

Clackmannanshire Council

Audit of housing benefit Risk assessment report



 AUDIT SCOTLAND

Prepared for Clackmannanshire Council

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Key messages

- The benefit service does not feature in the corporate plan, or the directorate business plan. Consequently, aside from monthly reporting to the Chief Financial Officer in respect of claims processing performance, there is no reporting of benefit service performance to senior management or elected Members.
 - Since the last housing benefit performance audit in 2015, the council has significantly improved its claims processing times. In 2020/21 the council's new claims processing performance was the best in Scotland, and this level of performance is continuing in 2021/22.
 - However, there is a lack of documented management checks in place which would ensure that claims are being processed accurately. We are therefore unable to confirm the council's reported claims processing performance.
 - The benefit service does not have a separate policy or procedures for the recovery of housing benefit overpayments. Between 2018/19 and 2020/21, the council reported a 47 per cent decrease in the level of overpayments from £342,000 to £180,000. This could be evidence of good performance, however the lack of evidence of management checking could also indicate that overpayments are occurring, but not being identified.
 - There is significant scope for improvement in the council's overpayment recovery performance. Since 2018/19, the council's performance has placed them 29th, 32nd and 27th respectively out of the 32 Scottish councils.
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Introduction and background

1. The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The key objective of the risk assessment is to determine the extent to which the benefit service is meeting its obligations to achieve continuous improvement in its activities.

2. The risk assessment considers the effectiveness of the benefit service's business planning and reporting in meeting priorities and delivering outcomes.

3. This risk assessment was completed as part of Audit Scotland's housing benefit (HB) programme. It does not represent a full audit of Clackmannanshire Council's benefit service.

4. Information for this risk assessment was gathered from a range of sources including:

- the self-assessment, performance matrix, and supporting documentation provided by the council.
- Department for Work and Pensions (DWP) indicators, and other performance measures.
- scrutiny of internal and external audit reports.
- discussions with the appointed external auditor.

5. The council was selected for this HB performance audit as the risk assessment process identified significant improvement in claims processing performance since our last engagement in 2015. The purpose of this work was to recognise the improvement and identify good practice that could be shared across the wider benefit community.

6. However our engagement with the council has been challenging. Although we recognise the pressures facing the council, we had to extend the submission deadline and struggled to maintain communication on progress. When the council submitted its self-assessment and performance matrix, the information and supporting evidence provided was limited.

7. In the absence of detailed supporting evidence, we were unable to conduct a full and comprehensive review of performance. Therefore, this report is based on the limited data provided and information obtained from the council's website.

Business planning and reporting

The performance of the benefit service is not being formally reported to senior management and elected Members

8. An effective business plan provides an opportunity for the council to set out the aims and objectives of each service. It should contain key deliverables against which performance is measured, monitored, and reported.

9. The council's [Corporate Plan 2018/22](#) sets the strategic direction of the council and contains its vision, key priorities, outcomes, values, and performance indicators. The council's values are to:

- **Be the customer** - Listen to our customers, communicate honestly and with respect and integrity.
- **Be the team** - Respect each other and work collectively for the common good.
- **Be the leader** - Make things happen, focusing always on our vision and outcomes, and deliver high standards of people leadership and corporate governance.
- **Be the collaborator** - Work collaboratively with our partners and communities to deliver our vision and outcomes.
- **Be the innovator** - Look outwardly, be proactive about improvement, and strive always for innovation and inclusive growth.
- **Be the future** - Work always towards ensuring that we deliver our vision and live our values, so that we become a valued, responsive council with a reputation for innovation and creativity.

10. The benefit service is a key area within Finance and Revenues, part of the council's Partnership and Performance Directorate. The [Partnership and Performance Business Plan 2021/23](#) sets out the key role of the directorate in supporting the delivery of the council's strategic objectives.

11. Although the business plan contains 37 performance indicators and 38 actions, there are no performance indicators or actions for the work of the benefit service. We note that the benefit service does not feature in either the corporate plan, or the directorate business plan.

12. Consequently, aside from monthly reporting to the Chief Financial Officer in respect of claims processing performance, there is no reporting of benefit service performance to senior management or elected Members.

