

MEETING: 11 NOVEMBER 2021

REPORT BY: AUDIT DIRECTOR, AUDIT SERVICES

HOUSING BENEFIT PERFORMANCE AUDIT ANNUAL REVIEW

Purpose

1. The purpose of this report is to advise the Commission of the outcome of the housing benefit (HB) performance audit work for 2020/21 and to seek approval for the proposed 2021/22 work programme and a way forward for the Commission's work in this regard.

Background

2. The Accounts Commission has responsibility for inspecting HB services in Scotland under Section 105A of the Local Government Scotland Act 1973. It agreed to this role from 2008, following a request from the Department for Work and Pensions (DWP). This replaced the work of the Benefit Fraud Inspectorate in Scottish councils and arrangements for the work are set out in a Memorandum of Understanding between Audit Scotland and the DWP, which is reviewed every five years. The Commission discharges this responsibility through a programme of HB performance audit work.
3. In March 2019, the Commission agreed to a [new approach](#) to HB performance audit work. It introduced more thematic cross-cutting reviews to look strategically at the issues raised across councils, reducing the number of individual performance audits undertaken.
4. Subsequently, as a result of Covid-19 the Commission paused the HB work programme in March 2020. Our planned work on 'Resourcing the benefit service' did not go ahead due to our awareness of the pressures on council services, and our own resource constraints. In November 2020, the Commission approved the proposed thematic study 'The impact of Covid-19 on Scottish councils' benefit services'. The study report was approved by the Commission at its September meeting and published on 7 October.
5. This paper proposes the publication of an annual update report as a blog on the Commission website and our work programme for 2021/22.

Strategic context

6. The Commission has committed to a priority in its new Strategy to reporting on the contribution local government makes to lessening the impact of inequalities, particularly poverty, on different communities. Our housing benefit performance audit work helps fulfil this priority. We work closely with the Social Security Scotland team to provide an insight across the Scottish benefits system and are looking to build on this alongside our core role in providing the DWP with assurance that Scottish councils are delivering an efficient and effective benefit service.

Annual audit update

7. As there were no HB performance audits carried out in 2020/21, we propose to provide the 2020/21 annual update report as a blog on the Commission website. Although there is no statutory requirement for the Commission to produce an annual update report, it would be sensible for the Commission to set out its intentions for this important

responsibility. It is therefore proposed that a blog be authored by one of the sponsors of the thematic work (Andrew Burns and Andrew Cowie), which will set out how the recently reported thematic work acts as a basis for future work, as proposed in this paper.

2021/22 work programme

8. We are proposing to carry out two HB performance audits in 2021/22, based on a desktop assessment of performance. We will not just target councils where performance is declining, but also look to understand particularly strong areas of performance to support wider improvement.
9. In addition, we plan to carry out a thematic study during the year, and have identified the following three possible themes:
 - Resourcing the benefit service.
 - The accuracy of benefit processing.
 - The impact of Covid-19 on Scottish councils' benefit services – the customer's experience.
10. We have completed an analysis of each option, as detailed in Appendix 1, and are recommending option 1 to the Commission. We believe option 3 is a critical area but that the time would not be right for this work now due to the ongoing implications of the Covid-19 pandemic and the pressures this brings. We have noted this as an area for our future work plans below.

Assurance

11. To provide assurance that best use is made of available resources, in addition to performance audits, the team carries out regular scrutiny of Scottish councils' claims processing performance and engages with the DWP and other colleagues across Audit Scotland.
12. This ensures that potential issues are identified early and allows for the work programme to be adjusted accordingly. Local audit teams' annual work on the HB subsidy audit provides additional assurance that the £1.4 billion in HB paid out by Scottish councils each year is being scrutinised.

