

To: Audit, Risk and Scrutiny Board

On: 18 March 2024

Report by: Director of Finance & Resources

Heading: **Audit Scotland**

Audit of Housing Benefit Risk Assessment Report

1. Summary

- 1.1 During August and September 2023, Audit Scotland carried out a scheduled Housing Benefit Risk Assessment for Renfrewshire and provided a report to the Council's Chief Executive on 1 February 2024 (attached as Appendix 1).
- 1.2 Similar Audit Risk Assessments have been undertaken in previous years with the most recent during 2018, with a report to the Audit, Risk and Scrutiny Board in May 2019.
- 1.3 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.
- 1.4 The report notes the impact on service delivery following significant challenges since our last audit in 2018; including dealing with the impact of the Covid-19 pandemic, increased workloads, resource challenges in respect of staff turnover and absence and the loss of a fully functioning benefit work management IT system for a period during 2022/23.

- 1.5 The report comments in its key messages that the Council has a robust performance management framework and that key aspects of benefit service performance are regularly reported to staff, senior management, and Elected Members.
- 1.6 Positively it is noted that although claims processing performance significantly declined in 2022/23, the Council's positive actions addressed the decline, and performance in 2023/24 is better than internal targets, and just above the Scottish average.
- 1.7 Two key areas for improvement are identified within the report. Accuracy performance, which has declined, and housing benefit overpayment recovery.
- 1.8 In response to the eight recommendations made by the auditor, an action plan has been agreed and incorporated in the report attached in Appendix 1.
- 1.9 Work has already commenced to progress these actions and, as improved performance has been sustained, the Service has capacity to implement the changes proposed and is confident that these will make a positive contribution to the continuous improvement of the benefits service.
-

2. **Recommendations**

- 2.1 To note the *Audit of Housing Benefit Risk Assessment Report* (appendix 1) and the action plan included within the report.
-

3. **Background**

- 3.1 Audit Scotland completed a risk assessment to determine the extent to which the benefit service is meeting its obligations to achieve continuous improvement in all its activities.
- 3.2 The risk assessment considers the effectiveness of the benefit service's business planning and reporting, both in meeting priorities and delivering outcomes. It was completed as part of Audit Scotland's housing benefit (HB) performance audit programme and does not represent a full audit of Renfrewshire Council's benefit service.

- 3.3 To enable the recent risk assessment to be completed Audit Scotland gathered information from a range of sources including:
- a self-assessment template, including supporting documentation which was provided by the benefits service.
 - Department for Work and Pensions (DWP) indicators and other performance measures.
 - Internal and external audit reports.
 - Discussions with senior officers in the Council and the appointed external auditors.
- 3.4 The first section of the report is titled Business planning and reporting (pages 6-7) and this highlights that the Council has a robust performance management framework and that key aspects of benefits performance are regularly reported to staff, senior management and elected members.
- 3.5 This section also notes the elements of the Council Plan relating to benefits, as well as the service's key priorities from the Finance and Resources 2023-2026 Service Improvement Plan which also incorporates the key performance indicators for the benefits service. It positively reports that these indicators, and other performance management information, are regularly reported to staff, senior management, and Elected Members, to provide assurance that the service is operating efficiently and effectively.
- 3.6 The auditor notes that although benefit service performance is regularly reported at an operational level, and to Elected Members, there is scope to improve the level of reporting and target setting in respect of the recovery of Housing Benefit (HB) overpayments. The Service agrees that the recovery of HB overpayments is fundamental to the efficacy of the benefit service, and reporting performance against these targets will ensure that Elected Members are fully sighted, particularly during the current cost-of-living crisis where, as is highlighted, it is important that claims are accurate, and that overpayments are recovered rigorously and timeously.
- 3.7 In the 'Delivering outcomes' section of the report it is noted that, 'although claims processing performance significantly declined in 2022/23, the Council's positive actions addressed the decline, and performance in 2023/24 is better than internal targets, and just above the Scottish average.' The report was based on processing speeds reported as at 30 September 2023, these have been sustained for changes and improved further for new claims to 8 days and 19 days respectively.

