

# East Dunbartonshire Council

Audit of housing benefit  
Risk assessment report



 AUDIT SCOTLAND

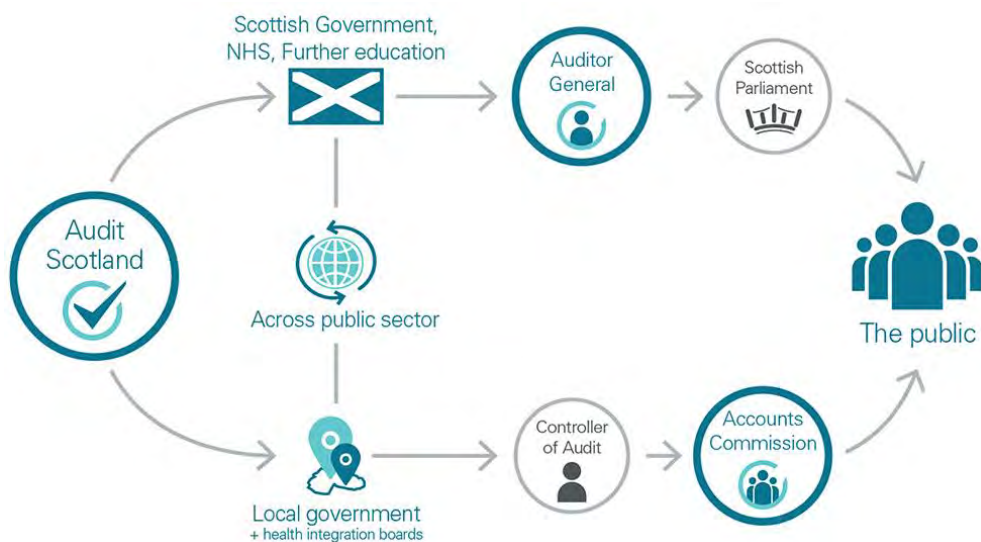
Prepared for East Dunbartonshire Council  
July 2020



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- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Key messages

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1. The council demonstrates an awareness of what an effective, efficient and secure benefit service needs to deliver. To ensure continuous improvement we have identified three risks from our audit that the council should address.

## Delivering outcomes

2. The council has a comprehensive programme of management checks to ensure the accuracy of its caseload. Although highly creditable, checks are at a level that is significantly higher than DWP guidance. The council should consider reducing the number of checks carried out, carry these out pre-payment where possible, and target areas of greater risk.
3. The council's *Corporate Debt Policy (2014)* and *Benefit Overpayment Policy* have not been updated for some time and therefore do not fully reflect the council's approach to recovering benefit overpayments.
4. The council has not fully utilised the DWP's HB Debt Service to help recover dormant HB debt. Since the service launched in April 2018, only 18 cases had been sent for matching. We consider therefore that there is significant scope for the council to increase its use of the service to help improve recovery levels.

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# Introduction

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- 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 all its activities.
- 2.** Specifically, the risk assessment considers the effectiveness of the benefit service in meeting national and local priorities, business planning and reporting, and delivering outcomes.
- 3.** A risk assessment was previously carried out on the council's benefit service in May 2017 when Audit Scotland identified four risks to continuous improvement. This was reported to the Chief Executive in June 2017 and, in response, the council submitted an action plan in July 2017 to address these risks.
- 4.** This risk assessment was completed as part of Audit Scotland's housing benefit (HB) risk assessment programme. It does not represent a full audit of East Dunbartonshire Council's benefit service.
- 5.** Information for this 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 senior officers in the council during our site visit in February 2020.
- 6.** This report was originally due for publication in March 2020 but was delayed as a result of the impact of COVID-19. It should be noted therefore that the report reflects the council's position at the time it was originally due for publication.

## Risks identified

- 7.** Our report contains an agreed action plan at Appendix 1 setting out specific recommendations, responsible officers and dates for implementation. It also includes actions from our previous risk assessment which have all been addressed.
- 8.** Any weaknesses identified represent those that have come to our attention during normal audit work and therefore are not necessarily all that may exist. It is the responsibility of management to decide on the extent of the internal control systems appropriate for East Dunbartonshire Council.
- 9.** The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during our audit is gratefully acknowledged.

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# Part 1

## Business planning and reporting

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**10.** 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.

