

EAST RENFREWSHIRE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

21 January 2016

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORTS

BENEFITS PERFORMANCE AUDIT ANNUAL UPDATE 2014/15; AND  
REVIEW OF ACTIVITY TO REDUCE FRAUD AND ERROR IN HOUSING BENEFIT

**PURPOSE OF REPORT**

1. To provide information on Audit Scotland reports on the *Benefits Performance Audit Annual Update 2014/15*; and *the Review of Activity to Reduce Fraud and Error in Housing Benefit*.

**RECOMMENDATION**

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

**BACKGROUND**

3. Copies of Audit Scotland reports on the *Benefits Performance Audit Annual Update 2014/15*; and *the Review of Activity to Reduce Fraud and Error in Housing Benefit*, published in June and September 2015 respectively, have already been circulated to all Audit and Scrutiny Committee Members. The Members who are leading the review of these particular reports are Councillor Wallace and Councillor Robertson. In accordance with arrangements established by the Committee for dealing with such reports, the Head of Business Change Services and Revenues has provided comments on both in a single report. A copy of the feedback is attached (see Appendix 1).

**RECOMMENDATION**

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

Local Government Access to Information Act 1985

Report Author: Linda Hutchison, Clerk to the Committee (Tel.No.0141 577 8388)  
e-mail: [linda.hutchison@eastrenfrewshire.gov.uk](mailto:linda.hutchison@eastrenfrewshire.gov.uk)

Background Papers:-

1. Audit Scotland Report on Benefits Performance Audit Annual Update 2014/15
2. Audit Scotland Report on *Review of Activity to Reduce Fraud and Error in Housing Benefit*

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National External Audit Reports: Benefits Performance Audit Annual Update 2014/15 and  
Review of Activity to Reduce Fraud and Error in Housing Benefit

Comments for Audit & Scrutiny Committee on 21 January 2015

Prepared by Head of Business Change Services & Revenues

December 2015

## **INTRODUCTION**

1. This paper aims to provide high level comments on the Council's position regarding the following two reports produced by Audit Scotland earlier in 2015:

- Benefits Performance Audit Annual Update 2014/15
- Review of Activity to Reduce Fraud and Error in Housing Benefit.

## **BACKGROUND**

### Structure of Service

2. Since the retirement of the Head of Revenue Services in July 2015, responsibility for services including Council Tax, Benefits, and welfare reform has transferred to the Head of Business Change & Revenues (Louise Pringle) and a new post of Revenues and Business Support Manager (Steven Skelly).

3. The Money Advice, Income Maximisation and Welfare Rights teams all transferred to Customer First, under the title Money Advice and Rights Team (MART). The Payroll Service transferred to HR and Rent Collection transferred to Housing.

### Welfare Reform

4. The roll out of Universal Credit (UC) in East Renfrewshire will take place from February 2016, but that is likely to involve small numbers at that stage, mostly single jobseekers, and it will take some years for the full impact to be felt. Universal credit is expected to add additional hardship to many households in East Renfrewshire. DWP predicts an average of 21 UC claims per month for East Renfrewshire up to March 2017, totalling 315 claims in the first year.

5. Our place in the final tranche of UC roll-out has allowed us to learn from the experiences of other councils and we have taken a proactive approach to preparations. The planning structure to prepare the Council and its partners for Welfare Reform has recently been reviewed and streamlined and now consists of a Welfare Reform Strategy Group made up of senior council officers and partner agencies (incl. Department of Work & Pensions (DWP) and Citizens Advice Bureau (CAB)) and a more tactical Universal Credit Preparations Group jointly chaired by the Council and DWP.

6. There are also interfaces with groups such as the Local Employability Forum and the short-life Digital Participation Group. The remit of the Forum for Advice & Information Services in East Renfrewshire (FAIRER) has also been recently reviewed and is continuing to be chaired by the Convener for Corporate Services, supported by the Revenues and Business Support Manager.

