

Renfrewshire Council

Audit of housing benefit
Risk assessment report



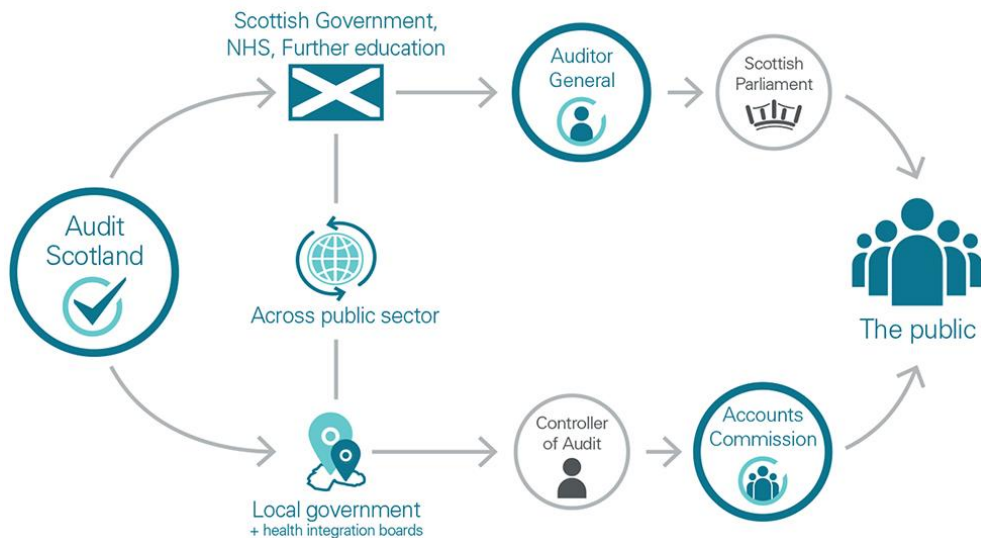
 AUDIT SCOTLAND

Prepared for Renfrewshire Council
December 2018

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Key messages

1. The Council demonstrates an awareness of what an effective, efficient and secure benefit service needs to deliver. To ensure continuous improvement we have identified three risks that the council should address.

Business planning and reporting

2. The benefit service reports performance but should extend this to include performance in respect of the recovery of all housing benefit (HB) debt as part of the performance statement provided to the Finance, Resources and Customer Services Policy Board.

Delivering outcomes

3. The Council should review the management check process it uses to target cases to ensure the best use of limited resources and maximise the potential for positive outcomes.
4. Management prepayment checks should be carried out on the day of each payment run to ensure that the council is able to suspend a claim if a financial error has been identified before the payment has been issued.
5. HB debt recovery performance has been in decline and is low compared to other Scottish councils. Management should consider what measures it can take to improve the level of recovery of HB debt which has been outstanding for more than one year.

Introduction

- 1.** The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The key objective of the risk assessment is to determine the extent to which the benefit service is meeting its obligations to achieve continuous improvement in all its activities.
- 2.** Specifically, the risk assessment considers the effectiveness of the benefit service in meeting national and local priorities, business planning and reporting, and delivering outcomes.
- 3.** A risk assessment was previously carried out on the council's benefit service in June 2015 when Audit Scotland identified two risks to continuous improvement. This was reported to the Chief Executive in June 2015 and, in response, the council submitted an action plan in July 2015 to address the risks.
- 4.** This risk assessment was completed as part of Audit Scotland's housing benefit (HB) risk assessment programme. It does not represent a full audit of Renfrewshire Council's benefit service.
- 5.** Information for this risk assessment was gathered from a range of sources including:
 - the self-assessment, supporting evidence, and updated action plan provided by the council
 - Department for Work and Pensions (DWP) indicators, and other performance measures
 - scrutiny of internal and external audit reports
 - discussions with the appointed external auditor
 - discussions with senior officers in the council during our site visit in October 2018.