**11.** The Revenues and Benefits team is a key council service that is responsible for the administration of housing benefit for the people of East Dunbartonshire on behalf of the Department for Work and Pensions (DWP). Its aim is to provide the service efficiently and effectively, while ensuring that claims are processed accurately and timeously.

**12.** It is also responsible for the administration of council tax for approximately 46,000 properties, the administration of non-domestic rates for all commercial properties and businesses, and the provision of the Scottish Welfare Fund on behalf of the Scottish Government.

**13.** At the time of our previous audit in May 2017, the council was carrying out a strategic review of council services. As a result, the Revenues and Benefits team, which had been an integral part of Customer and Digital Services, now reports across two strategic areas:

- Customer and Digital Services – for the day to day operation and administration of revenues and benefits
- Finance and Audit – for policy, systems, benefit recovery, and subsidy.

**14.** The new structure facilitated the logical separation of duties, while ensuring that the key responsibilities across each strategic area continued to cover all aspects of the provision and administration of revenues and benefits.

**15.** While each of the strategic areas have a separate business and improvement plan, the *Customer and Digital Services Business and Improvement Plan 2019/2022* is the key strategic document for the Revenues and Benefits team. The plan sets out its strategic priorities and details how these contribute towards the council's six key priorities in its *Local Outcome Improvement Plan 2017/2027*.

**16.** The plan also contains the Revenues and Benefits teams' key performance indicators which are reported quarterly to the Policy and Resources committee. These are the:

- average days to process new claims
- percentage of new claims decided within 14 days of receiving all information
- average days to process change events.

**17.** The council places significant importance on performance, and the Revenues and Benefits teams' performance is regularly reported to staff, senior management and elected Members to provide assurance that the service is operating efficiently and effectively, and to help identify areas for improvement.

**18.** In addition, the council makes good use of an online performance management tool, which is updated monthly by the Quality Assurance Officer in respect of a range of performance indicators including speed of processing, accuracy, and overpayment recovery. We were told that the online performance management tool is available to view by senior management and elected Members.

**19.** Elected Members challenge the service on performance as evidenced by the Policy and Resources Committee seeking an explanation for the decline in claims processing performance during quarter one of 2019/2020. This is discussed in more detail under *Speed of processing* at para 26.

**20.** In November 2016 the council area went live with DWPs Universal Credit (UC) Full Service. While the rollout of UC Full Service was completed across the UK in December 2018, the managed migration of existing HB claims to UC has been delayed until November 2020 at the earliest, with full migration now scheduled to be completed by September 2024.

**21.** To ensure that it is well prepared for the full migration of its caseload, the council's Transformational Board, consisting of senior council officers, assesses the implications of UC and provides regular updates to its UC Scrutiny Panel on the rollout schedule and the impact on rent arrears and customers. This information is also provided to the Policy and Resources Committee and reported to the Deputy Chief Executive.

**22.** At the time of our audit the council advised that there are no plans to reduce the level of resource within the benefit service until its caseload has been fully migrated in order to ensure that it continues to provide an effective service for customers.

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# Part 2

## Delivering Outcomes

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**23.** Effective operational processes and IT systems, along with skilled staff, help benefit services deliver sound performance and continuous improvement. The council has a number of management arrangements in place to support this.

### Speed of processing

**24.** When customers claim benefit, it is a time of financial uncertainty for them and as such, it is essential that the service has sufficiently trained and effective benefit processors in place that can make informed decisions on complex benefit claims and pay benefit promptly.

**25.** Since our last audit the Revenues and Benefits team had delivered a significant improvement in claims processing performance from an average of 27 days for new claims and 10 days for change events in 2016/17, to an average of 22 days and four days respectively in 2018/19. Based on DWPs 2018/19 published performance statistics, this level of performance ranked the council 18 in Scotland for the time taken to process new claims, and five for the time taken to process change events.

**26.** However, in the first quarter of 2019/2020, claims processing performance declined significantly to an average of 29 days for new claims, and an average of seven days for change events. Based on DWPs 2019/2020 quarter one published performance statistics, this ranked the council 30 in Scotland for the time taken to process new claims, and 24 for the time taken to process changes events.

**27.** The council advised that the decline was a result of a combination of factors that occurred in quarter one and impacted on the service's processing capacity. These were:

- the promotion of a senior benefit officer to a non-processing post. Although the senior benefit officer post was subsequently filled, this was not until the end of May 2019
- increased sickness absence in April and May, during a period when three processing staff were absent on bereavement leave
- a change in the UK Government's long-term empty property policy, which resulted in a significant increase in the number of telephone calls to the Revenues and Benefits team and a disproportionate time in dealing with these enquiries.

