

Committee: Governance, Audit and Performance

Date:

Title: 2016/2017 Benefit Subsidy Audit

8 February 2018

Report Author: Caroline Saych, Benefits Manager

Item for decision:
No

Summary

1. The 2016/17 Housing Benefit (HB) Auditor-Certified Subsidy Claim was submitted to the Department for Work and Pensions (DWP) by the 30th November 2017 deadline.
2. An increased subsidy income of £25,887 over previous years has been achieved.

Recommendations

3. None, this is an information only report.

Financial Implications

4. None, this is an information only report.

Background Papers

5. None.

Impact

Communication/Consultation	None
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

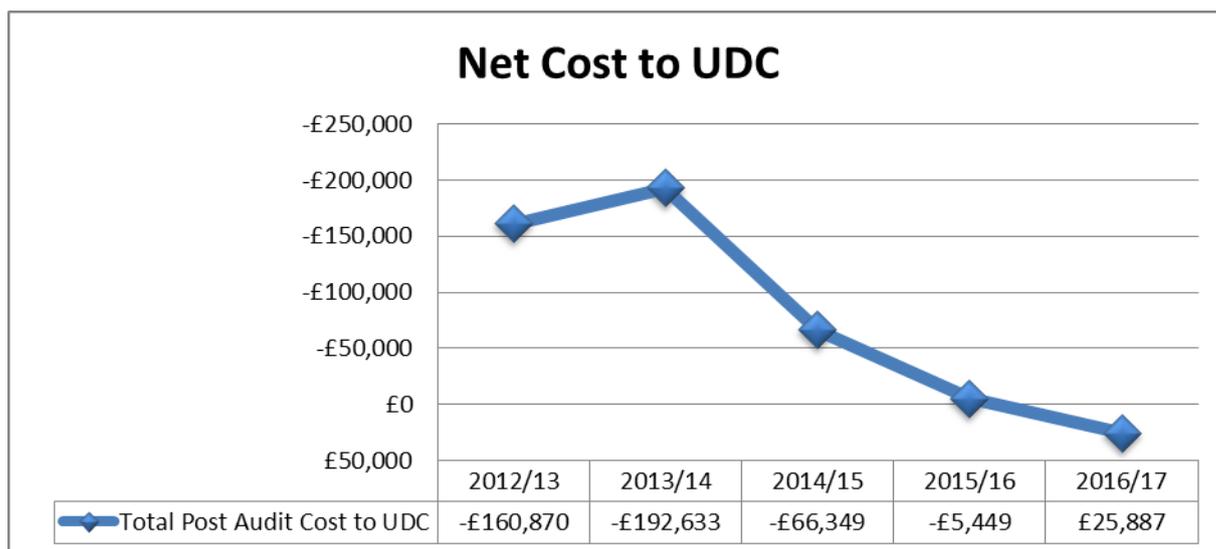
6. The 2016/17 subsidy claim consisted of 225 cells and a total claim value of £16,161,133.
7. The EY Annual Certification Report is attached as Appendix A and the Auditors Notification letter to the DWP is attached as Appendix B.

8. As detailed below, unlike subsidy claims over the previous 4 years, Uttlesford District Council (UDC) this year achieved, and retained post audit, an increased subsidy income of £44,458 in Local Authority (LA) Error/Admin Delay subsidy due.
9. The LA Error/Admin Delay initiative enables LA's to claim subsidy according to the level of their LA Error/Admin Delay overpayments. The level of subsidy that LAs can claim for these overpayments is determined by thresholds, expressed as a percentage, of total correct Housing Benefit (HB) payments. The thresholds are:
 - Lower threshold 0.48%
 - Upper threshold 0.54%

When the total LA Error/Admin Delay overpayment figures are less than or equal to 0.48% of total expenditure attracting 100% subsidy, the subsidy rate that can be claimed by the LA relative to these overpayments is 100%. If the overpayment amounts are greater than 0.48% but less than 0.54%, a reduced subsidy rate of 40% can be claimed. If the overpayments equate to over 0.54%, no subsidy can be claimed.

10. Due to the benefit team's proactive and preventative work over the past few years, UDC LA Error/Admin Delay overpayments during 2016/17 equated to only £43,524. During EY's audit, only a further £1,443 worth of HB assessment errors were identified taking the total auditor-certified LA error/Admin Delay overpayment values to £44,458. UDC's 0.48% threshold for 2016/17 equated to £75,551 meaning 100% of the £44,458 could be claimed.
11. Whilst the identified overpayment values equate to only 0.0089% of the total subsidy claimed for 2016/17, EY's extrapolation process results in a qualification cost to UDC of £19,454 (the formula's used to calculate this figure can be found within EY's report attached).
12. As detailed in EY's report, relatively small financial errors can result in large extrapolated values. Proactive work by UDC officers reduced this cost where possible and positive adjustments of £883 were also identified. This work by UDC officers resulted in a net, of £18,571 cost.
13. EY officers have noted in their report that the quality of the work undertaken by UDC officers was excellent meaning they could place full reliance on their work. A reduction in 2016/17 auditor fees of £3,379 compared to 2015/16 helps to support this.
14. Looking at the overall subsidy picture therefore, if you net the extrapolation cost of £18,571 against the LA Error/Admin Delay income gain of £44,458, there is a resulting income increase to UDC of £25,887; an improvement of £31,336 compared to 2015/16, £92,236 compared to 2014/15 and £218,520 compared to 2013/14.
15. The table below shows a breakdown of these figures.

Year	Gross Extrapolation Value	Positive Adjustments	Net Extrapolation Value	LA Error/Admin Delay Subsidy	Net Cost to UDC	Movement from Prior Year
2012/13	-£160,870	£0	-£160,870	£0	-£160,870	
2013/14	-£192,633	£0	-£192,633	£0	-£192,633	-£31,763
2014/15	-£66,349	£0	-£66,349	£0	-£66,349	£126,284
2015/16	-£8,712	£3,263	-5,449	£0	-£5,449	£60,900
2016/17	-£19,454	£883	-£18,571	£44,458	£25,887	£31,336



16. In accordance with EY's 2016/17 findings, the benefits team will continue to address the recommendation that the Council continues to ensure further improvements in the accuracy of processing.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The quality and accuracy of the benefit team deteriorates and/or improvements in accuracy are not achieved.	2 - Difficulty in recruiting/retaining experienced assessment officers have resulted in a relatively new/inexperienced team. Training programmes and subsidy/quality checking processes in place	3 – As seen in report above, the identification of small financial errors can result in large extrapolated values.	Dedicated Subsidy officer in post until December 2018. Subsidy maximisation and high risk areas of assessment targeted as part of this post.

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.