13. In addition, as there has been no internal audit of the benefit service since 2014, the council has limited independent assurance that the service is operating efficiently and effectively. In the absence of a management checking framework, there is no assurance that payments issued are accurate, or that overpayments or underpayments are being identified. This leads to a lack of information on where errors have occurred to enable them to be recorded, monitored, and corrected.

14. In 2020/21 the benefit service's expenditure was more than £13 million. The lack of performance data and scrutiny in respect of the accuracy of payments and the management and recovery of overpayments is of concern.

Recommendation 1

The council should develop a suite of benefit service performance indicators, set targets, and routinely report performance to senior management and elected Members.

Delivering outcomes

The council's new claims processing performance was the best in Scotland in 2020/21

15. When customers claim housing benefit it is at a time of financial uncertainty. It is therefore essential that the benefit service has sufficiently trained staff to make informed decisions on complex benefit claims and make payments promptly.

16. Since the last HB performance audit in 2015, the council has significantly improved its claims processing times. As at 31 December 2021 the average time for new claims had reduced from 32 days to 6 days, and from 14 days to 5 days for change events.

17. The council attributed these improvements to a number of procedural changes and initiatives. These include:

- creating a dedicated benefit mailbox for all new applications, reported changes and other benefit mail
- having an experienced decision-maker responsible for assessing and prioritising HB incoming mail and dealing with general enquiries
- providing an online facility for customers to complete a benefit application, and to report a change of circumstances
- weekly team meetings to discuss performance and areas to be targeted for action.

18. In addition, the service analysed its benefit data and identified that most new claims were received from customers in homeless accommodation. Training was subsequently provided to housing and homeless staff resulting in claim forms being completed and sent to the benefit mailbox at the same time as the customer is signed up for accommodation.

19. This is a good example of using data analysis to improve understanding and identify an appropriate response. These claims are now being regularly processed within one day of receipt.

20. Clackmannanshire Council's reported claims processing performance in 2020/21 was exceptional. The council was the best performer in Scotland for the time taken to process new claims, and equal 2nd best for the time taken to process change events. This is detailed in [Exhibit 1](#).

Exhibit 1**Speed of processing performance (average number of days)**

	2018/19	2019/20	2020/21	2021/22 (at 31 Dec 21)	Scottish Average 2021/22 (at 31 Dec 21)
New claims	17 days	12 days	7 days	6 days	18 days
Change events	3 days	2 days	3 days	5 days	7 days

Source: Clackmannanshire Council and DWP

21. The council advised that it regularly monitors and reviews its speed of processing performance internally and with DWP. The purpose of these reviews is to ensure that processing speeds are maintained during peak workloads, and the service advised that it could utilise an overtime budget, if required.

As there are no documented management checks in place the council has limited assurance that claims are being processed accurately

22. The accurate and secure administration of HB should be a key priority for every council. To support this it is vital that a robust quality assurance framework is in place.

23. The council advised that senior benefit officers carry out random quality assurance checks on processed claims to identify performance and training needs. In addition, once a month, the service carries out 'topical' training and operates a 1-2-1 'buddy' scheme where less experienced staff are paired with more experienced staff to support knowledge sharing and development.

24. The council has recently signed up to the DWPs Housing Benefit 'Accuracy Award Initiative' designed to encourage councils to proactively check undeclared change events. However, at the time of our audit, the council had not yet carried out any checks and therefore we were unable to report on the effectiveness of its participation in the scheme.

25. Although the council stated that it carries out random quality assurance checks, it was unable to provide us with any evidence as they were undocumented. We also did not receive details of the outcomes, lessons learned or changes to working practices following analysis of these checks.

26. We also note that there are no targets for accuracy, and therefore the benefit service does not report on accuracy performance. This was a recommendation from the previous audit in 2015 and remains outstanding.

27. Management checks are a fundamental aspect of delivering a benefit service to:

- provide assurance that claims are being processed accurately and, when errors are found, that corrective action is taken.
- help reduce the potential for overpayments to occur and the associated costs of pursuing this debt.
- provide the service with invaluable information on the type of financial and non-financial errors occurring, allowing for the identification of specific training to target areas of greatest risk.

