



External Audit Review of Housing Benefit Subsidy 2021/22

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Lead Member/Relevant Portfolio Holder	Councillor Sarah Cox - Portfolio Holder for Corporate Finance, Property and Resources

Corporate Priority:	Ensuring the right conditions to support delivery
Wards Affected:	(All Wards);
Date of consultation with Ward Member(s):	N/A
Exempt Information:	N

1 Summary

- 1.1 This report provides Audit and Standards Committee with a summary of the 2021/22 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 2020/21 audit, providing greater assurance of the controls in place to reduce the risk and error.

2 Recommendations

RECOMMENDATION
<p>That Committee:</p> <p>2.1 Notes the finding of the 2021/22 Housing Benefits Audit and action being taken in response to the audit findings.</p>

3 Reason for Recommendations

- 3.1 The report provides an overview of the Council's Housing Benefit claim for the financial year 2021/22 and the finding of the external audit of the claim for the committee's information. No changes can be made to this claim retrospectively.

4 Background

- 4.1 As of 31st March 2022 the Council's Housing Benefit caseload was as follows:

Non HRA Rent Rebates – 2
HRA Rent Rebates – 572
Rent Allowance – 464

For the financial year ending 2021/22 174 new housing benefit claims and 3944 changes in circumstances were received and processed within the Benefits Team.

- 4.2 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.
- 4.3 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.
- 4.4 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.
- 4.5 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.
- 4.6 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 2021/22	Errors Identified 2020/21	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	1 error found – Value £0.00 due to error being understated	None found	Error found due to non-dependent deduction being incorrectly applied due to non-dependents student status. This error would always result in an underpayment or no impact on subsidy.
Rent Allowance	Tenants of Private Rented properties	None found	1 error found – Value £0.00 due to error being understated	N/A

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 2020/21 audit report. External audit re-performed a sample of the Council's testing, and they confirmed they concur with the Council's results. There results are outline below

a) Rent Rebate – Incorrect assessment of Earnings

This additional check was carried out due to errors identified in the 2020/21 HBAP report. A total of 20 cases were identified as part of this subpopulation. Due to the small population all cases were tested.

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

b) Rent Allowances – Incorrect assessment of Earnings

This additional check was carried out due to errors identified in the 2020/21 HBAP report. A total of 63 cases were identified as part of this subpopulation. Due to the small population all cases were tested.

Testing of this sample identified 2 error cases where the Council had applied incorrect earnings figures. Resulting in an overpayment of £299.42. This error resulted in the following over/under statements. Meaning these amounts cancel each other out.

Cell 102 being overstated by £70

Cell 103 being overstated by £229

Cell 113 being understated by £299

c) Rent Allowances – Incorrect application of service charges

This additional check was carried out due to errors identified in the 2020/21 HBAP report. A total of 70 cases were identified as part of this subpopulation. Due to the small population all cases were tested.

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

- 5.3 As part of this audit a review of both system control and parameters was also undertaken. This is known as Module 2 & 5.
- 5.4 Module 2 was completed which is the Uprating checklist and no issues were identified.
- 5.5 Module 5 was completed which is the software diagnostic tool. As part of this it was identified that the Council did not run the required BENCHK reports after 1st March 2022.
- 5.6 Comment is noted that the Council were unable to demonstrate it had a formal Local Schemes Policy. We were however able to demonstrate that at Full Council on 23rd February 2023 it was agreed to “continue to disregard 100% of any war widows (widowers)/war disablement scheme/armed forces compensation scheme payments in any benefit assessment”.
- 5.7 It is positive that there were a number of areas where no errors were identified in the 2021/22 audit resulting in these matters being closed. It is also positive that the number of errors identified in 2021/22 is fewer than in 2020/21. This highlights the continued progress being made. We will continue to focus on those areas where errors were identified to see how these can be reduced in the future. This will include staff training and improved working practices and processes.

The Housing Benefit final tested claim has now been reviewed by the DWP. Following this review it has been confirmed the claim has been settled on this basis and is now closed.

6 Options Considered

- 6.1 The findings of the 2021/22 audit highlight the good work being undertaken in the team and also shows 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 which includes 40+ testing and therefore as we reduce errors, there will be fewer testing requirements resulting in lower audit fees payable.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 The External Audit process referred to in this report underpins the Council's obligation to properly administer housing benefit in accordance with the relevant regulations. Whilst the exercise focusses on the broader aspect of the Council's claim for subsidy to fund the scheme, the process can also highlight issues with individual claims which reduces the risk of challenge to the Council's decisions and the associated cost of dealing with these.

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 Data Protection Implications (Mandatory)

- 12.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks to the rights and freedoms of natural persons arising directly from this report.

13 Community Safety Implications

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

14 Environmental and Climate Change Implications

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

15 Other Implications (where significant)

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

16 Risk & Mitigation

- 16.1 The risk is that a high number of errors could lead to reduced subsidy being received. However the errors that have been identified in the report have had no net impact on the claim.

17 Background Papers

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

18 Appendices

- 18.1 There are no appendices to accompany this report.