7. We are preparing a briefing session for elected Members in March 2016 to cover progress and issues on welfare reform in more depth.

## COMMENTS


### Benefits Performance Audit Annual Update 2014/15

8. In 2014/15 Audit Scotland carried out risk assessment work in 10 councils. Each Council developed an action plan in response to issues raised and was tasked with updating Audit Scotland on progress. East Renfrewshire Council was covered by this assessment in late 2014 and prepared our progress update in summer 2015. In July 2015 the Council received a letter from Audit Scotland recognising the 'commendable' level of progress that had been made in improving speed of processing for new claims and change of circumstances and also timescales for actioning of appeals and reconsiderations. The letter concluded that no further updates were required.

9. The above noted Audit Scotland 'Annual Update' is the summary report of this risk assessment work across the 10 councils. Key messages include:

- areas for improvement in business planning and performance reporting
- need for improvement of accuracy checking and intervention activity around Housing Benefit
- uncertainty of timing for migration from Housing Benefit to Universal Credit
- the plans to have each council's fraud investigators transferred to a Single Fraud Investigation Service (SFIS) in the Department of Work and Pensions (DWP) by March 2016

10. East Renfrewshire continues to see improvement in benefit processing times (see excerpt below of mid-year performance report for 2015/16). We will continue to monitor the performance of the service closely and are undertaking a number of business change reviews to improve the efficiency of the service and the supporting performance management information.

Description	2012/13	2013/14	2014/15	H1 2015/16	2015/16	Traffic Light Icon	Latest Note
	Value	Value	Value	Value	Target		
Number of days taken to process new and change of circumstance benefit claims.	10.49	10.87	9.27	6.7	10		Target exceeded. 9,419 new claims and change events were processed in 63,024 days. This is an improvement from the previous year (9.27 days).

11. As the national landscape is shifting on welfare reform, it is difficult to predict how quickly UC will develop. There are still plans for a new national digital system for UC to commence in May 2016, with a phased roll out over a 26 month period. Full roll out of UC is dependent on this system so any slippage could see councils with low UC numbers for a longer period. Best estimates are that the next 4-5 years will involve a mixed benefits system, with councils dealing with Universal Credit claimants in relation to Council Tax Reduction claims as well as Housing Benefit (HB)/ Council Tax Reduction (CTR) for non UC claimants. Consideration of inclusion for working age groups into UC is not expected until 2020. There are also 1100 residents over 60 years of age who will continue on HB and CTR. We will also continue to administer the CTR scheme for over 5000 claimants.

12. The reductions in UK government support to councils to deliver benefit services are now taking place against a very different planning environment from that which pertained when annual efficiency savings were put in place in 2010. At that time it was expected that councils would cease claims for Housing Benefit in October 2013 with the introduction of UC. Instead timescales have repeatedly slipped to the extent that even current announced timescales for rollout of UC by 2017 are not viewed with any great confidence. Additionally,

even with full UC implementation, no plans currently exist to replace housing benefit for those above pension age (up to 28% of ERC caseload).

13. This means that services which were originally expected to wind down (e.g. Housing Benefit) are now expected to continue with no clear end point in sight, yet still deliver year on year efficiency savings. The situation is challenging. In addition, the Council has a number of temporarily funded posts responding to welfare reform, funded through Welfare Reform contingency funding. We will need to review these longer term to put the service on a more sustainable footing to deal with consequences.

14. On 1 December 2015, we transferred 2 members of staff to DWP's new Single Fraud Investigation Service (SFIS). We have retained a single point of contact for referral of cases to DWP based on a service level agreement. A number of areas of existing work will remain council responsibility. These will include council tax reduction cases, council tax discounts, matches produced by the housing benefit matching service and cases below the financial threshold set by SFIS.