28. Although it is recognised that the council has reported an excellent level of claims processing performance, including positive changes to the way in which the service is delivered, there is a lack of documented management checks.

29. These checks are necessary to ensure that claims are being processed accurately. In the absence of these checks we are unable to fully assess the council's claims processing performance. In addition the council cannot have assurance that the right amount of benefit is being paid to the right customer, every time, which is fundamental to the delivery of a secure, efficient, and effective benefit service.

Recommendation 2

A robust framework of management checks should be developed and introduced to ensure the accuracy of claims processing.

There is significant scope for improvement in the council's overpayment recovery performance

30. To protect public funds, councils should take appropriate steps to ensure that benefit overpayments are minimised and that, when they do occur, they are correctly classified and recovered. The [Corporate Debt and Write Off Policy 2018](#) sets out the council's approach to the collection and recovery of debt.

31. The key aims of the policy are to:

- develop a consistent, council-wide approach to debt collection
- ensure a professional and timely approach to income collection and recovery action undertaken by fully trained staff
- reduce the levels of debt owed to the council
- treat customers fairly and consistently, and to provide advice and support where required
- offer a range of cost-effective payment methods.

32. We note that the policy states that debt recovery actions, including clear and transparent segregation of duties, should be detailed in operational manuals and procedures. The benefit service does not have a separate policy or procedures for the recovery of HB overpayments.

33. The council uses an annual review of debtors' report, which sets out all outstanding council debt and details the proposed debt to be written off. However, the benefit service provides no information to senior management or elected Members on its HB overpayment recovery performance.

34. This is contrary to the [Corporate Debt and Write Off Policy 2018](#) which states under 'Performance Monitoring' that the council will regularly assess recovery methods to ensure maximum returns and monitor irrecoverable debts and those proposed for write off.

35. Our scrutiny of the [Annual Review of Debtors Report 2020/21](#) showed that the HB overpayment information reported is limited. It includes the value of HB overpayment sundry debtor accounts and the number and value of sundry debtor accounts proposed for write off. There is no information on HB overpayment recovery performance, despite information being available, as detailed in [Exhibit 2](#).

Exhibit 2

Overpayment levels and recovery performance

	2018/19	2019/20	2020/21	2021/22 (at 31 Dec 21)
Total value of HB overpayments carried forward	£2,261,563	£2,419,223	£2,459,540	£2,361,780
Total value of overpayments identified in-year	£342,253	£72,007	£178,965	£34,758
Total value of HB debt	£2,603,816	£2,491,230	£2,638,505	£2,396,538
Total value of all HB debt recovered in-year*	£375,280	£112,376	£171,455	£99,209
Total value of HB debt written off	£62,900	£48,898	**	Data not yet available
Percentage of total HB debt recovered	14.4%	4.5%	6.5%	4.1%

* No data available for the total value of HB debt raised and recovered in year.

** No sundry debt written off in 2020/21 due to the additional work responding to Covid-19.

Source: Clackmannanshire Council

36. The council advised that it was unable to report on the value of debt raised and recovered in-year, an indicator of its recovery performance when debt is relatively current.

37. We analysed the overpayment data provided by the council to DWP for 2018/19, 2019/20 and 2020/21 as this provides an insight into the level of error within the caseload.

38. Since 2018/19, the level of overpayments identified by the council and reported to DWP had decreased from £342,000 to £180,000 in 2020/21, a reduction of approximately 47 per cent.

39. If the council had a robust management checking framework the reduction in the value of identified overpayments would be indicative of encouraging performance. However, as the council was unable to provide documentary evidence of its management checking activities, the reduction in the value of overpayments identified becomes an area of concern. It could be an indicator that the lack of management checks is resulting in overpayments not being identified.

40. We also noted a number of discrepancies in the data provided to us as audit evidence in respect of the value of overpayments identified and recovered in 2019/20 and 2020/21 when compared to the data submitted to DWP, as detailed in [Exhibit 3](#).