Risks identified

- 6.** Our report contains an agreed action plan at Appendix 1 setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from our previous benefit audit and progress against these.
- 7.** Any weaknesses identified represent those that have come to our attention during the course of normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the extent of the internal control systems appropriate to Renfrewshire Council.
- 8.** The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

Part 1

Business planning and reporting

9. An effective business plan provides an opportunity for the council to set out the aims and objectives for each service and should contain key deliverables against which performance is measured, monitored and reported.

10. Since our last audit there have been a number of changes within Revenues and Financial Support, the area within which the benefit service operates. This has included expanding the remit of the service to incorporate Social Care Billing and Collection, and the administration of Educational Maintenance Awards, which provide financial support to eligible young adults who want to continue learning after leaving school. The integration of these new service areas were intended to provide a more joined up service to customers, and potential cross utilisation of staff skills.

11. To help manage the addition of these services, and to plan for the transition to full service Universal Credit (UC) in September 2018, the Revenues and Financial Support structure was reorganised in December 2017. This restructure was approved by the Director of Finance and Resources and fully implemented by April 2018. It resulted in the creation of three new teams (Quality, Assessment, and Processing), and a reduction from four to three Senior Service Delivery Officers to manage each of the new teams.

12. The changes were made to ensure that:

- current processing levels are maintained and protected
- the service evolves to include automation, and manual processing
- training, audit, and quality control is consistent across all teams
- the service is well positioned to respond to change in the context of continuous improvement, and the vision of modernising processes.

13. The benefit service is part of Revenues and Financial Support, which is an integral part of Finance and Resources, one of the largest of the council's services with over 1,200 employees.

14. At an operational level the Revenues and Financial Support Operational Plan 2018/19 details the benefit service's key objectives and performance indicators, which are the:

- average time to process new claims and change events
- accuracy of payments.

15. The service reports its performance to:

- senior managers, team leaders and benefit staff (new claims / changes / workload) each week
- the Head of Service, senior managers and team leaders (new claims, changes, appeals, revisions, accuracy and overpayments) each month

- the Finance, Resources and Customer Service Policy Board (new claims, changes, appeals, revisions, accuracy) every two months, and in-year overpayment recovery levels each quarter.

16. Individual performance in respect of accuracy, work volumes, and against the service's performance indicators is discussed at quarterly 1-2-1s with staff. Senior benefit officers also meet every six weeks to discuss the outcomes from the monthly accuracy report, and to consider any requirements for individual, team, or service wide training.

17. Although performance is reported as outlined above, the benefit service does not report performance in respect of the recovery of all HB debt as part of the performance statement provided to the Finance, Resources and Customer Services Policy Board.

Action Plan (Appendix 1, Recommendation 1)

18. At the time of our audit, responsibility for the recovery of HB overpayments was being transferred from the Finance Recovery Team to the Verify Earnings and Pensions (VEP) sub team within the Development Team. As part of this process, we understand that a dedicated FTE HB overpayment officer will be appointed, and that targets and performance reports will be developed.

19. To manage the challenges arising from the implementation of full service UC the benefit service has participated in a number of working groups, guided by an overall preparatory plan. These include the:

- Welfare Reform Project Leads Group, which reviews internal actions and activities across all relevant service areas
- UC/DWP Joint Implementation Group, which meets periodically to learn from other councils that have 'gone live', and to keep up to date with current DWP thinking and plans
- Welfare Reform Finance Sub Group, which carries out analysis and modelling work to monitor the potential/expected financial impact of Welfare Reform on the council's budgets.

20. In addition, the council has funded a dedicated Welfare Reform Lead officer within Revenues and Financial Support with a remit to:

- ensure that knowledge of welfare reforms and regulations is current, by scanning and researching all information outlets
- provide expertise and advice to the working groups
- undertake analysis and modelling on the effect of welfare reforms.