15. Current costs of the counter fraud team are partially met by Housing Benefit Administrative subsidy which also partially funds other housing benefit administrative costs. This subsidy will be withdrawn after December. The balance of cost is met from a mixture of Revenue Support Grant (RSG) and Council Tax income. It is not clear whether the RSG element will continue after staff transfer but as housing benefit caseloads reduce it is expected that RSG will reduce proportionately. COSLA has asked both Scottish Government and DWP for new burdens funding to meet the functions which DWP expects councils to retain. As yet no commitment has been made by either body and the Council will continue to look at options for how best to mitigate the impact of these changes.

#### Review of Activity to Reduce Fraud & Error in Housing Benefit

16. East Renfrewshire was one of 19 councils sampled in the development of this report regarding activity to reduce fraud and error in Housing Benefit caseloads.

17. Key messages from the report are:

- the need for councils to encourage customers to report changes of circumstance on time and have robust intervention programmes in place to identify unreported changes
- the challenges for councils in resourcing this work due to pressures from the wider welfare reform agenda
- examples of good practice in carrying out interventions.

18. As is mentioned above, there has been a tension for the Council in the need to deliver welfare reforms whilst continuing to administer our existing Housing Benefit caseload and in, as the report states, "a period of great uncertainty".

19. DWP's focus has been on improving performance around processing of new claims and changes of circumstances and this has led to some prioritisation of activity, with good effect on performance results (as can be seen in the above table).

20. The report highlights the Council's good practice in using the national RTI system to identify overpayments where changes or increases to earnings and private pensions occur. We also make good use of the ATLAS system which is where DWP share data on changes to social security benefits and tax credits. We have had more challenges however around achieving the targets of the FERIS system, but we will continue to use this and other methods to reduce Fraud and Error in Housing Benefit administration.

21. We continue to encourage reporting of changes of circumstances in a range of ways and this will be a core part of our service's routine communication plan for the year ahead.

22. The benefits team pre-plan an annual intervention/review cycle for the coming year, targeting specific areas each time (e.g. working and private pensions; child care charges; receipt of earned income etc). Interventions can be desk-based, visits or postal. Outcomes are now being recorded to inform future years' planning.

## **CONCLUSION**

23. The above comments attempt to give a brief summary of Council's position on the main themes in the two Audit Scotland reports. Generally our services in these areas are performing well and we have responded effectively to issues raised in our own assessments and regular audits. It is important to note that the Revenues Service is undergoing a considerable degree of change with the new management arrangements; further restructures; change reviews and are also operating in a significantly uncertain national landscape. Key priorities at this time are to ensure continuity of service; deliver improving performance outcomes; and provide a good and timely service to our customers.

24. Council departments and partner agencies continue to make good progress in mitigating the effects of welfare reforms and proactive steps are being taken to prepare for the introduction of Universal Credit in East Renfrewshire in February 2016.

25. The full impact of Welfare Reform has not yet been realised across Scotland due to a number of delays in the roll out. These changes are likely to exacerbate poverty for our most vulnerable individuals, families and communities most at risk and on the margins of poverty.

Comments from:-

Louise Pringle, Head of Business Change & Revenues;  
Steven Skelly, Revenues & Business Support Manager

17 December 2015

Background:

- Welfare Reform Contingency Fund & Update, Cabinet, 17 September 2015
- Discretionary Housing Payments, Cabinet 25 June 2015
- Single Fraud Investigation Service, Cabinet 4 June 2015
- Local External Audit Reports – Housing Benefit Performance Audit & Review of Housing Benefit Claims, Audit & Scrutiny Committee, 23 April 2015
- National External Audit Report - The Impact of Welfare Reforms on Council Rent Arrears in Scotland, Audit & Scrutiny Committee, 5 March 2015
- Housing Benefit Performance Audit – Outcome of Risk Assessment, Audit & Scrutiny Committee, 5 March 2015
- Welfare Reform Act 2012 – Impact on Local Benefit Recipients & Local Service Agencies, published by Economic Development February 2014 and updated February 2015.
- Welfare Reform, Cabinet 4 September 2014