**28.** It is acknowledged that the reduction in processing capacity was the reason for the short-term impact on claims processing performance, and that the service had addressed the decline by the end of September 2019 (Q2). In doing so, the benefit service had returned to normal performance levels and had maintained this level of performance as at 31 January 2020, as detailed in [Exhibit 1](#).



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

	2016/17	2017/18	2018/19	2019/20 Scottish Average (Q1)	2019/20 (at 31 Jan)
New claims	27 days	24 days	22 days	19 days	22 days
Change events	10 days	5 days	4 days	6 days	6 days

Source: East Dunbartonshire Council & DWP

## Accuracy

**29.** The accurate and secure administration of HB should be a key priority for every council, and to support this, it should have a robust quality assurance framework in place.

**30.** The benefit service places significant importance on the accuracy and quality of claims processing and a dedicated Quality Assurance Officer (QAO) is responsible for carrying out the service's accuracy checks. Accuracy is also a key performance indicator that is regularly reported to staff, senior management and elected Members.

**31.** Each week a report is produced from the benefit IT system of all claims that have been processed and a random sample of 10% of these cases is checked by the QAO. The accuracy check is comprehensive and covers up to 47 aspects of a claim. For example:

- General - has the claim form been date stamped on receipt?
- Assessment - are all non-dependant details input?
- Verification - has proof of all income and capital been received and verified?
- Universal Credit – is the amount of UC correct?
- Rent detail - has the current lease been signed by the landlord and the tenant?
- Request for backdating - has a backdated request been correctly authorised?
- Overpayments - is the overpayment classification correct?

**32.** The QAO records accuracy check outcomes electronically and each error is discussed on a 1-2-1 basis with individual officers to ensure that the officer understands the error and takes the appropriate corrective action.

**33.** In addition to the 10% management checks, Senior Benefit Officers (SBO) carry out a 100% check of the work of new staff, which is gradually reduced as they become more competent. When the level of checking reaches 50%, SBO checks cease as processors work becomes part of the general 10% sample checks carried out by the QAO.

**34.** The QAO summarises and analyses all accuracy check outcomes each month and any trends/patterns of error identified are discussed at monthly meetings with the Team Leader – Revenues and Benefits and the Compliance and Systems Lead Officer.

**35.** Summary analysis is also used to inform future training needs at individual and service level and contributes towards the setting of accuracy targets for officers, which are discussed and agreed at Performance Development Reviews carried out three times per year.

**36.** When fully staffed, the council advised that since September 2019 additional checks have been carried out which involve a 100% check of each processors work over a two-day period. We were told that feedback from staff has been positive, and improvements in individual's accuracy performance levels have been realised as a result of these additional checks.

**37.** Since 2016/17 the benefit service has delivered a high level of accuracy as illustrated in [Exhibit 2](#) below.

<b>Exhibit 2: Financial accuracy performance</b>		
	Internal Target	Achieved
2016/17	99%	99%
2017/18	99%	98%
2018/19	99%	99%
2019/20 (at 31 Jan)	99%	99%

Source: East Dunbartonshire Council

**38.** The council carries out significant activity to check the accuracy of its claims. To establish the level of checks carried out, we analysed the summary accuracy data for the period April 2019 to December 2019. This data showed that an accuracy check had been carried out on more than 25% of all claims processed during this time.

**39.** This level of checking is highly creditable, however, as the council's reported accuracy levels have been above 98% since 2016/17, we consider there is an opportunity to review its approach by:

- reducing the percentage of accuracy checks carried out, and targeting checks on cases where previous analysis has identified recurring patterns of error e.g. rent errors, effective dates
- carrying out checks pre-payment, where possible, to ensure that errors are resolved before an incorrect payment is made.

**40.** In doing so, the benefit service could free up valuable resource to help improve claims processing times further, while focusing the work of the QAO on identifying training to help reduce the number of financial errors that can result in avoidable overpayments.

