



## 2020/21 Audit Results Housing Benefit Subsidy Claim

<b>Corporate Priority:</b>	Ensuring the right conditions to support delivery
<b>Relevant Ward Member(s):</b>	All
<b>Date of consultation with Ward Member(s):</b>	N/A
<b>Exempt Information:</b>	No

### 1 Summary

- 1.1 This report provides Audit and Standards committee with a summary of the 2020/21 Housing Benefit Audit. It sets out the value and impact of the errors identified, and the actions being taken in response to the audit findings to minimise the risk of error in the future. Fewer errors were identified compared to the 2019/20 audit, providing greater assurance of the controls in place to reduce the risk and error.
- 1.2 The Housing Benefit final tested claim has now been reviewed by the DWP. Following this review it was noted that an amount of £1.00 had been overpaid in relation to our 2020/21 subsidy claim.

### 2 Recommendation

- That Committee:**
- 2.1 **Notes the findings of the 2020/21 Housing Benefits Audit and action being taken in response to the audit findings**

### 3 Reason for Recommendations

- 3.1 The report provides an overview of the Councils Housing Benefit claim for the financial year 2020/21 and the findings of the external audit of the claim for the committees information. No changes can be made to this claim retrospectively.

## 4 Background

4.1 Local Government administers the Government's housing benefits scheme for tenants (both our own and private) and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid. This is a complex area of work and it is important that eligible households are supported to receive payments towards their rental costs, and that the Council minimises the risk of error in its approach.

4.2 Each year, sample testing is carried out to check for errors in the subsidy claim being made to the DWP. Initial Testing is carried out in respect of all general expenditure cells which relates to Non Housing Rent Account Rebates (expenditure mainly attributed to B&B costs for homelessness cases), HRA Rent Rebates & Rent Allowance. This testing is carried out by External Audit in line with the Housing Benefit Assurance Process.

4.3 More extensive testing is completed if the sample testing identifies errors. This is known as '40+ testing'.

The certification guidance requires external auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim.

40+ testing may also be carried out as a result of errors that have been identified in the certification of previous year's claims this is known as Cumulative Assurance Knowledge and Experience (CAKE) testing.

4.4 As a result of errors found in the initial testing and errors identified in previous year's claims, external audit carried out extended testing in several areas. These are set out later in the report.

4.5 Underpayments, uncertainties and the extrapolated value of other errors have been reported in a qualification letter which is subsequently sent to the DWP (The Department of Work and Pensions) who then decide whether further work is required to quantify the error or to claw back the benefit subsidy paid. The issues reported are outlined in the main considerations section below.

## 5 Main Considerations

### 5.1 Summary of Initial Testing

5.1.1 In accordance with the Housing Benefit Assurance Process (HBAP) modules an initial sample of cases was completed by the Council for all general expenditure. External Audit re-performed a sample of the Council's testing and confirmed the tests they carried out concur with the Council's results. Checks were made on the following:

Area Sampled	Definition	Errors Identified 2020/21	Errors Identified 2019/20	Findings
Non HRA Rent Rebates	Expenditure mainly attributed to B&B costs for homelessness cases	None found	None found	N/A

HRA Rent Rebates	Tenants of HRA properties	None found	None found	N/A
Rent Allowance	Tenants of Private Rented properties	1 error found – Value £0.00 due to error being understated	3 errors found – Value £10,004	Error found due to incorrect assessment of a payslip, pension deduction had been missed, benefit was understated by £36.16.

## 5.2 Summary of Testing arising from 40+ sample testing and CAKE Testing

5.2.1 In line with the requirements of HBAP modules CAKE testing was undertaken based upon the preceding 2019/20 Audit report. External audit re-performed a sample of the Council's testing and they confirmed they concur with the Council's results. These results are outlined below.

### a) Rent Rebate – Incorrect assessment of Earnings

This additional check was carried out due to errors identified in the 2019/20 HBAP report. All rent rebate cases were checked containing earnings. Testing of this sample identified 1 error case total value of £1 where the Council had applied the incorrect earnings figure resulting in an overstatement.

An amendment of Cell 061 by £1.00 was made to the subsidy claim form. For reference in the 2019/20 report 3 cases were identified as errors.

