

EAST RENFREWSHIRE COUNCIL  
AUDIT AND SCRUTINY COMMITTEE

25 June 2020

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORT – HOUSING BENEFIT PERFORMANCE AUDIT:  
ANNUAL UPDATE 2019

**PURPOSE OF REPORT**

1. To provide information on the Audit Scotland report *Housing Benefit Performance Audit: Annual Update 2019*.

**RECOMMENDATION**

2. It is recommended that the Committee considers the report.

**BACKGROUND**

3. A copy of the Audit Scotland report [Housing Benefit Performance Audit Annual Update 2019](#), published in January 2020, has already been circulated to all Audit and Scrutiny Committee Members. Under the Committee's specialisation arrangements, the Members leading the review of this particular report are Councillor Swift and Councillor McLean. The Head of Communities, Revenues and Change has provided comments on that report and a copy of those comments is attached (see Appendix A).

**RECOMMENDATION**

4. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

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Background Papers:-

1. Audit Scotland Report – *Housing Benefit Performance Audit: Annual Update 2019*.

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External Audit Report – Housing Benefits

Comments for Audit & Scrutiny Committee on 25 June 2020

Prepared by Head of Communities, Revenues & Change and Senior Revenues Manager

June 2020

**INTRODUCTION**

1. This paper aims to provide high level comments on the Council's position regarding the External Audit report on the topic of Housing Benefits, the annual national update by Audit Scotland (*Housing Benefit Performance Audit Annual Update 2019*).

**BACKGROUND**

2. As one of the smallest Housing Benefit services in Scotland, with an annual caseload of around 2,900, we have been planning for the gradual phasing out of Housing Benefit (HB) as a result of the implementation of Universal Credit. There is an eventual national goal to retain only those of pension age and a few complex or specific cases on HB post Universal Credit (UC). National delays in UC implementation have made the planning of resources in recent years a particular challenge.

3. Each year Audit Scotland produces a national update on its Housing Benefit Performance Audit. To produce this overview, Audit Scotland undertakes a Housing Benefit risk assessment based on a number of factors, including the Department for Work and Pension's (DWP) most recent published speed of processing performance statistics. East Renfrewshire Council participated in a Housing Benefit risk assessment in summer 2018 and reported to Audit and Scrutiny Committee in January 2019. These results were published in the Audit Scotland Annual Update published late in 2019.

4. The purpose of this paper is to provide the Audit and Scrutiny Committee with comments on the 2019 national annual report and, to update the Committee on progress within East Renfrewshire Council's Housing Benefit Service.

**COMMENTS**

Housing Benefit Performance Audit Annual Update 2019

5. The Annual Update states that reports were issued to 5 councils in 2019 (including East Renfrewshire). The Accounts Commission concluded that in all 5 councils "the roll out of Universal Credit (UC) continues across Scotland and is having an impact on council benefit services.....the restructuring of benefit services, reducing caseloads and budget pressures are leading to less full-time benefit service employees". A total of 21 risks to continuous improvement were identified, with 8 of these relevant to East Renfrewshire Council.

6. This is a complex area with many changes which must be planned for and resourced in parallel with maintaining current service provision. Audit Scotland make reference in their report to councils restructuring to maintain service and provide job security.

7. In recent years our local focus has been on planning for the shift from HB to UC for the majority of cases below pension-age. For Revenues, this meant restructuring and

consolidating benefits services; delivering savings predicated on a forecasted declining HB caseload and developing our staff for the future, including multiskilling to build the resilience of what is a small team. The outcomes of the 2018 report led to an End to End process review and action plans being developed during 2019 which continue to be delivered into 2020.

### East Renfrewshire Council – Update on Progress

8. The Audit Scotland report in 2018 concluded that there are 5 areas that the Council should address and a further 3 that needed further work from the last assessment. These were summarised as follows:

- speed of processing for new claims and changes of circumstance, which had seen a decline at the time of the audit
- resourcing challenges to ensure service is set up to deliver
- issues of accuracy of dates recorded in the system
- methodologies for sampling to ensure balance and checking accuracy
- further improving debt recovery
- utilisation of Direct Earnings Attachments (DEA) as a means of recovering overpaid HB.

9. The Senior Revenues Manager initiated an End to End process review in partnership with other services, such as Customer First, the Money Advice & Rights Team (MART) and Housing. This review was focused on understanding key drivers and improving overall performance in the benefits service. This involved workshops with relevant parties and took a targeted approach towards better use of data, particularly around processing and error rates to help understand where improvement could be delivered. The key changes being implemented from the review are:

- Improved support for customers with additional officers available to provide guidance for completion of documentation and promotion of online completion
- Improved documentation, including checklist/guides to clarify requirements and training
- Improved internal communication to ensure that there is a seamless flow End to End
- External benchmarking with other councils to understand and implement best practice

