, the Benefits team are looking at a number of alternative recruitment options including use of apprentices to be trained into the role (full training takes between 6 – 9 months) and using permanent home workers located further away from the Borough.
- 6.11 Specific action has already been taken by the Head of Benefits to address the current backlog of work. Additional staff have been recruited to specifically target the backlog as well as use of more experienced staff working additional hours to reduce case volumes.
- 6.12 Following the audit the Head of Benefits prepared a management response summarised as an appendix to BDO Grant Claims and Returns Certification for the year ended 31 March 2016 dated 16 January 2017. See Appendix A.
- 6.13 The Head of Benefits in conjunction with senior officers within Benefits team have prepared a detailed action plan to address the concerns of the audit. The action plan also highlights action being taken to address the current backlog of work and ensure adequate resources are available within the department. See Appendix B.
- 6.14 The Council is currently awaiting the formal response from DWP but have already started further sampling across the areas of concern identified by the

auditors. Whilst this work is on-going, further sampling has identified that the percentage of errors noted by the external auditors is high and following discussions with DWP, this potential loss of subsidy will reduce. At the time of drafting this report, this work is on-going and no final position has been agreed with the DWP.

**7. Contribution to strategic outcomes**

7.1 Not Applicable

**8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

**8.1 Finance and Procurement**

8.1.1 Not Applicable

**8.2 Legal**

8.2.1 Not Applicable

**8.3 Equality**

8.3.1 Not Applicable

**9. Use of Appendices**

9.1 A - Extract: BDO Grant Claims & Returns Certification 2015 / 16 Action Plan

9.2 B - Benefits Team Action Plan

## Appendix A – Extract: BDO Grant Claims & Returns Certification 2015 / 16 Action Plan:

### APPENDIX: 2015/16 ACTION PLAN

CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
<p>A significant number of errors were identified with the benefit calculations for some claimants.</p> <p>This resulted in a number of cases where Housing Benefit was paid at an incorrect rate.</p>	<p>Reinforce the key messages from the subsidy workshops carried out in December 2015.</p> <p>Re-visit the results of checking that is being undertaken on assessors work to reinforce the messages about the errors that are identified.</p> <p>Carry out regular checking of a number of claims to ensure that:</p> <ul style="list-style-type: none"> <li>Income has been input correctly</li> <li>Overpayments have been correctly classified</li> </ul>	High	<p>Throughout the year we have carried out a number of actions to reduce errors. In July 16 we held common error workshops with each processing team, the sessions covered analysis of recent errors. Each officer undertook a test to confirm their understanding.</p> <p>As a result of this audit, we will review the types of errors made and target additional training for all staff as required.</p> <p>All officers are performance managed and have My conversation meetings with their line manager on a regular basis and every error identified is discussed in detail. Where persistent errors occur action is taken.</p> <p>Monthly Finance &amp; Management meetings review QA and as a result of analysis of errors, specific actions are put in place to reduce errors as required.</p>	Jim Brady	<p>On-going</p> <p>March onwards</p>
	<p>Perform additional checks on the assessments that are undertaken by new and temporary staff and staff with limited experience in completing these assessments.</p>	High	<p>We have been reducing reliance of temporary staff and where possible, permanent officers are now being recruited.</p> <p>We already have different levels of QA in place for different members of staff:</p> <p>100% for new starters, 30% for staff with high error rates and 4% random checking.</p>	Jim Brady	Ongoing
	<p>Check a sample of claims during the period from April 2016 - March 2017 in advance of closing the Benefits system for the year and producing the subsidy claim.</p> <p>Ensure that any amendments required to cases are made before the subsidy claim form is run.</p>	High	<p>Throughout the year we target areas of work that are high risk and have been identified through QA and subsidy monitoring.</p> <p>Following this audit, we will revisit the checking regime to ensure the checking targets the most appropriate areas of error / risk.</p>	Helen Hili / Claire Maunders	February 17
	<p>Seek to retain and recruit experienced housing benefit staff that are more proficient at delivering accurate case processing.</p>	High	<p>There has been a rolling recruitment programme in place since October 15. We compete for staff with neighbouring Boroughs and recruitment of experienced officers is very difficult. We have appointed 9 new Service Officers this year and will continue recruitment until all vacancies are filled. Staff are being fully trained and continue to receive support and coaching from experienced officers.</p>	Helen Hili	Ongoing

Appendix B – Benefits Team Action Plan:

No	Audit Recommendation	Management Actions
1	<p>Reinforce the key messages from the subsidy workshops carried out in December 2015</p> <p>Re-visit the results of checking that is being undertaken on assessors work to reinforce the message about errors that are identified</p>	<p>Following the audit, a review is being undertaken of the errors identified and where appropriate, further training will be carried out or the training programme amended to ensure any area of concern is addressed</p> <p>The Head of Benefits is reviewing the current arrangements within the department for Quality Checking and Assurance to ensure it meets the existing needs of the department. A number of alternatives are being reviewed including using a third-party provider to carry out the quality checking</p>
2	<p>Perform additional checks on the assessments that are undertaken by new and temporary staff, and staff with limited experience in completing these assessments</p>	<p>Different levels of quality monitoring have been implemented for less experienced staff as follows: 100% New Starters, 30% for staff with high error rates and 4% random checking</p> <p>All officers receive regular feedback from Quality Assurance team on any errors identified</p> <p>The Head of Benefits receives a monthly report on the findings of the Quality Assurance team and meets with all Service Managers on a monthly basis to discuss quality issues</p> <p>All staff have monthly Performance Appraisals (My Conversation) were performance and error rates are discussed. We staff performance falls below the desired level, appropriate action is taken</p>
3	<p>Check a sample of claims during the period from April 2016 to March 2017 in advance of the closing of the benefits system. Ensure any amendments are made before the subsidy claim form is run</p>	<p>A regime of monthly checking of quality is already in place. Following the audit, the Head of Benefits has undertaken a review of the checking regime to ensure those areas of weakness identified by the auditors are being targeted</p>

		<p>Additional experienced staff have been allocated to quality monitoring. A 100% check is now undertaken of all overpayments and an additional Service Manager will support Quality Assurance Team</p> <p>A continuous internal audit programme is being undertaken which will help identify areas of weakness more quickly and allow Benefits Managers to target training in a more timely manner</p> <p>A sample check for 2016 / 17 has been commissioned through the Councils expert benefits consultant</p>
4	<p>Seek to retain and recruit experienced housing benefit staff that are more proficient at delivering accurate case processing</p>	<p>Rolling recruitment campaign in place including implementation of a much more robust selection process for staff including assessments of literacy and numeracy skills</p> <p>Review alternative recruitment options including use of apprentices to be trained as Service Officers and use of permanent homeworkers based around the UK</p> <p>Review options for use of additional third-party provider support at peak times to help clear backlog of work and support periods of high customer contact</p>