- 3.8 The audit risk assessment report recognises multiple challenges which the Council had faced during the 18 months prior to the audit commencing. The service had faced ongoing recovery from the impacts of the continuing cost of living crisis and post-pandemic effects, in particular redirection of the significant resources which were required to support the administration and payment of Self Isolation Support Grants.
- 3.9 Added to these challenging factors was the implementation of complex changes to the Council Tax Reduction Scheme in March 2022 and a wholesale upgrade to the work management system. This created a 'perfect storm' of events which resulted in outstanding workloads growing significantly and to the severe, but temporary, detriment of processing times.
- 3.10 The Service is committed to sustaining the significant improvements made in the processing times and is confident in ensuring this can happen without the need to fund additional agency support. The actions in respect of recommendation 2 within the report are well in progress.
- 3.11 In relation accuracy, the service recognises the importance of accurate HB claims processing. Approximately £41 million is paid out for HB in Renfrewshire, this is on behalf of DWP and is re-couped through an annual subsidy claim.
- 3.12 The subsidy claimed for overpaid HB differs, depending on the reason for the overpayment. If the overpayment arises because the customer fails to report a change in their circumstances, the subsidy payable is 40%. If the overpayment arises because the customer reports a change in their circumstances and it is not processed until a later date, this is known as Local Authority Error and the subsidy payable is threshold based (either 100%, 40% or Nil) depending on the total value of all Local Authority Error compared to total HB expenditure.
- 3.13 The current position for the threshold is 0.32%, an improved position from the 0.41% noted in the report, this is a likely reflection of the significantly improved level of outstanding workload and processing times. Local error levels are being reported to senior managers monthly and a decision will be made on which point in the financial year is most relevant to update Elected Members on the position, as stated in the Service's response to recommendation 5.
- 3.14 It is positive to read that the audit report recognised that a comprehensive management checking framework is in place. (The framework covers both HB and Council Tax Reduction.) The report does however note a decline in accuracy performance which needs to be addressed.

The Service is now a strong position to address accuracy, with workloads normalised and processing times improved. Work is already well underway in respect of the 2 recommendations made in relation to accuracy (3 & 4 in the Recommendations section of the report).

- 3.15 The board may wish to note that the January 2024 position for accuracy was 90% and therefore slightly better than the 2022/23 position noted in the report at 88%.
- 3.16 The remaining sections of the report focus on Housing Benefit (HB) overpayments and the recovery of these. As previously mentioned in section 3.6 above, there is scope to improve the reporting of overpayments performance. It was highlighted that targets should be set for recovery of both in-year and all HB debt.
- 3.17 It was suggested that the Service should consider commencing deductions from ongoing benefits immediately after an overpayment is discovered rather than waiting one calendar month in case of an appeal.
- 3.18 In addition it was recommended that the level of deductions taken from customers in respect of ongoing benefits should be reviewed periodically.
- 3.19 The service previously utilised Housing Benefit Recovery and Fraud (HBRF) data, produced by our benefits processing system to DWP specifications, to monitor overpayment recovery performance. Flaws in this methodology were highlighted by a previous audit and advice was sought from our software supplier on a more robust means of reporting on collection performance. As a result, we adopted the processing system's 'Overpayment Debt Analysis Report' as our primary source of recovery performance. This latest risk assessment report has highlighted a divergence between these two sets of data which requires to be investigated.
- 3.20 As previously stated the Service is aware of the impact of overpayments and is taking steps to address accuracy levels. It also recognises the real value in HB recovery where errors have been made by claimants not reporting changes. This area is now fully resourced and working directly to improve recovery levels.
- 3.21 In response specifically to the concerns raised in the report i.e., to recommendations 1,6, 7 and 8 to following actions have been agreed:

- Enhance the current reporting of HB Overpayments by setting targets for both in-year and all debt recovery performance and report these to members of the Finance, Resources and Customer Services Policy Board as part of the Business Services Performance Report
- Update guidance, procedures, and system settings to enable immediate recovery to commence, rather than waiting to check for a potential decision appeal. Decisions may be reconsidered upon receipt of further information.
- To ensure that recovery from ongoing benefit is optimised and appropriate, undertake annual reviews of all deduction cases.
- Carry out a robust reconciliation exercise comparing DWP reported data with system output to establish the cause of divergence.

3.22 As stated previously, work has already commenced to progress these actions. As mentioned in the report it is believed that the significant improvements already made to processing times in a relatively short period of time demonstrate the resilience of a strong and dedicated team. The Service therefore has a robust platform on which it can strive towards continuous improvement.

Implications of the Report

1. **Financial** – Accurate benefit claims optimise the amount that the Council can re-claim in subsidy from DWP. Effective recovery of HB overpayments supports income lost to the council through claimant error.
2. **HR & Organisational Development** – none
3. **Community Planning** – Our Renfrewshire is fair - An effective Benefits service is vital to the quality of life of many of our citizens as it provides vital support for low-income households to sustain tenancies and meet their rent obligations.
4. **Legal** – Social Security Act 1992 Part VIII – Arrangements for Housing Benefit and Community Charge Benefits and Related Subsidies. Section 134 dictates arrangements for Housing Benefit and the responsibility of the relevant local authority.
5. **Property/Assets** – none
6. **Information Technology** – none

7. **Equality & Human Rights** – None
 8. **Health & Safety** – none
 9. **Procurement** – none
 10. **Risk** – none
 11. **Privacy Impact** – none
 12. **Cosla Policy Position** – none
 13. **Climate Risk** - none
-

Author: Emma Shields
Strategic Service Delivery Manager
Emma.shields@renfrewshire.gov.uk

