

Housing Benefit Performance Audit programme

Audit Director, Audit Services Group

Item 5
Meeting date: 10 August 2023

Purpose

1. The purpose of this report is to provide the Commission with an update on our Housing Benefit (HB) performance audit work programme including options for the next thematic review for later this year.

Recommendations

2. The Commission is invited to:
 - Note the HB performance audit work carried out.
 - Agree the theme and appoint sponsors for the next thematic review as set out at paragraphs 19 to 22.

Background

3. The Accounts Commission has responsibility for inspecting housing benefit (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.
4. 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.
5. To provide assurance that best use is made of available resources, in addition to thematic reviews, Audit Scotland carries out scrutiny of Scottish councils' claims processing performance, engaging with the DWP during this process. This enables potential issues to be identified and informs the work programme. 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 appropriately scrutinised.
6. In its 2021-26 Strategy, the Commission has committed to reporting on the contribution local government makes to lessening the impact of inequalities, particularly poverty, on different communities. Our HB performance audit work helps fulfil this aim. We work closely with the Social Security Scotland audit 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.

Considerations

7. We proposed carrying out two HB performance audits in 2022/23, based on a desktop assessment of performance. We have concluded the audit of Aberdeen City Council, which was selected following a significant downturn in claims processing performance. Our audit findings, based on the information provided by the council and obtained from other sources, included several recommendations for improvement. A further HB performance audit will be carried out once the latest claims processing performance data is obtained from DWP. Details of findings from both audits will be provided to the Commission as part of our Annual Audit Update report later in the year.
8. In addition to our individual council audits, we plan to carry out one thematic review during the year, and have identified the following three potential themes for consideration:
 - Option 1. Housing Benefit – the customer’s experience
 - Option 2. The accuracy of benefit processing
 - Option 3. A review of housing benefit overpayments 2018/19 to 2021/22
9. We have completed an analysis of each option, as detailed below, and are recommending option 3 to the Commission.

Option 1: Housing benefit – The customer’s experience

Background

10. The Commission is keen to understand how services affect customers, and we are committed to researching the possibility of a thematic review on the experience of customers using the benefit service. This was highlighted by the Commission following its report [‘The impact of Covid-19 on Scottish councils’ benefit services’](#) published in October 2021, which showed that many councils had transitioned to remote working and our [‘Resourcing the benefit service’](#) report published in February 2023, which identified a potential correlation between home/hybrid working and a decline in claims processing performance.

Benefits

11. The Commission and Scottish councils would get a better understanding of service delivery from a user perspective, and an opportunity to improve the customer experience by implementing good practice identified across Scotland.

Risks

12. In consideration of this option, we asked the following questions of all 32 Scottish councils:
 - Q1 - Does the benefit service directly engage with customers to get feedback on their experience, if so, how is this engagement carried out (survey, telephone calls, focus groups etc), and how often?
 - Q2 - If not, does the council engage with customers to get feedback on their experience, if so, how is this engagement carried out (survey, telephone calls, focus groups etc),

how often, and does the benefit service receive details of any service specific feedback?

13. Of the 16 councils that responded to Q1, 13 (81%) said that the benefit service did not directly engage with customers to get feedback on their experience of the service, and of 11 councils that responded to Q2, seven councils (64%) said that the council did not engage with benefit service customers to get feedback on their experience.

Conclusion

14. As most councils are not proactively seeking feedback from benefit service customers, there would be insufficient information available to analyse and report on and therefore we consider that this theme is not suitable at the present time.

Option 2 - The accuracy of benefit processing

Background

15. It is vital that councils process benefit claims accurately and that sufficient accuracy 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, financial concerns for customers, and additional work in relation to the recovery of overpayments. There is no statutory performance indicator for accuracy, and therefore no mechanism to compare performance across Scotland.

Benefits

16. Our previous audit work in this area established an inconsistent approach to accuracy checks in Scottish councils. This review would highlight this disparity and identify good practice with a view to recommending a standard approach to carrying out accuracy checks across Scotland, therefore providing councils with an opportunity to compare performance equitably.

Risks

17. Recent performance audit work in this area has identified a lack of documented accuracy checks. There is a risk that councils have limited, or no documented information on work carried out in this area to allow for sufficient data analysis to draw firm conclusions, identify good practice, and make robust recommendations.

Conclusion

18. This thematic review is not considered appropriate at this time but could be considered in the future following discussion with councils.

Option 3 - A review of housing benefit overpayments – 2018/19 - 2021/22

Background

19. This theme was previously carried out in 2012 and a report '[Review of housing benefit overpayments 2008/09 to 2011/12](#)' was published in January 2013 which detailed recovery performance and highlighted areas of concern and good practice from previous performance audits.

Benefits

20. The data from the previous review can be used as a benchmark to compare performance over the ten-year period, and while some additional data will need to be collected from councils by way of a questionnaire, the core overpayment datasets are readily available from the DWP. Additionally, as we are in a cost-of-living crisis, and council budgets are reducing, the timing of the report has relevance, as councils need to ensure that the right amount of benefit is paid to the right person at the right time to minimise overpayments and potential hardship for customers, and that overpayments are rigorously recovered, where appropriate.

Risks

21. The additional information requested by questionnaire might not be consistent, or straightforward to obtain, as we know from previous performance audits that the recovery of benefit overpayments is not always under the direct control of the benefit service.

Conclusion

22. This thematic option would be the most appropriate at this time as the core datasets are available and have been validated by the DWP. It also provides an opportunity to benchmark performance over a ten-year period to determine if councils have improved recovery levels over time as caseloads have declined and services have been adapted to deliver other benefits. It would also be able to highlight good practice and make recommendations where appropriate.

Conclusion

23. For the next thematic report on HB performance audit, we are recommending Option 3 – A review of housing benefit overpayments. We will aim to bring a draft report on this theme to the Commission in Spring 2024.

24. The Commission is invited to:

- Note the HB performance audit work carried out.
- Agree the theme and appoint sponsors for the next thematic review as set out at paragraphs 19 to 22.