Exhibit 3

Overpayment levels and recovery performance discrepancies

	Council 2019/20	DWP 2019/20	Council 2020/21	DWP 2020/21
Total value of overpayments identified in-year	£72,007	£273,000	£178,965	£180,000
Total value of all HB debt recovered in-year	£112,376	£232,000	£171,455	£276,000
Percentage of total HB debt recovered	4.5%	8.7%	6.5%	10.7%

Source: Clackmannanshire Council and DWP

41. These significant discrepancies confirm that there is a need to improve the checks and controls in this area. The council has mis-reported the value of overpayments identified and recovered and consequently its overpayment recovery performance.

42. If the data provided to DWP is correct, even when factored into the council's overall debt recovery performance for 2018/19, 2019/20 and 2020/21, recovery levels remain very low placing the council 29th, 32nd and 27th respectively out of the 32 Scottish councils.

43. The lack of comprehensive overpayment data means we are unable to determine the effectiveness of the council's debt recovery activity for current debt. In addition, the service does not make use of an aged debt report to target debt that has been outstanding for some time. Our broader experience tells us that the older debt becomes the more difficult it can be to recover.

Recommendation 3

The benefit service should carry out a full review of its management and reporting of benefit overpayments. Evidence should be available to show where overpayments are being identified and recorded. Recovery performance should be reported to senior management and elected Members.

Recommendations

2022/23 recommendations

Issue / risk	Recommendation	Agreed management action / timing
<p>1. Business planning and reporting</p> <p>There is a lack of management information on the benefit service and performance is not being formally documented and reported to senior management and elected Members.</p>	<p>The council should develop a suite of benefit service performance indicators, set targets, and routinely report performance to senior management and elected Members.</p> <p>Paragraph 14.</p>	<p>The Directorate Business Plan is a high-level overview of the whole of Partnership and Performance and as such cannot cover all areas within it in detail. However, we will review this and look to include appropriate performance indicators in relation to Housing Benefit performance.</p> <p>The P&P Committee has been disestablished and all service committees have been replaced with one Audit & Scrutiny Committee. We will include at least two indicators on HB Performance within the next iteration of the P&P Business Plan.</p> <p>A date is not set for this yet, the current plan covers up to 2023 so it will be reported in the next plan.</p> <p>Updates on performance will continue to be provided to the Senior Manager for Finance and Revenues and quarterly indicators on performance, overpayments and quality assurance checks will now be included as part of this information by December 2022.</p>

Issue / risk	Recommendation	Agreed management action / timing
<p>2. Accuracy</p> <p>There are currently no documented management checking procedures to confirm the accuracy of the claims being processed.</p>	<p>A robust framework of management checks should be developed and introduced to ensure the accuracy of claims processing.</p> <p>Paragraph 29.</p>	<p>A procedure has now been put in place to check a random sample of 5% of all successful and unsuccessful claims processed. This will be carried out by the Senior Benefits Officer on a monthly basis.</p> <p>Commencing: July 2022</p>
<p>3. Overpayment recovery</p> <p>There are no HB overpayment recovery policies or procedures and no reporting of overpayment recovery performance. The lack of management checking means there is an increased risk of overpayments not being identified and pursued.</p>	<p>The benefit service should carry out a full review of its management and reporting of benefit overpayments. Evidence should be available to show where overpayments are being identified and recorded. Recovery performance should be reported to senior management and elected Members.</p> <p>Paragraph 43.</p>	<p>HB Overpayment Recovery forms part of the overall corporate debt recovery. As part of the Revenues restructure, we will look to review our policies and procedures in this area during 2023/24.</p> <p>Errors in data previously reported to the DWP for financial years 2019/20 and 2020/21 as detailed in Exhibit 3 had previously been identified by the Council, revised figures were provided to the DWP for those years, and the reporting error has been corrected for 2021/22.</p> <p>As noted in recommendation 2, quality assurance checks will be carried out monthly on the accuracy of claims processing from July 2022.</p> <p>Recovery performance will be included in future Annual Debtors Reports alongside outstanding HB debt by December 2022.</p>

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