10. Results to date can be summarised as follows:

Key Performance Indicator	2017/18	2019/20	Change	Change %	Comment
Speed of processing Housing Benefit New Claims (days)	31	23.9	-7.1	-23%	Speed of processing improved
Speed of processing Housing Benefit Change of Circumstance (days)	5	3.7	-1.3	-26%	Speed of processing improved
Accuracy of HB processing (%)	77.0%	93.5%	16.5%	21%	Accuracy improved
In year recovery of Housing Benefit Overpayment (%)	71.0%	105.0%	34.0%	48%	Debt recovery improved
Total recovery of Housing Benefit Overpayment (%)	14.0%	14.2%	0.2%	1%	Historic debt - under review

11. The issues of speed of processing have been addressed and continue to be a focus for the Benefits team with weekly and monthly key performance indicators introduced, leading

to improvements of 23% and 26% for Housing Benefit new claims and change of circumstance respectively.

12. Accuracy of Housing Benefit processing has improved by 21% to 93.5% in 2019/20, with enhanced processes and detailed attention in this area. The methodologies for sampling of the Benefits caseload involve regular checking of the work processed by team members undertaken by those in Lead Officer roles. At present the checking is carried out on a random sample of the cases processed. Any items processed by Lead Officers are checked by the Team Leader, and in turn items processed by the Team Leader are checked by the Senior Revenues Officer. New members of the team, or those who have been found to have a higher error rate have a higher proportion of work checked (in cases of new staff it is 100%).

13. The debt recovery approach has been further developed, with a 48% improvement for in year debt recovery leading to a 105% result in 19/20. However, HB Overpayment debt becomes more difficult to collect as HB claimants move to Universal Credit. This was recognised and explained in the HB performance audit update in 2019, “one of the most effective and commonly used methods for recovering overpaid HB is through regular deductions from ongoing HB which will no longer be available following migration to UC”. As East Renfrewshire Council’s HB caseload continues to reduce with migration to UC, recovery of historic Housing Benefit Overpayments becomes increasingly difficult. This is compounded by the fact that this debt ranks low - “Councils can apply to have previous HB debt recovered from UC, but HB debt would be ranked along with other potential debts the claimant may have and is considered a low priority debt”. The Covid 19 pandemic has led to debt recovery being suspended at present within East Renfrewshire Council, as is the case within other councils in Scotland, to ensure that vulnerable residents within the community are supported. This is expected to result in significantly reduced collection levels during 2020/21, which will impact the good progress made with the performance figures above – we will not be alone in this as the impact will be felt right across the country.

14. Various actions are underway to recover the historic HB Overpayment debt. Within East Renfrewshire Council the historic HB Overpayment data and process is under review as part of the implementation of the new Council Tax and Benefits system in 2020/21. This will also include a review of the Debt Recovery Policy to ensure it is fit for purpose and this will be brought to Cabinet at a suitable time. The Department for Work and Pensions’ HB Debt recovery project commenced in April 2018 and provides councils with the opportunity to match dormant HB debt to real time HMRC employment and pension data. Between June 2018 and March 2020 around 300 cases were referred to the service and information returned shows just over half (56%) of these residents are in employment. We have used the information provided to proactively contact residents, with a small number having now paid in full (1%) and around 3% coming to a voluntary repayment arrangement. The main purpose of carrying out this work was to inform and enable the direct earnings attachment (DEA) process.

15. A significant amount of work was carried out with the aim of implementing Direct Earnings Attachment (DEA) as this is seen as good practice, however the existing software requires new functionality to manage the process which would result in additional costs to the Council. A business case for investing in this new functionality could not be made at the current time as we are in the process implementing the new Council Tax and Benefits system. Therefore this will not be progressed further at this time.

16. Resourcing was reviewed during 2019 and it was concluded that with a declining HB caseload, and process improvement actions being implemented (per above), existing resources are adequate with only limited support required from temporary resources. This is subject to ongoing review and monitoring, particularly during the current Covid 19 pandemic.

## CONCLUSIONS

17. Benefits is a complex and frequently-changing area, with a nationally driven landscape and a range of different agencies involved. National delays in UC implementation have meant maintenance of HB caseloads for far longer than predicted. Against a background of reducing DWP funding, wider pressures on council budgets this continues to be a challenging time for service delivery and Audit Scotland's annual report highlights that this is the picture across the country.

18. Against this backdrop, we have undertaken a number of initiatives in East Renfrewshire Council to understand and improve benefits processing. We have a firm action plan in place, which is starting to deliver results and we continue to be committed to continuous improvement and high degrees of accuracy. The current Covid 19 pandemic will clearly have some impact on the performance results during 2020/21, however we continue to strive to improve. The implementation of the new Council Tax and Benefits system in 2020/21 will ensure that these improvements are embedded, supported by up to date technology, to allow East Renfrewshire Benefits teams to continue to deliver improved performance and customer/residents expectations.

## BACKGROUND REPORTS

- National External Audit Report – Housing Benefit Performance Audit Annual Update 2019
- Audit and Scrutiny Committee Report - Local external audit report on Housing Benefit Performance Audit risk assessment, January 2019