Action Plan (Appendix 1, Recommendation 1)

## Overpayments

**41.** 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 rigorously recovered.

**42.** The council's *Corporate Debt Policy* (2014) is comprehensive and sets out its key debt recovery approach which is to strike a fair balance between the financial

needs of the council and the needs of customers. To meet this, the policy has a number of aims. These include:

- co-ordinating income collection, recovery and debt management activities
- ensuring customer's circumstances are considered when determining appropriate recovery action
- providing money management advice and identifying appropriate support to customers to ensure that reliefs, discounts or benefit entitlements are maximised, as appropriate
- treating customers fairly and equitably while avoiding stigmatising those in debt
- recognising that failing to recover debt impacts on the council's ability to provide key services.

**43.** Operationally, the *Benefit Overpayment Policy* details how the service manages overpayments and includes detailed guidance on decision-making, calculating an overpayment, and recoverability. When an overpayment is considered unrecoverable, it is written off in accordance with the council's write off policy as set out in its Financial Regulations.

**44.** To minimise HB overpayments, the benefit service suspends and prioritises claims where a change event could lead to an overpayment, uses benefit IT system reports to predict changes, and reminds customers of the need to report any changes.

**45.** In addition, the service automates approximately 88% of its Automated Transfer to Local Authority Systems (ATLAS) notifications. A manual check of the remaining notifications is carried out daily and, where an overpayment could arise, claims are suspended and prioritised for action.

**46.** 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 when its LA/administrative error rate exceeds 0.48% of all HB payments made. Since 2016/17 the council has performed well below this threshold.

**47.** Where it is not possible to recover an overpayment from ongoing benefit entitlement, benefit processors will issue an invoice to the customer, followed by a reminder, and a final notice. Where no response is received after the final notice stage, the council uses all available recovery options including:

- utilising the DWP's Payment Deduction Programme to automate the recovery of HB overpayments from DWP benefits
- using the DWP's Customer Information System to trace customers that are no longer resident within the council area
- using Direct Earnings Attachment (DEA) when the customer is in employment
- utilising Sheriff's Officers for difficult to recover debt
- using other commercial products.

**48.** [Exhibit 3](#) illustrates the council's current and previous recovery performance.

### Exhibit 3: Overpayment levels and recovery performance

	2016/17	2017/18	2018/19	2019/20 (at 31 Jan)
Total HB overpayments carried forward	£1,969,170	£2,093,864	£2,118,198	£2,014,822
Total overpayments identified in-year	£1,083,392	£722,596	£598,669	£444,153
Total value of HB debt	£3,052,562	£2,816,280	£2,716,867	£2,458,974
Total value of HB debt recovered	£874,869	£632,292	£564,602	£365,000
Total value of HB debt written off	£84,462	£68,752	£142,141	£69,718
% of total HB debt recovered	29%	22%	21%	15%

Source: East Dunbartonshire Council

**49.** Although the council has a robust debt recovery process, at the time of our audit the *Corporate Debt Policy* (2014) and *Benefit Overpayment Policy* had not been updated for some time.

[Action Plan \(Appendix 1, Recommendation 2\)](#)

**50.** In addition, the council does not fully utilise the DWP's HB Debt Service as a means of recovering dormant HB overpayments. This service was launched in April 2018 and provides a facility for councils to upload up to 1,200 dormant HB overpayments per month to DWP systems for matching against HMRC earnings and pensions data.

**51.** Resultant matches are returned to councils for further action, and DWP reported that, to date, approximately 65% of cases referred had resulted in matched data that could be used by councils to re-engage with a customer and recommence recovery activity.

**52.** However, despite the council sending 18 cases for matching when the service first launched in April 2018, no further cases had been sent between May 2018 and November 2019, based on the latest DWP statistics. We consider therefore that there is significant scope for the council to increase its use of this service to help improve overall debt recovery performance.

[Action Plan \(Appendix 1, Recommendation 3\)](#)

# Appendix 1

## Action plan 2019/2020

### 2019/2020 recommendations for improvement



No. Issue/risk



Recommendation



Agreed management action/timing

#### 1 Accuracy

The council carries out a significant amount of accuracy checking activity which is largely based on a random sampling approach.

##### Risk

The council is missing an opportunity to make better use of the Quality Assurance Officer resource to assist in other areas of the benefit service.

The council should consider reducing the level of management checks carried out and target checks at claims where recurring errors are found, for example, rent errors and effective dates. Checks should also be carried out pre-payment, wherever possible, to reduce the potential for avoidable overpayments.

This full accuracy checking procedure will be reviewed and consideration given to the suggestions.