Part 2

Delivering Outcomes

21. Effective operational processes and IT systems, along with skilled staff, help benefit services deliver sound performance and continuous improvement. The council has a number of management arrangements in place to support this.

Speed of processing

22. When customers claim benefit, it is a time of financial uncertainty for them and as such, it is essential that the service has sufficiently trained and effective benefit processors in place that can make informed decisions on complex benefit claims and pay benefit promptly.

23. Exhibit 1 below shows that there has been a slight decline in new claims processing performance, taking an average of 23 days in 2017/18 (22 days in 2015/16), with improvement in new claims processing during 2018/19 following the reorganisation previously detailed. The time taken to process change events has remained relatively consistent over the period with an average of seven days in 2017/18.

24. Based on the DWPs 2017/18 published performance statistics the council was ranked 17 in Scotland for the time taken to process new claims, and 24 for the time taken to process changes events.

Exhibit 1: Speed of processing performance (average number of days)					
	2015/16	2016/17	2017/18	2018/19 Scottish Average (Q1)	2018/19 (at 30 Sep)
New claims	22 days	23 days	23 days	22 days	20 days
Change events	7 days	6 days	7 days	7 days	8 days

Source: Renfrewshire Council & DWP

25. Resource management is an important aspect of service delivery and the loss of experienced staff, or high levels of sickness absence can impact on performance.

26. In 2017/18, the benefit service experienced significant resourcing challenges with the loss of 22 officers mainly due to internal movement of staff who had taken the opportunity to work on other council projects. The service was proactive in filling these vacancies, however, this was at a time when 20% of benefit staff were already new to the council with varying levels of experience.

27. Exhibit 1 shows that as new staff have gained experience, the time taken to process new claims in the first two quarters of 2018/19 has improved to an average of 20 days. However, the time taken to process change events has increased by one day, to an average of eight days.

28. The service is operating in an environment of reducing budgets and caseloads, and year on year reductions in the levels of subsidy provided by the DWP. To address this the service has:

- utilised agency staff to provide additional processing resource at key times of increased workloads
- extended the use of risk-based verification to include change events
- automated approximately 72% of change event notifications received from the DWPs Automated Transfer to Local Authority Systems (ATLAS)
- used a commercial product which provides management with detailed productivity and performance information. This is used to manage workloads and individual staff performance.
- implemented the DWPs Verify Earnings and Pensions (VEP) service in 2017 and signed up to the enhanced alerts service which went live in July 2018. The VEP service provides the council with:
 - real-time access to Her Majesty's Revenues and Customs (HMRC) records to verify a customer's earnings/pension details which should help reduce the time taken to establish a customer's income
 - real-time alerts to notify when a customer's income details have changed to ensure that a change can be processed timeously, ensuring payment accuracy and reducing the potential for an overpayment to arise.

29. The council launched the MyAccount portal in June 2016, which allows customers to submit a HB claim and to report a change event online and has received over 2,000 claims via this channel.

30. Exhibit 2 below details the number of claims received through the portal, and the average time taken to process these when compared to claims received in the post, or in person at nominated council offices. The council is processing these claims on average eight days quicker than those received through normal business routes.

Exhibit 2: Comparison of new claims speed of processing performance
(average number of days)

	No of claims received	Avg. days to process	% of all claims received
Portal (Jun 16- Mar 17)	722	15	21%
Renfrewshire Council	3,512	23	79%
Portal (Apr 17- Mar 18)	1,069	15	27%
Renfrewshire Council	3,949	23	73%

Source: Renfrewshire Council

31. The number of new claims as a percentage of all claims process through the portal has increased from 21% in 2016/17 to 27% in 2017/18. The council continues to encourage HB customers to claim using MyAccount as part of its overall improvement plans.

32. Once the impact of full service UC is known the council has plans to continue to improve the benefit service. This includes reviewing and improving its approach to risk-based verification and utilising robotic processes to automate administrative, logic-based tasks to help streamline the service and improve claims processing times.

