

Committee: Governance, Audit and Performance

Date:

Title: Benefits Subsidy Audit – 2017/18

7 February 2019

Portfolio Holder: Councillor Simon Howell,
Portfolio Holder for Finance and Administration

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Summary

1. The 2017/18 Housing Benefit (HB) Auditor-Certified Subsidy Claim was submitted to the Department for Work and Pensions (DWP) by the 30th November 2018 deadline.
2. This is the second year that Uttlesford District Council (UDC) has retained its Local Authority (LA) Error/Admin Delay (AD) subsidy income of £55,142. An increased post audit net subsidy income of £28,275 from 2016/17.

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

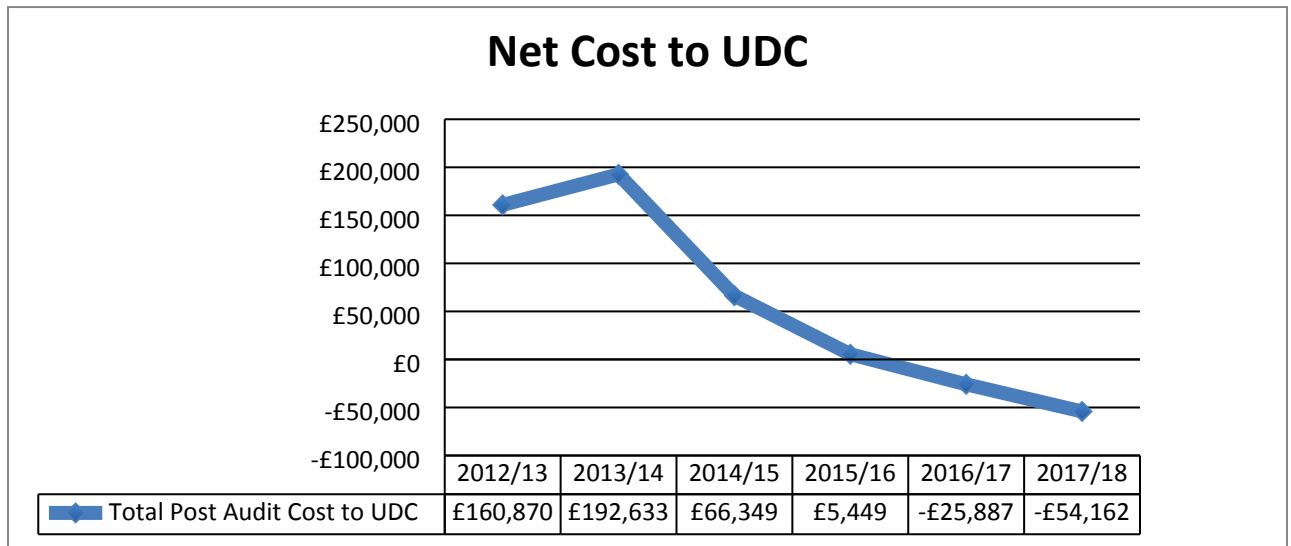
Situation

6. The 2017/18 subsidy claim consisted of 225 cells and a total claim value of £15,588,959.
7. As detailed below, for the second year running, Uttlesford District Council (UDC) has retained its Local Authority (LA) Error/Admin Delay (AD) subsidy income at an increased value of £55,142.
8. The LA Error/AD initiative enables LA's to maximise subsidy according to the level of their LA Error/AD 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/AD overpayment figures are less than or equal to 0.48% of total expenditure, 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.

9. Due to the benefit team's proactive and preventative work processes over the past few years, UDC's LA Error/AD overpayments during 2017/18 equated to only £55,142. UDC's 0.48% threshold for 2017/18 was £72,911 meaning 100% of the £55,142 can be retained.
10. Additional overpayment values of £2,446 were identified as part of the audit. Only 40% of this value, i.e. £978, carries a cost implication to UDC. This equates to a post audit subsidy loss of only 0.01% compared to total claim value.
11. Looking at the overall subsidy picture therefore, the net extrapolation cost of £978 against the LA Error/AD income gain of £55,142 is a gain of £54,164; an improvement of £28,275 compared to 2016/17, £31,336 compared to 2015/16, £92,236 compared to 2014/15 and £218,520 compared to 2013/14.
12. The table below shows a breakdown of these figures.

Year	Extrapolation cost £	Positive Adjustments £	LA Error/Admin Delay Subsidy £	Total Post Audit Cost to UDC £	Difference from previous year £
2012/13	160,870	0	0	160,870	
2013/14	192,633	0	0	192,633	31,763
2014/15	66,349	0	0	66,349	(126,284)
2015/16	8,712	(3,263)	0	5,449	(60,900)
2016/17	19,454	(883)	(44,458)	(25,887)	(31,336)
2017/18	980	(0)	(55,142)	(54,162)	(28,275)



13. In accordance with EY's 2017/18 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 - Recruitment/retention of experienced assessment officers. Training programmes and subsidy/quality checking processes in place but new staff pose a greater risk of error.	3 – As seen in report above, the identification of small financial errors can result in large extrapolated values.	Quality checking processes in place. Subsidy maximisation and high risk areas of assessment targeted.

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.