



Housing Benefits Subsidy Claim

Corporate Priority:	Service excellence in all we do
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	
Exempt Information:	No

1 Summary

- 1.1 To provide Audit and Standards committee with a summary of the 2018/19 Housing Benefit Audit.

2 Recommendation(s)

That Committee:

- 2.1 **Notes the findings of the 2018/19 Housing Benefits Audit.**

3 Reason for Recommendations

- 3.1 The report is referencing the final Housing Benefit claim for the financial year 2018/19 and the findings of the external audit of the claim. No changes can be made to this claim retrospectively.

4 Background

- 4.1 Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.
- 4.2 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. External audit found errors and carried out extended testing in several areas.

- 4.3 Extended and other testing identified errors which the Council amended had a small net impact on the claim.
- 4.4 Underpayments, uncertainties and the extrapolated value of other errors have been reported in a qualification letter. The Department of Work and Pensions then decided 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.

5 Main Considerations

5.1 The total value of the housing benefit subsidy claim both prior and post audit is:

- a) Presented for certification – £6,207,837
- b) Amended/not amended – Amended to £6,207,854

5.2 The following audit tests have returned no errors and are considered as closed:

- a) Rent Rebates – Incorrect assessment of occupational pension.
- b) Rent Allowance – Incorrect assessment of occupational pension.
- c) Rent Allowance – Unable to reconcile amount of subsidy to the benefit award.
- d) Rent Allowance – Misclassification of claimant error overpayment.
- e) Rent Allowance – Unreconciled case between subsidy and benefit awarded

5.3 The audit identified the following exceptions/errors:

- a) Rent Rebates Incorrect classification and start date of eligible overpayments
 - i) Testing of the initial random sample of 20 cases identified 1 case (total value £68) where the Authority had misclassified overpayments. Given the nature of the population and the errors identified including those reported in the 2017/18 qualification letter relating to the current year eligible overpayments, an additional random sample of 40 cases covering current year eligible overpayments were selected. Testing of this additional random sample of 40 cases identified no errors.
- b) Rent Allowance Incorrect assessment of earnings
 - i) Testing of the initial random sample of 20 cases identified no errors. Given the nature of the population and the errors identified in the 2017/18 qualification letter relating to the incorrect assessment of claimants' earnings, an additional random sample of 40 rent allowance cases were selected from a sub population of cases containing earnings. Testing of this additional random sample of 40 cases identified 2 cases (total value £39) where the Authority had overpaid benefits as a result of earnings being incorrectly assessed.

5.4 The following observations were made by the auditors:

- a) Rent Allowance Overpayment Offsetting
 - i) Testing of the initial random samples of 20 cases identified 1 case (total value £66) where the authority had incorrectly offset an overpayment against subsidy following a change of address. Given the nature of the population and the errors identified

relating to the incorrect offsetting of overpayments against subsidy following change of address, 100% sample of rent allowance cases with change of address cases with overpayment offset were selected for testing. Testing of this sample of 15 cases identified 4 cases (total value £372) where the authority had incorrectly offset overpayments against subsidy following a change of address.

- ii) As there is no eligibility to subsidy for benefits which has not been paid the 5 errors identified do not affect subsidy and have not, therefore, been classified as errors for subsidy purposes. No amendments have been made for this underpayment.

b) Rent Rebates Modified Schemes – Incorrect assessment

- i) These are claims that were in receipt of War Disablement Pension for the 2018/19 subsidy year. Given the nature of the population and the errors identified from the 2017/18 qualification letter relating to the incorrect assessment of modified scheme cases, 100% sample of modified scheme rent rebates cases were selected for testing. Testing of 2 cases identified 1 case where there was no effect on subsidy as a result of the Authority not uprating Mobility Supplement from April 2018. There is no impact on subsidy as this income is wholly disregarded under both the local and national scheme. As there is no eligibility to subsidy for benefits which has not been paid, the 1 error identified did not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.

5.5 The following amendments to the claim form were made as a result of the audit:

a) Rent Rebates Incorrect assessment of earnings

- i) Testing of the initial random sample of 20 cases identified no errors. Given the nature of the population and the errors identified in the 2017/18 qualification letter relating to the incorrect assessment of claimants' earnings, 100% sample of rent rebate cases were selected from a sub population of cases containing earnings.
- ii) Testing of 58 cases identified – 2 cases (total value £1,188 where the authority had overpaid benefits as a result of earning being incorrectly assessed. 3 cases (total value £28) where the authority has misclassified expenditure as a result of earnings being incorrectly assessed. 2 cases (total value £23) where the authority had underpaid benefits as a result of earnings being incorrectly assessed.
- iii) As there is no eligibility to subsidy for benefits which has not been paid, the 2 errors identified did not affect subsidy and have not, therefore, been classified as errors for subsidy purposes. No amendments have been made for this underpayment.
- iv) The authority had overpaid benefits/misclassified expenditure for 5 cases as a result of earnings being incorrectly assessed. The relevant cells have been amended on claim form dated 10th December 2019.

5.6 Additional Issues

a) Benefit Software: Reconciliation of benefit granted to benefit paid

- i) The authority uses the Northgate Benefit software. The software supplied provides a method for the authority to reconcile benefit granted per the benefit software to benefit paid per the benefit software. The benefit granted figures in the claim form and the benefit granted figures used in the reconciliation differ by £4,728. This is a result of manual adjustments being made on the final claim form by Council. These were as an outcome of testing that was carried out in parallel to the external audit.

- 5.7 The errors identified by the audit are not significant in value and therefore did not have a financial impact on the council. However further training and awareness will be taken forward to ensure similar errors do not occur in the future.
- 5.8 As you can see from 5.2 above there are a number of areas where no errors have been found in 2018/19. As a result these areas have been removed from future audits. These are areas where errors have been found in prior years. There was also significant work required in order to test these areas. This highlights the progress that is being made. We will continue to focus on those areas where errors were identified this year to see how these can be rectified in the future. Whether this be training or through changed working practices.

6 Options Considered

- 6.1 There are no options to consider as an outcome of this report.

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 errors that have been identified in the report have had a small net impact on the claim.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 There are no legal or governance implications to be considered as an outcome of this report.

Legal Implications reviewed by: Director for Governance and Regulatory Services

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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