



WARDS AFFECTED: ALL WARDS

CABINET

23rd July 2007

HOUSING BENEFIT – REQUEST FOR ADDITIONAL STAFF TO UNDERTAKE QUALITY ASSURANCE CHECKS

Report of the Corporate Director for Adults and Housing

1. PURPOSE OF REPORT

- 1.1 This report seeks Members support to provide extra resources for the Housing Benefits Service, on a temporary basis to enable a range of quality assurance checks to be completed on individual processing officers work.

2. SUMMARY

- 2.1 The Housing Benefits Service has over 37,600 customers in the City claiming Housing & Council Tax Benefit, which helps individual households to pay their rent and council tax charge. This amounted to approximately £107m in payments for 2006/07.
- 2.2 All claims must be calculated in accordance with strict legislation and the Department for Work and Pensions (DWP) requires that the annual Subsidy grant claim for the Authority is audited to ensure that the Council has complied with the regulations relating to the scheme, before the DWP will reimburse the Council for the cost of Benefit payments.
- 2.3 The audit of the claim comprises of a series of in-depth random tests. If an error is found in the sample then the auditor assumes the error rate applies across all cases of the same type. The outcome of the tests and extrapolations are then reported to the DWP who have the power to cut the subsidy payment to the Council in accordance with the auditor's findings.
- 2.4 The Council has a contingency fund of £1m to cover any reductions in the grant, which equates to an error rate of 1%. However, the level of reduction in the grant for 2004/05 is of concern. For example for 2003/04 the reduction was £180,000, whereas for 2004/05 the reduction was £900,000. The reduction for 2005/06 is still unknown due to the large time gap between the audited subsidy claim being sent to the DWP and the Authority being advised of the outcome. The audit testing for the 2006/07 claim is in progress and must be submitted to the DWP by the 30th November 2007.

- 2.5 A Quality Assurance Team was created in 2004 to undertake a 10% check of all processing officers work to identify errors and to ensure remedial action was taken. However, that team has been used to undertake the audit testing since 2005, when the auditing regime changed. As the extent of the changes were unknown to both the Council and the Audit Commission, it was not possible to estimate the level of resources that would be needed year on year.
- 2.6 In addition, we were not aware of the large reduction for 2004/05 until the DWP informed the Authority of the outcome on 1st March 2007. Once, the Benefits Service was aware of the situation a letter was sent to the DWP asking for the claim to be re-assessed. However, a letter was received on the 28th March 2007 from the DWP stating that they would not reduce the level of grant loss to the Authority.
- 2.7 It is estimated that to avoid such significant loss of subsidy from 2007/08 onwards that an additional 6 staff are required, at a cost of £180,000 per year, for a maximum of 2 years in order to carry out quality control checks. It is anticipated that the proposal would end the vicious circle, whereby the lack of quality testing leads to errors going undetected, which leads to problems with the audit, which leads to lack of resource to carry out quality checking.

3. RECOMMENDATIONS

- 3.1 Members are recommended to agree 6 additional staff at a cost of £180,000 per year, (to be reviewed at 12-months) to undertake the necessary quality assurance checks to reduce the loss of subsidy to the Council.

4. BACKGROUND

- 4.1 The Quality Assurance team was created in 2004 in response to meeting the required Comprehensive Performance Assessment (CPA) indicator relating to the quality of outputs. The teams remit was monitor the work produced by the processing officers, identify errors and to take the necessary remedial action. The intended outcome would be more accurately assessed claims with less errors occurring.
- 4.2 Since that time an expanding role for the team has developed in respect of assisting the district auditor to undertake the testing of the Authority's annual audit of the Subsidy claim. Due to the stricter auditing regime that is now in place, the work of the Quality Assurances Team is being dominated by subsidy checking.
- 4.3 Consequently, as nearly all resources have been taken away from pro-active quality checking of benefits work, this has caused a reduced detection of error. With less quality checking being carried out, less errors and training needs are being identified. This results in claims being more likely to be incorrect and the same claims could then be picked up on the subsidy audit checks and contribute to the need for additional subsidy checks. Again tying up more time for Quality Assurance officers and the resulting loss in subsidy received by the authority.
- 4.4 However, It should be noted that there are other factors, which have contributed to errors occurring in the caseload. This includes major IT failure over the last few years (these have now been resolved) resulting in backlogs of work, which by its very nature can become more complex as time goes on with more room for errors to occur, with staff being under pressure to deal with the outstanding claims. Also the DWP make in the region of 40/50 legislation/procedural changes each year, which require constant staff updates and training, but with the IT problems it has not always been possible to complete the necessary system updates.