Renfrewshire Council

Audit of housing benefit
Risk assessment report



 AUDIT SCOTLAND

Prepared for Renfrewshire Council
January 2024



Contents

Key messages	3
Introduction and background	4
Business planning and reporting	6
Delivering outcomes	8
Recommendations	19

Key messages

- The benefit service has faced significant challenges since our last audit, including dealing with the impact of the Covid-19 pandemic, which resulted in increased workloads, the loss of 16 experienced staff and an elevated level of long-term staff absences in 2021/22 and 2022/23, and the loss of a fully functioning benefit work management IT system for a period of seven weeks in 2022/23. These challenges adversely affected key areas of service delivery, which the council has only recently started to recover from.
- The council has a robust performance management framework and key aspects of benefit service performance are regularly reported to staff, senior management, and elected Members.
- Although claims processing performance significantly declined in 2022/23, the council's positive actions addressed the decline, and performance in 2023/24 is better than internal targets, and just above the Scottish average.
- Although a comprehensive management checking framework is in place, accuracy performance has been in steady decline since 2020/21 and needs to be addressed urgently to ensure that avoidable overpayments and a potential loss of subsidy are minimised.
- As a result of the pandemic and staff turnover, the redeployment of overpayment recovery staff to other key priorities has had a significant impact on recovery performance, leaving the council in the bottom quartile of all Scottish councils for the last three years.

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. It was completed as part of Audit Scotland's housing benefit (HB) performance audit programme and does not represent a full audit of Renfrewshire Council's benefit service.

3. Information for this risk assessment was gathered from:

- 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 council officers and the appointed external auditor.

4. Since our last audit in [2018](#), the council has faced a number of significant challenges that have affected the delivery of the benefit service. Most notably, in 2020/21, in response to the Covid-19 pandemic, the council was presented with the unprecedented challenge of delivering the benefit service remotely, while also being at the forefront of administering the Scottish Government's Covid-19 Self-isolation Support Grant (SISG) scheme.

5. This scheme resulted in additional workloads for the benefit service with 1,324 applications for an SISG administered in 2020/21, which the service managed within available resources, while improving on claims processing performance.

6. However, in 2021/22, the number of SISG applications increased significantly to 12,908 and, to meet this demand, the council reported that significant resources were redeployed from the benefit service which adversely impacted key aspects of service delivery, including claims processing performance. It is creditable therefore that the service was able to maintain claims processing performance levels better than internal targets in 2020/21 and 2021/22.

7. In early 2022/23, the legacy of this additional work, the implementation of complex changes to the Council Tax Reduction Scheme in March 2022, an extensive upgrade to the service's work management system, changes to the council's benefit's automation processes, and peak annual leave resulted in significant backlogs of work, leading to a sharp decline in claims processing

performance. The council advised that the decline was further compounded by the loss of eight experienced staff (20 per cent of assessment complement) during the year, and an elevated level of staff absences resulting in 51 work weeks lost.

8. The council reported that delivering the benefit service throughout this period had been extremely challenging and placed additional pressures on staff. However, several actions to address the decline in claims processing performance had been implemented. These actions had a positive impact by improving the time taken to process new claims and change events from an average of 41 days and 12 days respectively in 2022/23, to an average of 21 days and eight days in 2023/24, as of 30 September 2023.

9. The council told us that these improvements in a relatively short period of time demonstrate the resilience of a strong and dedicated team and is a robust platform on which the service can strive towards continuous improvement.

10. However, the council needs to ensure that it can maintain and improve on claims processing performance while also addressing other areas of the benefit service that have been affected during this period. In particular, the accuracy of claims, which has been in steady decline since 2019/20, and the recovery of overpayments, where the council's performance has placed it in the bottom quartile of all Scottish councils for the last three years.

Business planning and reporting

The council has a robust performance management framework and key aspects of benefit service performance are regularly reported to staff, senior management, and elected Members

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

12. Business Services is a key service within the Finance and Resources Directorate and has a broad remit to deliver the council's financial operations, which includes welfare benefit administration (Housing Benefit, Council Tax Reduction, Scottish Welfare Fund, Discretionary Housing Payments), and carrying out financial assessments for adult social care.

13. The [Renfrewshire Council Plan 2022-2027](#) sets out the council's five strategic outcomes: place, economy, fair, green, and living our values. Each contains key priorities and actions that are required to meet these outcomes. These include:

- reducing inequalities, focusing on supporting communities through the cost-of-living crisis with dignity and empowering people to live fulfilled lives.
- reducing child poverty and improving outcomes for children and families currently living in poverty.
- ensuring the council delivers Best Value for its citizens and customers, and that it is a well governed, effective organisation.

14. Operationally, the [Finance and Resources 2023-2026 Service Improvement Plan](#) sets out the service's key priorities for 2023/24. These include:

- ensuring the financial security of the council.
- supporting people through the cost-of-living crisis through efficient delivery of grants and funds.
- supporting governance and oversight through effective audit programmes and risk management.