Future strategy

13. We plan to re-introduce and publish the annual audit update report for the Commission next year as this will be able to cover our thematic work and focused HB performance audits.
14. Looking forward, the team will continue to identify future thematic review areas and will revisit the possibility of more customer experienced focused work as part of our 2022/23 work programme. We are hopeful that this will provide sufficient time for benefit services to be operating normally, and the logistics for carrying out this type of study (e.g. focus groups, community engagement) will be possible.
15. In a wider strategic sense, we will wish to take the opportunity to explore how the joint work programme with the Auditor General for Scotland can reflect our shared interest in poverty and inequalities. Audit Scotland has for example built audit capacity to reflect the devolution of significant social security responsibilities to the Scottish Parliament. (Audit Scotland is the appointed auditor for Social Security Scotland and the payments that it administers, and the Auditor General for Scotland continues to report on how the

Scottish Government is managing the delivery of the devolved social security powers through the work programme. The latest report was published in May 2019.)

16. Local government is an important stakeholder in this benefits landscape, and while it is acknowledged that housing benefit is not a devolved function, there is potential for the joining up of messages from the Commission and the Auditor General for Scotland. We will keep the Commission updated and bring proposals as part of its quarterly refreshing of the work programme.

Conclusion

17. The Commission is invited to:

- Approve the publication of an annual update report blog on the Commission website.
- Consider and approve the proposed HB performance audit work programme.
- Agree the theme for the next thematic study.
- Note continuing work on how to reflect the Commission and Auditor General for Scotland's shared interest in reporting on poverty and inequalities in the context of social security and benefits.

Carole Grant
Audit Director, Audit Services
3 November 2021

PROPOSED THEMATIC STUDIES**1. Resourcing the benefit service**

- **Benefits** – This study was planned before the Covid-19 pandemic. As the findings from the Covid-19 thematic study found a strong correlation between councils with reduced resources and declining claims processing performance, this study could provide more context in this key area. This work would also provide an opportunity to fully document the structure of each council's benefit service and understand the impact of non-housing benefit related workloads (e.g. school clothing grant assessments). We would also explore how the structure and resourcing of the service affects claims processing performance and the relationship between the structure and delivery of the service.
- **Risks** – It may be challenging to compare the resource datasets for each council due to the different processes and systems used to record absence data. A lack of resource detail was an issue identified in the Covid-19 study as some councils had not recorded Covid absences fully. If this were replicated across 'other absences,' it would present a challenge in comparing performance.

2. The accuracy of benefit processing

- **Benefits** – It is vital that councils pay benefit accurately, and that sufficient management checks are carried out to provide assurance that claims are correct before a payment is made. Incorrect payments can lead to a loss of subsidy and additional work in relation to the recovery of overpayments. Our previous audit work in this area established that there is an inconsistent approach to accuracy checks in Scottish councils. This study would highlight this disparity and identify good practice with a view to recommending a standard approach across Scotland, therefore providing councils with an opportunity to compare performance on an equitable basis.
- **Risks** – In light of the change to remote working in 2020/21 and IT issues experienced; some councils may not have had the same amount of time to fully establish the delivery of the service. In the Covid-19 study councils also advised that they had reduced management checks due to remote working, and therefore this may be more appropriate as a future theme. This would provide councils with sufficient time for any new processes and procedures to be fully implemented and established.

3. The impact of Covid-19 on Scottish councils' benefit services – the customer's experience

- **Benefits** – The Commission are keen to understand how services affect customers, and the pandemic has presented an opportunity to determine their experience in accessing the benefit service remotely during 2020/21. The Covid-19 study showed that many councils transitioned to remote working with minimal impact, but this study could provide an insight and comparison between councils' perception of service delivery in 2020/21, and the customer experience. The report findings could be used by councils when considering their post pandemic approach to the future delivery of the service.
- **Risks** – Data collection could be a challenge as the team would be reliant on our questionnaire being issued by councils to a sample of customers, and further reliant on councils to forward the responses received. As the team would have no control over the administration process, and would not be engaging directly with customers, this could result in a complex data gathering exercise. In addition, we would want to ensure that councils had not carried out a similar survey as part of any review into the delivery of the service remotely. There is a risk that this thematic study may not result in sufficient useful and complete data for a report.