Accuracy

33. The accurate and secure administration of HB should be a key priority for every council, and to support this, it should have a robust quality assurance framework in place.

34. The benefit service places significant importance on the accuracy and quality of claims processing, and accuracy is a key performance indicator in the Revenues and Financial Support Operational Plan 2018/19 and is reported throughout the service.

35. As part of the restructure of Revenues and Financial Support, the service changed the focus of its approach to quality to ensure that, where errors were found, there was sufficient available resource to provide training, support and guidance to staff.

36. To meet this objective the council established a Quality Team in June 2018, which incorporates training and compliance and consists of three FTE training and auditing officers and one FTE auditing officer. At the time of our audit the service was in the process of recruiting an additional FTE training and auditing officer and the team was expected to be fully operational by December 2018, following a period of training and consolidation.

37. The benefit service's Quality Checks Policy and Procedures provides the operating framework for its management checking activities and contains its statement of objectives, which are to:

- ensure that benefit is awarded and paid correctly, not to find errors
- identify areas for service delivery improvements
- be seen as a positive measure to reduce inaccuracy
- avoid conflict where one person's view overrides another's.

38. This document is comprehensive and details the council's approach which is to carry out a daily pre-payment check on a minimum of 4% of claims randomly selected from the benefit IT system, the day after the claim has been processed. A pro-forma is completed for each check and, where an error is found, the officer is asked to correct the claim and advise the Quality Team accordingly.

Action Plan (Appendix 1, Recommendation 2)

39. To ensure a clear audit trail, all actions are recorded on the benefit service's document imaging system and are signed off as complete by the Quality Team when the appropriate corrective action has been taken. In addition to routine management checking activities, the level of checks is increased to 100% when:

- a new assessor is appointed. Checks are reduced incrementally as the assessor's accuracy levels improve
- staff are under-performing
- assessors have requested additional support
- training has been provided on a specific area, to ensure that the training was effective.

40. All management check outcomes are recorded on a detailed spreadsheet which is summarised and analysed by the Quality Team to help the service identify any trends or patterns of error that can be used to provide remedial training at individual, team, or service level, as appropriate.

41. Each month an accuracy report is produced which provides a detailed breakdown of errors found, and approximately every six weeks senior benefit officers meet to discuss the report with a view to identifying any specific training needs.

42. The advantage of carrying out a management check pre-payment is that it allows for the correction of an error before a payment has been made, therefore ensuring the accuracy of the payment, and avoiding a potential overpayment and subsequent loss of subsidy.

43. However, the council confirmed there are two benefit payment runs each month where a prepayment check is not undertaken. Claims checked the day after the payment run are therefore post payment and already in the live HB system. The council has therefore lost the opportunity to correct the payment before issue and any financial error will result in an overpayment of HB.

44. Since 2015/16 accuracy performance has been in steady decline and, at the time of our audit was well below the target of 95%. The service has advised that this is indicative of the high turnover of staff and the need to carry out 100% checks of the work of new staff. Exhibit 3 illustrates the council's current and previous accuracy performance.

Exhibit 3: Financial accuracy performance

	Internal Target	Achieved
2015/16	95%	96%
2016/17	95%	92%
2017/18	95%	91%
2018/19 (at 31 Oct)	95%	90%

Source: Renfrewshire Council

Interventions

45. To minimise error in the caseload, councils must encourage customers to report change events on time and the council must have a robust intervention programme to identify changes and take appropriate corrective action.

46. To support this, benefit service notification letters and claim forms remind customers of the requirement to report any change event. The council's website provides information on the various options available to contact the benefit service.

47. The service uses the benefit IT system diary facility to highlight claims where future changes could affect the customer's entitlement to benefit, for example, a significant birthday or a change in household details.