15. The service improvement plan also includes the key performance indicators for the benefit service in 2023/24, which are to process new claims in an average of 24 days and change events in an average of 10 days.

16. Performance against these indicators, and other performance management information, is regularly reported to staff, senior

management, and elected Members, to provide assurance that the service is operating efficiently and effectively. This includes:

- daily meetings between operational team leaders and the Financial and Corporate Administrative Support Manager (workload, new claims and change events processing).
- bi-weekly meetings between the Financial and Corporate Administrative Support Manager and the workload resource analyst (to review outstanding workload reports).
- weekly meetings between the Financial and Corporate Administrative Support Manager and the Strategic Service Delivery Manager (to review management information reports and agree work objectives).
- five times per year to elected Members of the Finance, Resources and Customer Services Policy Board (new claims/change events, accuracy, and overpayment recovery).

17. Although benefit service performance is regularly reported at an operational level, and to elected Members, there is scope to improve the level of reporting in respect of the recovery of HB overpayments by setting targets for in-year and all debt recovery, and reporting performance against these locally and, in respect of all debt recovery, nationally, using the DWPs published performance data.

18. The recovery of HB overpayments is fundamental to the efficacy of the benefit service, and reporting performance against these targets will ensure that elected Members are fully sighted, particularly during the current cost-of-living crisis where it is important that claims are accurate, and that overpayments are recovered rigorously and timeously.

Recommendation 1

The council should have documented targets for in-year and all debt recovery and regularly report performance against these to senior management and elected Members.

Delivering outcomes

Although claims processing performance significantly declined in 2022/23, the council's positive actions addressed the decline, and performance in 2023/24 is better than internal targets, and just above the Scottish average

19. When customers claim housing benefit (HB) 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.

20. As detailed under [Introduction](#), the benefit service has faced significant challenges since our last audit, most notably managing:

- increased workloads from March 2020 arising from the Covid-19 pandemic, specifically applications for the Scottish Government's Self-Isolation Support Grant (SISG).
- complex changes to the Council Tax Reduction Scheme in 2022/23.
- an extensive upgrade to the service's work management system in 2022/23 resulting in the loss of full functionality for a period of approximately seven weeks.
- the loss of eight experienced staff in 2021/22 (33 per cent of assessment staff) and eight experienced staff in 2022/23 (20 per cent of assessment staff) and elevated long-term staff absences across both years.

21. In 2020/21, the number of applications received by the council for a SISG was managed within available resources and claims processing times improved for new claims and was maintained for change events. However, in 2021/22, the service experienced a significant increase in SISG applications, from 1,324 in 2020/21 to 12,908 in 2021/22, which resulted in the redeployment of benefit service staff to administer and process these applications.

22. This additional workload had a detrimental effect on key areas of the benefit service, most notably in respect of claims processing performance, which declined in 2021/22 to an average of 21 days for new claims, and an average of seven days for change events, and further declined in 2022/23 to an average of 41 days and 12 days respectively, as detailed in [Exhibit 1](#).

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

	2019/20	2020/21	2021/22	2022/23	2023/24 (at 30 Sep)	Scottish average 2023/24 (Q1)
New claims	18 days	16 days	21 days	41 days	21 days	20 days
Change events	4 days	4 days	7 days	12 days	8 days	6 days

Source: Renfrewshire Council and DWP

23. The council took a number of positive actions to address the decline. This included the appointment of a workload resource analyst in November 2022 to track and monitor workloads and produce bi-weekly reports in key areas for operational managers. For example, information from the work management system detailing:

- the date of the oldest outstanding document.
- the number of unallocated documents.
- the number of outstanding allocated documents.
- a comparison to the previous report, providing management with data on throughput and backlogs.

24. The council reported that using this information enabled senior management to match available resources to the shape and volume of customer demand, for example, by prioritising outstanding work by claim type, and helps inform decisions on the strategy and direction of Business Services.

25. In addition, a 'HB Recovery Plan' was developed in December 2022 which contained key actions designed to deliver performance improvements. These included:

- changing working processes to provide a focus on new work and clearing backlogs and having regular daily management meetings to monitor progress.
- recruiting temporary agency staff, with a commitment to retain the additional resource until claims processing times were within internal targets.

26. The use of temporary agency staff from December 2022 provided the benefit service with additional processing capability and contributed towards significantly improved claims processing times in 2023/24.

27. At the time of our audit the level of claims processing performance was just below the 2023/24 Scottish average published by the DWP for quarter one of an

average of 20 days for new claims and an average of six days for change events, and better than internal targets of an average of 24 days for new claims, and an average of 10 days for change events.