### b) Rent Rebates – Incorrect classification of overpayments

This additional check was carried out due to errors identified in the 2019/20 HBAP report. A random sample of cases covering current year eligible overpayments were selected.

No errors were found, this matter is now considered closed.

### Rent Allowance – Incorrect Assessment of Earnings

This additional check was carried out due to errors identified in the 2019/20 HBAP report. All rent allowance cases were selected containing earnings. Testing of this sample identified 3 error cases total value of £0.08 where the Council had applied incorrect earnings figures resulting in an overstatement.

No amendments were made to the claim form. For reference in the 2019/20 report 1 case was identified as errors.

### c) Rent Allowance – Overpayment offsetting

This additional check was carried out due to errors identified in the 2019/20 HBAP report. A random sample of cases covering current year eligible overpayments were selected.

No errors were found, this matter is now considered closed.

#### **d) Rent Allowance – Ineligible service charges applied**

This additional check was carried out due to errors identified in the 2019/20 HBAP report. A random sample of cases covering current year claims with service charges were selected.

One error was identified where the service charge used was incorrect, this resulting in £233 being overstated in subsidy cell 102. This error resulted in Subsidy Cell 113 being understated by £233, meaning that these amount cancel each other out.

For reference in the 2019/20 report 3 case were identified as errors.

- 5.3 As part of this audit a review of both system control and parameters was also undertaken. This is known as Modules 2 & 5.
- 5.3.1 Module 2 was completed which is the system parameters checklist and no issues were identified.
- 5.3.2 Module 5 was completed which is the system parameters checklist and no issues were identified.
- 5.4 Comment is noted that the Local Authority were unable to provide a Local Schemes Policy agreed by full council. However, this has not resulted in an amendment to the final claim. This is due to this having been approved some considerable time ago. This will be rectified as part of the budget report for 2023/24 where members will be asked to confirm the existing policy.
- 5.5 It is positive that there were a number of areas where no errors were identified within the 2020/21 audit. The value of the errors found is also much smaller than in the 2019/20 audit. This highlights the continued progress being made. We will continue to focus on those areas where errors were identified this year to see how these can be reduced in the future. This will include staff training and improved working practices and processes.
- The Housing Benefit reporting account final tested claim has now been reviewed by the DWP. Following this review, it was noted that an amount of £1.00 had been overpaid in relation to our 2020/21 subsidy claim.

## **6 Options Considered**

- 6.1 The findings of the 2020/21 audit highlight the continued progress being made. We will continue to focus on those areas where errors were identified this year to see how these can be reduced in the future. This will include staff training and improved working practices and processes.

## **7 Consultation**

- 7.1 There was no consultation required as part of this report.

## **8 Next Steps – Implementation and Communication**

- 8.1 Housing Benefit subsidy will continue to be monitored on a regular basis. Training will be focused on areas highlighted in the annual audit of the Housing Benefit subsidy claim.

## **9 Financial Implications**

- 9.1 The cost of having the audit undertaken is separately chargeable totalling £23k which includes 40+ testing and therefore as we reduce the errors, there will be less testing and therefore should result in lower audit fees payable.

**Financial Implications reviewed by: Director for Corporate Services**

## **10 Legal and Governance Implications**

- 10.1 There are no legal implications arising from this report

**Legal Implications reviewed by: Monitoring Officer**

## **11 Equality and Safeguarding Implications**

- 11.1 There are no equality or safeguarding implications arising from this report.

## **12 Community Safety Implications**

- 12.1 There are no community safety implications to consider as part of this report.

## **13 Environmental and Climate Change Implications**

- 13.1 There are no environmental and climate change implications to consider as part of this report.

## **14 Other Implications (where significant)**

- 14.1 There are no other implications to consider as part of this report.

## **15 Risk & Mitigation**

- 15.1 The risk is that a high amount of errors could lead to reduced subsidy being received. However the errors that have been identified in the report have had a small net impact on the claim.

## **16 Background Papers**

- 16.1 There are no background papers to be considered alongside this report.

## **17 Appendices**

- 17.1 There are no appendices to accompany this report.

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