48. The council participates in the DWP's Housing Benefit Matching Service, Audit Scotland's National Fraud Initiative and from July 2017, the DWPs Verify Earnings and Pensions (VEP) service. These initiatives all help to identify possible unreported change events that require further investigation.

49. Prior to participating in VEP the council used the DWP's earlier version, the Real Time Information (RTI) and optional RTI data matching services. The majority of the council's interventions activity has been derived from the RTI output and Optional RTI service. To manage this additional work, in June 2017, the benefit

service utilised DWP funding of £58,000 to establish a dedicated team of two FTE officers.

50. Exhibit 4 below details the outcomes from the council's interventions activity.

Exhibit 4: Interventions performance				
	Number of completed interventions	Number of decreases in HB identified	Number of increases in HB identified	% resulting in a change to benefit
2015/16	1,488	992	95	73%
2016/17	1,533	979	95	70%
2017/18	2,194	1,159	90	57%
2018/19 (at 30 Sep)	621	263	16	45%
TOTAL	5,836	3,393	296	63%

Source: Renfrewshire Council

51. The council has identified an un-notified change in benefit in over 63% of interventions carried out since 2015/16. This helps the council stop incorrect benefit being paid and identify customers that are entitled to receive more benefit than their current entitlement. Since May 2016, the benefit service's work in this area has identified approximately £690,000 of overpayments, and more than £26,000 in weekly HB savings.

52. As detailed earlier, the benefit service opted in to the DWP's VEP service in July 2017, and its enhanced service from July 2018. To support its activities the council received approximately £70,000 in funding from the DWP. The council plans to utilise the funding to recruit a FTE officer with responsibility for managing the VEP output. The council aims to improve claims processing times by reducing the need to request earnings and pension information from customers, and to identify fraud and error.

53. The council has also signed up to the DWP's self-employed data match exercise, which targets customers that have had no change to their self-employed earnings in the past 12 months. At the time of our audit the council had contacted affected customers and was working through the responses.

Overpayments

54. To protect public funds, councils should take appropriate steps to ensure that benefit overpayments are minimised and that, when they do occur, they are correctly classified and rigorously recovered.

55. The HB Overpayment Policy - Guiding Principles details the council's approach and commitment to the recovery of HB overpayments. The council aims to:

- reduce losses to public funds
- provide revenue for the council
- help reduce the loss from overpayments
- deter fraud and error

- demonstrate a commitment to accuracy, and to the provision of a quality service to its customers.

56. To minimise HB overpayments, the benefit service prioritises change events that could lead to an overpayment, uses benefit IT system reports to predict changes, and reminds customers of the need to report any changes. In addition, the service checks the output from the DWPs ATLAS system daily and prioritises claims where an overpayment could arise.

57. This proactive approach has helped minimise the number of local authority (LA) /administrative error overpayments that can arise because of processing delays. This is particularly important as a council can lose subsidy where its LA/administrative error rate exceeds 0.48% of all HB payments made. Since 2014/15 the council has performed well below this threshold.

58. Where it is not possible to recover an overpayment from ongoing benefit entitlement, the debt is passed to the Finance Recovery Team who issue an invoice to the customer, followed by a reminder, and a final notice. Where no response is received after the final notice stage, the Finance Recovery Team uses all available recovery options including:

- utilising the DWP's Payment Deduction Programme to automate the recovery of HB overpayments from DWP benefits, where appropriate
- using the DWP's Customer Information System to trace customers who are no longer resident within the council area
- using a Direct Earnings Attachment (DEA) when the customer is in employment
- utilising Sheriff's Officers for difficult to recover debt
- using other commercial products.

59. The council's use of DEA as a means of initiating recovery of a debt has proved effective. At the time of our audit, the council had issued letters to customers and employers in respect of £85,115 of HB overpayments and had recovered £22,716 (27%).