28. Although the council's actions have effectively addressed the decline in claims processing performance, and delivered an improved level of service to customers, the retention of temporary agency staff is scheduled to end in December 2023. This has the potential to adversely affect claims processing performance again as the service seeks to maintain or improve on current levels, while also improving other areas of the business, for example, the accuracy of claims.

Recommendation 2

The council should ensure that, when temporary agency staff are no longer required, sufficient resources are available within the benefit service to maintain and improve on claims processing performance.

Although a comprehensive management checking framework is in place, accuracy performance has been in steady decline since 2020/21 and needs to be addressed urgently to ensure that avoidable overpayments and a potential loss of subsidy are minimised

29. The accurate and secure administration of housing benefit (HB) should be a key priority for every council. To support this, it is vital that a robust quality assurance framework is in place that:

- reduces the potential for fraud and error to enter the benefit system.
- helps reduce the potential for HB overpayments to occur and the associated costs of pursuing this debt.
- provides an audit trail to ensure that errors found are corrected.
- provides the service with invaluable information on the type of financial and non-financial errors occurring, allowing for the identification of specific training, and to target checks on areas of greatest risk.
- provides the service with information to report accuracy performance to senior management and elected Members.

30. The council places significant importance on the accuracy and quality of claims processing and, although not a key performance indicator within the 'Finance and Resources 2023-2026 Service Improvement Plan', accuracy performance is closely monitored and reported regularly to staff, senior management and elected Members of the Finance, Resources and Customer Services Policy Board.

31. Operationally, the Business Services' Stakeholder and Service Quality team carries out a number of key activities for the benefit service, including accuracy checks, staff training, the production of claims processing statistics, and complex HB overpayment calculations.

32. The council's 'Quality Checks Policies and Procedures' sets out its approach to carrying out management checks and contains a statement of objectives to:

- ensure that benefit is awarded and paid correctly, not to find errors.
- identify areas for service delivery improvements.
- be seen as a positive measure to reduce inaccuracy.
- avoid conflict where one person's view overrides another's.

33. To meet these objectives the council aims to carry out an accuracy check on a minimum of four per cent of claims processed, based on rigorous selection criterion. Most checks are carried out post-payment, with pre-payment checks largely used for staff that are subject to increased checks, such as new or inexperienced staff, until they reach a satisfactory level of accuracy (95 per cent).

34. For routine post payment checks, a daily benefit IT system report is produced for the Stakeholder and Service Quality Team which details all claims processed the previous day, and a random sample of five claims from different assessors are selected for scrutiny.

35. A pro-forma covering all aspects of the claim is completed for each check and the outcome categorised as 'QUALCHEC', no financial error found, or 'QUALWB,' financial error found.

36. Where an error is found, the assessor is provided with the details and asked to correct the claim and notify the Stakeholder and Service Quality Team that they have understood and corrected the error. If an assessor disagrees with the quality check decision an escalation and resolution procedure is in place.

37. Outcomes from management checks are recorded electronically and analysed to identify error levels, trends and patterns, training needs, and to inform the council's bi-monthly 1-2-1 performance meetings with staff, with a view to delivering continuous improvement in service delivery. This provides a clear audit trail of the management checking process and remedial actions and is considered good practice.

38. Although the benefit service has a robust and comprehensive management checking process, the 'Quality Checks Policies and Procedures' document has not been updated since 2016.

Recommendation 3

The council should regularly review and update its Quality Checks Policies and Procedures to ensure that it accurately reflects current practice.

39. In addition, accuracy performance has been in a steady decline since 2020/21, and the service has failed to meet its internal accuracy target each year, as detailed in [Exhibit 2](#).

Exhibit 2 Housing Benefit Financial Accuracy

Year	Target	Achieved
2020/21	95%	92%
2021/22	95%	90%
2022/23	95%	89%
2023/24	95%	88%

Source: Renfrewshire Council

40. We analysed 184 accuracy checks carried out between April and July 2023 that had been recorded as complete and found that 31 (17 per cent) had been recorded as having a financial error. Of these, 24 (77 per cent) had been carried out post-payment and, of these, six (25 per cent) had resulted in an overpayment.

41. This level of performance is concerning, as the council carries out most accuracy checks post-payment presenting a greater risk to the council if a financial error is identified. Pre-payment checks allow errors found to be corrected before a payment is issued, therefore reducing the potential for avoidable overpayments, and a subsequent loss of subsidy.

42. Although the council analyses the outcomes from management checks it is not capturing errors found in other areas of the business and is therefore missing an opportunity to collate all errors and report holistically on the accuracy of the service. For example, where processing errors are found following the outcome of:

- an appeal or reconsideration, found in favour of the customer.
- an intervention that has identified an over/underpayment of benefit.
- a management check on the subsidy classification of an overpayment.

43. Centrally collating outcomes from all management checking activities will provide the council with a more complete dataset, while helping to build an error

profile based on robust data, that can be used to confidently target the right areas in its future management checking programme.

Recommendation 4

The council needs to establish and address the reasons for the decline in accuracy performance and, wherever possible, carry out accuracy checks pre-payment to reduce the potential for avoidable overpayments and loss of subsidy.

The council is a key participant in DWP and Audit Scotland data matching initiatives and proactive in identifying and correcting un-reported change events

44. To minimise error in the caseload, councils must encourage customers to report change events on time and have a robust intervention programme to identify unreported changes and take appropriate corrective action.

45. To support this, benefit service notification letters remind customers of the requirement to report any change event and include a simplified form detailing the types of changes that should be reported. In addition, the council website also advises customers of the need to report change events and has a facility to report a change online.

46. The council also actively participates in the DWP's Housing Benefit Matching Service, Audit Scotland's National Fraud Initiative, DWP's Verify Earnings and Pensions (VEP) service, and in 2022/23 signed up to the DWP's Housing Benefit Accuracy Award (HBAA) initiative. These activities are designed to identify unreported change events and help to ensure the accuracy of the caseload.

47. Although these activities identify change events that might otherwise not have been reported, the non-reporting of a relevant change event remains a key contributory factor in the number and value of benefit overpayments being created. To help counter this, the Reviews team within Business Services, that had been carrying out Revenues related reviews, expanded its remit in 2023/24 to include managing the output from VEPS and the HBAA initiative.

48. The council reported that placing this work with the Reviews team has resulted in increased HBAA activity with the 2023/24 forecast that 100 per cent of HBAA activity would be completed which, if maintained, represents a 37 per cent improvement on activity in 2022/23 (63 per cent).

The redeployment of overpayment recovery staff to other key priorities because of the pandemic and staff turnover has had a significant impact on recovery performance, leaving the council in the bottom quartile of all Scottish councils for the last three years

49. To protect public funds, councils should take appropriate steps to ensure that housing benefit (HB) overpayments are minimised and that, when they do occur, they are correctly classified and recovered.

50. To minimise benefit overpayments, the service participates in DWP and Audit Scotland data matching initiatives, checks the output from the DWPs Automated Transfer to Local Authority (ATLAS) and Verify Earnings and Pensions (VEP) systems, and prioritises claims where an overpayment could arise. In addition, benefit IT system reports are used to predict changes and customers are reminded to report any change in circumstances on benefit documentation and on the council website.

51. This proactive approach has helped minimise the number of local authority (LA)/administrative error overpayments that can arise because of processing delays. This is particularly important as a council can lose subsidy where its LA/administrative error rate exceeds 0.48% of all HB payments made.

52. Historically, the council has performed well below this threshold. However, since 2020/21 the value of LA/administrative error has increased exponentially from 0.16 per cent, to 0.41 per cent, as at 30 September 2023. This is concerning as, although claims processing performance is now better than internal targets, the delayed impact of addressing the issues faced in 2022/23, and resultant backlogs of work, as detailed earlier in this report, could result in a loss of subsidy.

Recommendation 5

The council should monitor and report on the value of LA/administrative error overpayments more regularly to ensure that senior management and elected Members are fully sighted on any potential loss of subsidy.

53. The council's 'HB Overpayment Guiding Principles' was developed in 2011 and last updated in 2018. It is comprehensive and details the council's approach to recovering benefit debt. The aim of the document is to ensure that the administration and recovery of HB overpayments is efficient and effective to:

- reduce the loss of public funds.
- provide revenue for the council.
- deter fraud and error.
- demonstrate a commitment to accuracy and the provision of a quality service to customers.

54. Where a customer has been overpaid and remains in receipt of HB, the debt is recovered from ongoing benefit at a prescribed rate, unless the customer notifies the council that they are experiencing hardship. In these

circumstances, an income/expenditure assessment would be carried out, and a reduced rate of recovery would be agreed with the customer, as appropriate.

55. If the customer is no longer receiving HB, the council's 1.6 full-time equivalent (FTE) overpayment recovery officers are primarily responsible for pursuing recovery of the debt. Initially this follows an invoice process, as detailed below:

- Day 1 - overpayment notification letter issued to customer allowing one month to appeal the decision.
- Day 31 - if no appeal or response, invoice issued to customer.
- Day 59 - if no response, reminder issued.
- Day 73 - if no response, final reminder issued.
- Day 101 - if no response, debt referred to the council's debt recovery agents for recovery.

Recommendation 6

The council should seek to recover HB overpayments immediately following notification as the longer a debt remains outstanding, the harder and more costly it can be to recover.

56. Where no response has been received from the customer, the council makes effective use of other available recovery options before engaging debt recovery agents. This includes:

- utilising the DWP's Payment Deduction Programme to automate the recovery of HB overpayments from DWP benefits.
- recovering the debt from the customer's employer using a Direct Earnings Attachment.
- recovery from a third-party landlord, if appropriate.

57. [Exhibit 3](#) details the council's HB overpayment recovery performance.

Exhibit 3

Overpayment levels and recovery performance

	2020/21	2021/22	2022/23	2023/24 (at 30 Nov)
Total value of HB overpayments carried forward	£7,726,002	£7,697,980	£7,270,112	£7,379,121
Total value of overpayments identified in-year	£1,324,911	£895,099	£1,376,940	£712,190
Total value of HB debt	£9,050,913	£8,593,079	£8,647,052	£8,091,311
Total value of all HB debt recovered (in-year)	£501,334	£361,998	£558,419	£287,525
Total value of all HB debt recovered	£1,183,831	£1,127,605	£1,201,610	£819,952
Total value of overpayments outstanding at year-end	£7,867,082	£7,465,474	£7,445,442	£7,271,359
Total value of HB debt written off	£173,262	£169,078	£66,489	£84,458
Percentage of total HB debt recovered	13%	13%	14%	10%

Source: Renfrewshire Council

58. While robust processes are in place to minimise overpayments, historically, the council's all debt recovery performance has been low, placing it 29th in 2020/21, 27th in 2021/22 and 25th in 2022/23, out of 32 Scottish councils.

59. The council reported that overpayment recovery performance was significantly impacted by the pandemic, as staff were redeployed to support other key priority areas and the council adopted a softer approach to recovering all debt, including HB overpayments. This, coupled with elevated levels of staff turnover and elevated sickness levels in 2021/22 and 2022/223 had prevented the service from achieving optimum recovery performance.

60. However, there are several areas where changes to existing processes could result in improved recovery performance. For example:

- where a customer has been notified of an overpayment, one calendar month is allowed before initiating recovery action to provide the customer the opportunity to appeal the overpayment decision. This can delay the recovery process, potentially up to 101 days, if the customer fails to engage making it harder to recover the debt.

- where a customer is repaying the debt from ongoing deductions to HB, or has entered a repayment arrangement, the council is not regularly reviewing the amount being paid to ensure that it remains at the appropriate level. In a previous audit at East Renfrewshire Council, a review of this kind resulted in an additional £42,000 of debt being recovered.
- the council does not make use of an aged debt report to monitor and identify debts that have been outstanding with a view to targeting this debt or considering it for write off.

Recommendation 7

Where overpayments are being recovered by ongoing deductions, or by a payment arrangement, the council should regularly review the amounts being recovered to ensure that they remain at the appropriate level.

61. The council recognises the need to improve performance in this area and has taken positive action by employing an additional FTE overpayment recovery officer, and plans further activity to deliver these improvements, including carrying out a full review of overpayment recovery processes and procedures as part of the development of a new debt strategy planned for 2024/25.

62. We noted some discrepancies in the data provided to us as supporting evidence in respect of the value of overpayments identified in-year and the amount of all debt recovered, when compared to the data submitted by the council to DWP, as detailed in [Exhibit 4](#).

Exhibit 4

Overpayment levels and recovery performance discrepancies (DWP data in red)

	2020/21	2021/22	2022/23	2023/24 (at 30 Nov)
Total value of overpayments identified in-year	£1,324,911 £1,094,000	£895,099 £735,000	£1,376,940 £1,137,000	£712,190 N/A
Total value of all HB debt recovered	£1,183,831 £854,000	£1,127,605 £941,000	£1,201,610 £930,000	£819,952 N/A
Percentage of total HB debt recovered	13% 10%	13% 11%	14% 11%	10% N/A

63. At the time of our audit the council confirmed the discrepancy, which was identified as an issue during a previous audit. In response to the recommendation made then, the council changed its method of reporting, but it has since emerged that the new reporting system is not reconciling with that reported to the DWP.

64. This remains a concern as the total value of all debt recovered from 2020/21 to 2022/23, as reported and published by DWP, is approximately £788,000 less than that advised to Audit Scotland by the council.

Recommendation 8

The council should investigate the discrepancies between internally reported overpayment recovery performance and that reported and published by DWP to identify the cause and a resolution.

Recommendations

2022/23 recommendations

Issue / Risk	Recommendation	Agreed management action / timing
<p>1. Business planning and reporting</p> <p>Although the council has a comprehensive framework for reporting benefit service performance, the type, and level of information provided to elected Members in respect of the recovery of benefit overpayments is not sufficient to determine the council's performance in recovering HB debt.</p>	<p>The council should have documented targets for in-year and all debt recovery and regularly report performance against these to senior management and elected Members.</p> <p>Paragraph 18</p>	<p>Targets will be agreed for both in-year and all debt recovery performance and reported regularly to members as part of the Business Services Performance Report.</p> <p>1 April 2024 Owner - Pat Boyle</p>
<p>2. Speed of processing</p> <p>The loss of temporary agency staff in December 2023 could adversely affect claims processing performance.</p>	<p>The council should ensure that, when temporary agency staff are no longer required, sufficient resources are available within the benefit service to maintain and improve on claims processing performance.</p> <p>Paragraph 28</p>	<p>An ongoing weekly review of workload versus staffing resource is undertaken to ensure that staff are utilised in line with demands/trends. The monitoring of current demand is informed by data provided by the Resource Analyst, which has been added as a permanent post to the staffing establishment</p> <p>The service will undertake a review of cyclical high-volume workloads ahead of the new financial year so that these can be tracked to identify increasing and decreasing trends as early as possible and allow time for action response.</p> <p>31 March 2024 Owner - Rhona Barnes</p>

