



AUDIT COMMITTEE REPORT

Report Title	Housing Benefits Review Audit recommendations
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AGENDA STATUS: PUBLIC

Audit Committee Meeting date:	28/06/2010
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Councillor David Perkins

1. Purpose

- 1.1 At the audit committee of the 22nd March 2010 the committee reviewed a number of internal audit reports that have attracted limited or no assurance ratings. One of these reports related to the internal audit of our Housing Benefits systems and procedures (limited assurance – with significant improvement). This report addresses those areas relating to the Housing Benefits team managed by the Revenues and Benefits Department.

2. Recommendations

- 2.1 That the audit committee review the comments relating to the areas highlighted for action during 2010 / 11.

3 Issues and Choices

3.0 Report Background

- The Benefits Team is responsible for the efficient administration of the Housing and Council Tax Benefit Scheme.
- The corporate debt recovery team is responsible for the recovery of all overdue debt across the Council, including overpaid Housing Benefit.

- 3.1 The Housing Benefit Review undertaken as part of the 2009/10 internal audit plan identified one weakness in the design and controls in relation to Housing Benefits and two instances where the controls were not operating as designed.
- 3.2 The weakness identified in the design and controls related to the level of overpaid Housing Benefit debt, whilst the two areas of lower risk related to the speed of processing benefit applications and the authorisation process for overpayment write offs.
- 3.3 With regard to the issue of Housing Benefit debt, the Audit report recognises that whilst there has been an increase in the overall level of outstanding overpaid benefit debt there has also been a corresponding increase in benefit payments. The increase in overpayments is largely attributable to the economic climate and resultant increase in work volumes, with a significant increase in overpayments also arising from proactive intervention work.
- 3.4 The past two years have seen an unprecedented and significant increase in both the workload and caseload of the Benefit Service. To put this into some context, the live benefit caseload at April 2008 (pre recession) stood at 17,267. It now currently stands at 20,800. The same period has also seen a 52% rise in benefit claims from the private rented sector. In addition, the service has had to contend with a high volume of speculative claims, where for example, one of a couple may have been made redundant or had a wage decrease, but the household income remains above benefit entitlement levels. The service has continued to perform at a high level throughout this period.
- 3.5 The bulk of benefit overpayments arise as a result of claimants failing to promptly notify the authority of relevant changes in their circumstances. The Benefits Team were also very proactive in relation to responsibilities in respect of the former Right Benefit National Performance Indicator (NI180). Consequently, the Benefits service finds many changes in claimant's circumstances, which would in all likely hood remain unreported but for its efforts.
- 3.6 Most overpayments of Housing Benefit are recoverable and the majority of HB debt is recovered via deductions from the claimant's ongoing benefit entitlement. However, the authority has little in the way of discretion regarding the amount of the deduction. The maximum weekly recovery rate is laid down by the government and is currently set at £9.90. Consequently, full recovery of Housing Benefit overpayments from ongoing entitlement can and often does take a considerable time. This is equally the case with recovery via invoice, as this method of recovery is also very much dependent upon the debtors means to repay the overpayment. Housing and Council Tax Benefits are, by their nature, paid to the poorest and most vulnerable in the community. This has a limiting effect on the ability of the Council to recover all overpaid benefits within the financial year in which they are raised.
- 3.7 The Benefit Service has performed at a high level over the past three years, both in terms of the speed of processing benefit claims and the accuracy of benefit determinations. Consequently, overpayments caused as a result of administrative delay and officer error are kept to a minimum. It should be noted that those authorities with a high level of administrative delay and official error

receive a significantly reduced amount of government subsidy. However, The Council's subsidy is not affected in this way, as the level of overpayments attributable to admin delay and/or officer error fall well below the government's current subsidy penalty threshold.

4 Progress in 2009/10

4.1 Action to address debt was highlighted as a priority in 2009 / 2010. As a result a new corporate debt recovery team was set up to address historic issues in recovering overdue debt. As a result of setting up this team an improvement action plan was developed. The initial plan aimed to:

- Minimise debt occurring in the first place, particularly through the timely assessment of benefits,
- Ensuring the completion of housing benefit forms IRO temporary accommodation and
- Maximising benefit through prompt completion of benefit forms at tenancy sign-ups.

4.2 As a result of this plan the following has been implemented or is in progress:

- The formalisation of debt recovery processes (overdue debt) through the creation of a corporate debt policy,
- Data cleansing and action against old Housing Benefit debt held on the systems is underway.
- A medium term plan to recruit an additional officer to focus on recovery in 2010 / 11 has been agreed. This post will aim to increase collection in order to meet the cost of the additional post and realise an overall increase in collection across debts, including Housing Benefit debt.
- Resource within revenues and benefits has been shifted to add a further full time post to focus on recovery. This post is likely to focus on housing benefit overpayments. Due to the huge increases in caseload throughout the recession this area has seen an associated rise in overpayments occurring and therefore requires an additional resource.
- Proposed changes to the Councils write off instructions. This would aid a speedier process in writing off those Housing Benefits debts, with little or no prospect of recovery, owed to the Council.

4.3 It is anticipated that the re-structure of the corporate debt management team and the actions currently being taken, as outlined above, will help reverse the current trend regarding the level of outstanding debt.

4.4 The position regarding the two areas of lower risk relating to the speed of processing benefit applications and the authorisation process for overpayment write offs is as follows.

4.5 The performance of the Benefit service in relation to the speed of processing claims is measured in strict accordance with the government National Indicator - (NI 181). The National Indicator measures the average speed of processing benefit claims and, as such, recognises that some claims can and do take longer to assess than others. Performance in respect of this National Indicator is

at a relatively high level and a number of initiatives are planned to further improve performance in this respect.

- 4.6 A review of aged analysis/exception reports has recently been undertaken to ensure individual cases exceeding average performance times are identified and appropriate action taken. The Benefit Service has recently implemented a telephone claim process (E-Benefits), which is designed to enable customers to make a benefit claim from the comfort of their own home and receive expert assistance in making their tele-claim. The Benefit Service is also currently working closely with external partners, such as the CAB and Registered Social Landlords, with the aim of these organisations directly assisting customers in making their benefit claims. It is anticipated that these initiatives will further help improve the performance of processing new benefit claims.
- 4.7 With regard to the minor issue concerning the authorisation process for overpayment write offs, the following steps have been taken to resolve this matter.
- 4.8 All staff authorised to write off overpayments have been reminded of the requirement to ensure the write off proforma is duly signed. A monthly validation process has also been put in place to check that the relevant signatory page has been completed in full.

5 Choices (Options)

- 5.1. None

6 Implications (including financial implications)

6.1 Policy

- 6.1.1 Corporate Debt Policy as detailed to be agreed at cabinet meeting in July 2010
- 6.1.2 Write off financial instruction reviewed as part of process

6.2 Resources and Risk

- 6.2.1 Existing corporate debt team and managers within the revenues department will continue to work towards the effective management of Housing Benefit debt within the Council.
- 6.2.2 The Benefit Service will continue to focus on the prompt and accurate determination of benefit claims in a further effort to reduce unnecessary overpayments from occurring.

6.3 Legal

6.3.1 None

6.4 Equality

6.4.1 An Equalities Impact Assessment has been undertaken in respect of policies relating to the effective the recovery of Benefit Overpayments.

6.5 Consultees (Internal and External)

6.5.1 None

6.6 Implications

6.6.1 None

7. Background Papers

None

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