60. The council continues to be proactive in reducing the levels of outstanding debt and improve overall recovery performance. Improvement actions include:

- working with the DWPs Performance Development Team (PDT) in December 2017 to carry out a full review of overpayment procedures which resulted in the implementation of a six-point action plan
- signing up to the recently launched DWP HB Debt Service project. This service allows councils to send up to 1,200 dormant HB overpayments per month to the DWP to match with real time HMRC employment and pension data
- transferring the responsibility for the recovery of HB Overpayments from the Finance Recovery Team to the RTI/VEP team in October 2018 to provide more control over the overpayment process, and planning to appoint a FTE overpayment officer dedicated to the recovery of benefit debt.

61. As illustrated in Exhibit 5 the council has improved its overall performance in the recovery of in-year HB debt, however there has been a steady decline in its performance in respect of the recovery of all HB debt.

Action Plan (Appendix 1, Recommendation 3)

Exhibit 5: Overpayment levels and recovery performance				
	2015/16	2016/17	2017/18	2018/19 (at 30 Sep)
Total HB overpayments carried forward	£5,954,122	£7,086,948	£7,214,511	£7,589,389
Total overpayments identified in-year	£3,205,020	£2,234,722	£2,436,669	£990,123
Total value of HB debt	£9,159,142	£9,321,670	£9,651,180	£8,579,512
Total value of HB debt recovered	£1,915,068	£1,771,916	£1,770,253	£859,253
Total value of HB debt written off	£155,541	£349,098	£285,505	£97,588
% of in-year debt recovered	60%	79%	73%	90%
% of total HB debt recovered	21%	19%	18%	10%

Source: Renfrewshire Council

Appendix 1

Action plan 2018/19

2018/19 recommendations for improvement



No. Issue/risk



Recommendation



Agreed management action/timing

1 HB debt

The benefit service does not report performance in respect of the recovery of all HB debt.

Risk

There is a risk that members are not fully sighted on all debt recovery performance.

The Council should report all debt recovery performance to the Finance, Resources and Customer Services Policy Board.

The Council will revise its report to include all HB debt recovery performance and this will include supporting commentary

Pat Boyle

April 2019

2 Accuracy

The Council selects claims randomly from the benefit IT system for prepayment checks.

Risk

There is a risk the Council is not effectively targeting claims it has identified from its data analysis that are most likely to result in an error.

The Council should consider a more targeted approach to ensure the best use of limited resources and to maximise the potential for positive outcomes.

The Council will reconsider its approach to quality checking and will devise a new strategy which includes a more targeted approach.

Gary Caldwell

31 March 2019

3 Overpayments and recovery

The council's all debt recovery performance has declined in recent years.

Risk

There is a risk that the older the HB debt the more difficult it will be to recover.

Management should consider what measures it can take to improve the level of recovery of HB debt which has been outstanding for more than one year.

The Service will use the new integrated team to ensure a targeted and end to end approach to HB debt recovery which will include all years. Results will be closely monitored through a new more comprehensive monthly report to senior management.

Pat Boyle

31 March 2019

Follow up of prior year recommendations

b/f 1

Write offs

Evidence of spot checks on write offs were not documented, and there are no procedures to ensure that

The Development Team created a bespoke write off report that is produced each month and passed to the



No. Issue/risk



Recommendation



Agreed management action/timing

these checks were being carried out to provide assurance that benefit overpayments were being written off appropriately in all cases.

benefit team leaders for action. This report is monitored by the Development Team to ensure appropriate action has been taken.

Complete

b/f 2

2. Overpayment recovery performance

There was a discrepancy in the council's reported overpayment recovery performance.

There is a risk that the council does not accurately reflect the total amount of debt outstanding to show the council's overpayment recovery performance.

The discrepancy was the result of the system offsetting a customer's underlying entitlement when an overpayment had occurred. The DWP is aware of this issue; it affects all users of the same benefit IT system, and the council continues to work with its IT provider to find a solution.

Complete

Renfrewshire Council

Audit of housing benefit

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk