

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	26 November 2015
DIRECTOR	Richard Ellis
TITLE OF REPORT	Audit Scotland – Audit of Housing Benefit – Risk Assessment Report
REPORT NUMBER	CG/15/129
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose of the report is to advise the Committee of the outcome of Audit Scotland's Housing Benefit – Performance Audit Risk Assessment.

2. RECOMMENDATION(S)

It is recommended that the Committee note the content of this report.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications. However, given the key role the Benefits Service plays in delivering aspects of the welfare state and recognising the significant sums involved an efficient and effective Benefits Service protects the public purse and helps maximise both Council Tax and Rent collection.

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

The risk assessment was undertaken as a follow up to Audit Scotland's Housing Benefit/Council Tax Benefit risk assessment carried out during 2012/13.

The service was inspected in June 2015 following completion and submission of a self assessment in May 2015. The report is attached at Appendix 1.

Specifically the risk assessment considers the effectiveness of the benefit service in meeting national and local priorities, business planning and reporting, and delivering outcomes.

Information for the risk assessment was gathered from a range of sources including:

- the self-assessment, supporting evidence, and updated action plan 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
- discussions with council officers during the June 2015 site visit.

A risk assessment was previously carried out on Aberdeen City Council's benefit service in September 2012 when Audit Scotland identified 13 risks to continuous improvement. These were reported to the Chief Executive in November 2012 and, in response, the service submitted an action plan in January 2013 to address these risks which Audit Scotland accepted as satisfactory, if fully implemented.

In May 2015, the service submitted a current self-assessment along with supporting evidence, and an updated action plan. Audit Scotland have stated that of the 13 risks identified, 12 are fully completed and 1 is outstanding. In completing 12 of these risks, Audit Scotland believes the service has made a very positive contribution to the delivery of the benefit service. In particular, by:

- developing an annual business plan which includes a retrospective look at performance across all areas of the business, and details the key objectives, tasks and performance indicators for the year.
- having a comprehensive performance reporting regime, and regularly reporting benefit service performance to staff, senior management and members.
- significantly improving speed of processing performance from an average of 38 days for new claims and 22 days for changes of circumstances in 2013/14, to an average of 20 days and 12 days respectively in 2014/15.
- having a strong focus on quality, and continuously improving accuracy performance from 84% in 2012/13 to 93% in 2014/15 .

- developing and implementing an annual risk-based programme of interventions which has helped the service to identify £598,960 of overpayments since 2013/14 in respect of customers who had failed to declare a change of circumstances.
- carrying out overpayment classification exercises and analysing overpayments to help identify errors and minimise the potential for subsidy loss, and regularly reporting overpayment recovery performance to senior managers.

In order to ensure continuous improvement, Audit Scotland have identified the need to address the one outstanding risk and the two new risks identified. These are:

- The service does not routinely monitor the recovery of fraud overpayments and administrative penalties to ensure they are rigorously recovered and that benefit fraud is deterred
- The service needs to address the decline in overpayment recovery performance.
- The service needs to ensure that the maximum amount of prescribed deductions from ongoing benefit is applied and, where this amount has been reduced, that the claim is regularly reviewed to ensure that the reduction remains appropriate, particularly in respect of overpayments that have arisen as a result of fraud.

The service has as requested submitted proposals to Audit Scotland to address and minimise the identified risks. The proposals detailed below have been agreed with Audit Scotland. It is the responsibility of Revenues and Benefits Manager to implement:

- The service recognises that the overpayment recovery performance has declined. As a result, the ownership of overpayments including recovery pre-warrant has been transferred to the Benefits Team from the Corporate Debt Recovery Team. As part of this process a full review of processes, procedures and resources has commenced. This review will identify the reasons for the decline in performance and will provide solutions.

The review will include investigating DWP Best Practice guidance, benchmarking with other Local Authorities and liaison with the system supplier.

- As part of the overall review of overpayments, it is proposed to introduce a periodic review of all reduced deductions to ensure that it is fully utilising the maximum recovery by deductions rate in all relevant cases.

- Fraud Overpayments will also be reviewed in line with Best Practice guidance, benchmarking and liaison with the system supplier to identify other recovery methodologies available.

6. IMPACT

Improving Customer Experience

Advisory report only

Improving Staff Experience

Advisory report only

Improving our use of Resources

Advisory report only

Corporate

Advisory report only

Public

The public need to be aware that Council is providing a Housing Benefit and Council Tax Reduction service which is effective in meeting national and local priorities, business planning and reporting, and delivering outcomes.

7. MANAGEMENT OF RISK

Advisory report only.

8. BACKGROUND PAPERS

Audit Scotland Risk Assessment Report

9. REPORT AUTHOR DETAILS

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