Team Leader Revenues & Benefits & Compliance & Systems Team Lead

31 December 2020

#### 2 Overpayments and recovery

The *Corporate Debt Policy* (2014) and the *Benefit Overpayment Policy* have not been updated for some time and do not reflect current recovery opportunities.

##### Risk

Policies should be regularly reviewed and updated to ensure that the council is utilising all available recovery options.

Management should review and update both policies annually to ensure that they fully reflect the council's debt recovery approach and incorporate any legislative or procedural changes.

The structure of the full revenues, benefit and corporate debt & systems teams are currently under review and once this is concluded a revised policy will be drawn which will then be reviewed on an annual basis.

Chief Finance Officer & Strategic Lead Customer & Digital Service

31 December 2020

#### 3 Overpayments and recovery

The council is not making full use of the DWP's Housing Benefit Debt Service to recover dormant HB debt.

##### Risk

There is a risk that older HB debt is not being actively pursued using all available options.

Management should consider what measures it can take to make better use of the DWP's HB Debt Recovery Service to help improve the council's overall debt recovery performance.

We were in the process of moving to full use of the DWP Housing Benefit Debt Service. This was delayed due to current public health crisis but now moving forward again.

Team Leader Revenues & Benefits & Compliance & Systems Team Lead

31 July 2020



No.

Issue

Response

Conclusion

## Follow up of prior year's recommendations

<b>b/f 1 2017</b>	<p><b>Business planning and reporting</b></p> <p>The service is not formally reporting performance to elected Members in respect of accuracy and overpayment recovery and therefore there is limited assurance that, where performance is below expectations, that the service is being challenged to deliver improvements</p>	<p>The Council's Covalent performance management system records accuracy and overpayment recovery performance information however this was not information that Members wished to be continuously advised of in established high level reporting mechanisms. The service routinely monitors accuracy and overpayment recovery performance and records are available for scrutiny upon request.</p> <p>31 August 2017</p>	<b>Action Complete</b>
<b>b/f 2 2017</b>	<p>There is significant risk that the potential loss of agency staff at the end of June 2017 could mean that the level of resource within the Revenues and Benefits service is insufficient to maintain or improve on previous speed of processing performance levels.</p>	<p>The use of agency staff was phased out by 31 March 2018, however the service's resourcing compliment was temporarily increased by the addition of two temporary staff until September 2018. Although performance continued to be maintained, the temporary staff remained until February 2019 when it was agreed to work without the additional support and monitor situation. Performance back on track and performance continues to be monitored monthly with reference to the context of mail outstanding and resources available, resulting in appropriate action being taken to facilitate continuous improvement in this and other service delivery areas.</p> <p>11 September 2019</p>	<b>Action Complete</b>
<b>b/f 3 2017</b>	<p><b>Accuracy</b></p> <p>Audit Scotland was unable to fully reconcile accuracy performance, and the Council needs to ensure that the accuracy spreadsheet is fully completed and address the reasons for the discrepancies found by Audit Scotland to ensure that future reporting is accurate and complete.</p>	<p>The central accuracy sheet has been updated to ensure that all fields are complete in order to facilitate the accurate recording of monthly and annual checks undertaken. Further details are provided as required at the meetings by referring to the central record, and separate scrutiny is undertaken by the Team Leader - Revenues and Benefits which ensures that appropriate action can be instigated to address any trends or individual needs identified.</p> <p>11 July 2017</p>	<b>Action Complete</b>



No.

Issue

Response

Conclusion

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**b/f 4 2017 Interventions**

Although the Council analyses the outcomes from its intervention activities, the analysis is not to a level that would enable it to easily identify trends and inform any future programme targeted on risk.

Following the replacement of the Fraud and Error Reduction Incentive Scheme by the Right Benefit Initiative (RBI) in 2017/18, the Council is following DWP instructions to focus purely on combating incorrect earnings and use RBI funding to process as many Optional Real Time Information referrals each month. RBI funding was utilised for overtime work in 2017/18 order to mitigate the impact of FERIS activities upon the day to day workload and performance.

If the Council has processed all Optional RTI referrals in any given month the DWP has advised that activities are to be undertaken in relation to reviewing specified self-employed earnings and earned income cases. The service has also been allocated access to Verify Earnings and Pensions (VEP) which allows immediate access to HMRC records in relation to employed earnings and private pensions.

11 September 2019

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**Action  
Complete**

# East Dunbartonshire Council

## Audit of housing benefit

### Risk assessment report

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