4.5 Recruitment has also been a major issue and there is a national shortage of trained officers, despite incentives such as homeworking being introduced. This has resulted in large intakes of new staff over the last 3 years, with 40% of processing officers having been with the Benefits Service for less than 2 years. On average it takes up to 4 years to train a processing officer to complete the most complex of cases and highlights the level of quality checking that is required to ensure less experienced officers are not contributing to the overall level of error.

5. CONCLUSION

5.1 Although, the grant Subsidy to the Authority has been reduced in previous years, the reduction for 2004/05 has been unprecedented and demonstrates that the DWP will be looking to recoup monies against the Authority where errors have been highlighted in the caseload.

5.2 Therefore, it is essential that corrective action be taken as a matter of urgency to ensure that the Authority is not subject to large financial losses in the future.

6. EQUAL OPPORTUNITY IMPLICATIONS

6.1 There are no direct Equal Opportunity implications associated with this report.

6.2 The Service must demonstrate its ongoing commitment to equalities through the Performance Standards framework and the assessment for 2007 highlighted that the service was to the required standard in this area.

7. FINANCIAL IMPLICATIONS (Mark Noble – Chief Financial Officer)

7.1 It is essential to ensure that errors within the Housing Benefit caseload are kept to a minimum to reduce a potential loss in subsidy to the Council.

7.2 The estimated cast in 2007/08 will be met from general fund reserves; the remainder will be dealt with when the next budget is considered. This will leave reserves at £5m if the report on Equal Pay (detailed on today's agenda) is approved. This is the minimum recommended balance the Council has operated on for many years, although the Chief Financial Officer; has recently recommended balances be increased due to the level of risk facing the Council. However, the key area of risk (Equal Pay) will be extinguished if proposals on today's agenda are implemented, and the Chief Financial Officer is content with £5m reserves. It is appropriate to charge this cost to reserves, as it will reduce the likelihood of grant 'claw back', which would itself impact on reserves.

8. LEGAL IMPLICATIONS

8.1 Confirmation awaited from Legal Services.

9. **POLICY IMPLICATIONS**

Other Implications	Yes/No	Para within supporting papers	References
Equal Opps	No		
Policy	No		
Sustainable & Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Details of Consultation	Yes	13.1	
Elderly/People on low income	No		

10. **SUSTAINABLE AND ENVIRONMENTAL IMPLICATIONS**

10.1 There are no direct sustainable and environmental implications associated with this report.

11. **CRIME AND DISORDER**

11.1 There are no direct crime & disorder implications associated with this report.

12. **HUMAN RIGHTS ACT**

12.1 There are no Human Rights issues associated with this report.

13. **DETAILS OF CONSULTATION**

13.1 Staff and their representatives have been consulted on the actions taken at regular joint review meetings.

14. **AIMS AND OBJECTIVES**

14.1 The aim of the Adults and Housing Services is to promote independence, provide decent homes in safe communities.

15. **ELDERLY PEOPLE AND PEOPLE LOW INCOMES**

15.1 The payments of Housing and Council Tax Benefits is very important for supporting people who fall into this category. It is important that they receive the correct level of benefits to prevent potential hardship and to maximise their income.

16. **BACKGROUND PAPERS**

16.1 DWP correspondence

16.2 District Auditor Subsidy Qualification Information

16.3 LCC Internal Quality Assurance monitoring information

17. **AUTHOR OF REPORT**

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Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