Issue / Risk	Recommendation	Agreed management action / timing
3. Accuracy		
<p>Policies and procedures should be regularly reviewed and updated to ensure that the information accurately reflects up to date guidance and legislation.</p>	<p>The council should regularly review and update its Quality Checks Policy and Procedures to ensure that it accurately reflects current practice.</p> <p>Paragraph 38</p>	<p>A working group has been established to examine the issue of accuracy levels, how they are tracked and recorded, and how they could be improved. The review will be completed, and documents updated by the end of the 2023/24 financial year.</p> <p>31 March 2024 Owner - Rhona Barnes</p>
4. Accuracy		
<p>The council carries out most of its accuracy checks post-payment which allows for avoidable financial errors to enter the benefit system.</p>	<p>The council needs to establish and address the reasons for the decline in accuracy performance and, wherever possible, carry out accuracy checks pre-payment to reduce the potential for avoidable overpayments and loss of subsidy.</p> <p>Paragraph 43</p>	<p>The working group will aim to increase the percentage of pre-payment checks for Housing Benefit and the overall accuracy levels achieved and will include interrogating Housing Benefit accuracy separately from Council Tax Reduction. Currently these are recorded, reviewed, and reported collectively as an overall measure of accuracy.</p> <p>31 March 2024 Owner - Rhona Barnes</p>
5. Debt recovery performance		
<p>The council only reports performance in respect of the level of LA/administrative error annually and is missing an opportunity to ensure that elected Members are fully sighted on all aspects of the service's performance.</p>	<p>The council should monitor and report the value of LA/administrative error overpayments more regularly to ensure that senior management and elected Members are fully sighted on any potential loss of subsidy.</p> <p>Paragraph 52</p>	<p>LA error levels are being reported to senior managers monthly and a decision will be made on which point in the financial year is most relevant to update elected members on the position.</p> <p>31 March 2024 Owner - Pat Boyle</p>

Issue / Risk	Recommendation	Agreed management action / timing
<p>6. Debt recovery performance</p> <p>When an overpayment has been notified to the customer the council waits one calendar month before commencing recovery action to allow the decision to be appealed.</p>	<p>The council should seek to recover HB overpayments immediately following notification, as the longer a debt remains outstanding, the harder and more costly it can be to recover.</p> <p>Paragraph 55</p>	<p>Guidance, procedures, and system settings will be updated to enable immediate recovery to commence. Decisions may be reconsidered upon receipt of further information.</p> <p>1 April 2024 Owner - Andy Blair</p>
<p>7. Debt recovery performance</p> <p>The council does not regularly review the level of deductions/payment arrangements when a benefit debt is being recovered and therefore there is a risk that the level being recovered is less than the optimum.</p>	<p>Where overpayments are being recovered by ongoing deductions, or by a payment arrangement, the council should regularly review the amounts being recovered to ensure that they remain at the appropriate level.</p> <p>Paragraph 60</p>	<p>Annual reviews of all deduction cases will be introduced.</p> <p>31 May 2024. Owner - Pat Boyle</p>
<p>8. Debt recovery performance</p> <p>Information published by DWP on the council's debt recovery performance does not accurately reflect performance being reported internally.</p>	<p>The council should investigate the discrepancies between internally reported overpayment recovery performance and that reported by the council to identify the cause and a resolution.</p> <p>Paragraph 64</p>	<p>The service previously utilised Housing Benefit Recovery and Fraud (HBRF) data, produced by our benefits processing system to DWP specifications, to monitor overpayment recovery performance. Flaws in this methodology were highlighted by a previous audit and advice was sought from our software supplier on a more robust means of reporting on collection performance. As a result, we adopted the processing system's 'Overpayment Debt Analysis Report' (OVR310) as our primary source of recovery performance</p>

Issue / Risk	Recommendation	Agreed management action / timing
		<p>information. A reconciliation exercise will be completed by 1 April 2024 comparing HBRF and OVR310 output to establish the cause of divergence.</p> <p>1 April 2024 Owner - Pat Boyle</p>

Renfrewshire Council

Audit of housing benefit - Risk assessment report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

www.audit-scotland.gov.uk/accessibility

For the latest news follow us on social media or [subscribe to our email alerts.](#)



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 Email: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk