

# Chichester District Council

Corporate Governance and Audit Committee

July 2023

## Housing Benefit Subsidy 2020 - 2021

### 1. Contacts

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### 2. Recommendation

**The committee is requested to consider the contents of this report, which summarises the final Housing Benefit subsidy position for year ending 31<sup>st</sup> March 2021.**

### 3. Background

- 3.1. The Council submits an annual claim to the Department of Work and Pensions (DWP), who are responsible for paying all subsidy in respect of housing benefit (HB).
- 3.2. The Final Housing Benefit Subsidy Claim for year ending March 2021 was £25,903,261. The bulk of this is made up of £25,079,723 attributable to rent allowance cases (Local Housing Allowance claims and Registered Social Landlords) and £559,186 in respect of rent rebates (Council's temporary accommodation and Bed & Breakfast accommodation).
- 3.3. Except for certain areas of HB spending wherein Local Authorities (LA's) have the most scope to monitor and control costs, subsidy is paid at the rate of 100%. The subsidy arrangements require LA's to keep accurate records of benefit spending falling into the different categories required for subsidy purposes. LA's need to maintain systems and records in such a way that the individual cases, which make up the subsidy totals in each category, can be identified for verification of accounts and claims for internal audit and external audit certification purposes.
- 3.4. The committee should note that this report summarises the external audit certification for year ending 31<sup>st</sup> March 2021. The HB certification process always considers the previous financial year, and this process can be lengthy where additional testing is required, this claim was concluded by our appointed auditors in May 2022, however the DWP did not settle this claim until February 2023, hence the delay in the report coming to this committee.

### 4. Summary of Housing Benefit Subsidy for year ending 31<sup>st</sup> March 2021.

- 4.1. The audit report prepared by appointed auditors Ernst & Young LLP can be found in appendix 1 to this report. This summarises the final claim position as

submitted to the DWP for consideration in May 2022. This is a comprehensive and technical document; therefore, I shall summarise the outcomes and learning for the Benefits Service.

- 4.2. Initial testing of the claim identified several errors which are detailed on pages 4 of the audit report. These errors resulted in additional testing; any error found is extrapolated across the area of expenditure in which the error was identified. A summary of these extrapolations' is detailed in the body of the report. In brief for the purposes of this report the issues identified were in assessment of earned income, assessment of self-employed earnings, classification of eligible overpayments and incorrectly treating a Universal Credit case as passported.
- 4.3. None of the errors identified any specific training need, the team are comprised of experienced assessment staff. The errors identified were more akin to missing evidence to support the amount of income included in the assessment and transposed figures. To reduce this the team have implement some new self-employed procedures which make the inputting of data from forms into the Benefits System easier reducing the likelihood of error. In addition, the team carry out quality checking of around 4% of all calculations, and without increasing this significantly it is unlikely that these types of errors will be eliminated. That said the Team strive to minimise error and assessment staff are given feedback where their error has a potential impact on subsidy.
- 4.4. These extrapolations and movement of expenditure where whole populations have been tested are presented to the DWP for consideration. A summary of their findings can be found in appendix 2.
- 4.5. In summary the Council made a small gain in subsidy (£5,657) because of the audit assurance process. This is because expenditure moved from eligible overpayment expenditure which attracts 40% subsidy to local authority error expenditure which attracts 100% subsidy (if the LA remains below the upper limit permitted to claim in relation to LA error overpayments).
- 4.6. Whilst error is not a good news story, it is something that is likely to be found in a subsidy claim, it is unlikely that error will be eliminated completely. However, having a small gain in subsidy because of this error is a good outcome for the Council, particularly given the volume of additional testing that was required in the audit process.

## **5. Resource and legal implications**

- 5.1. Having an accurate housing benefit claim is important, there is always a careful balance between speed of processing and accuracy that the team strive to achieve. This has implications in several areas, such as reputational risk, speed of processing and accuracy performance. There is also a financial risk, as error can result in a loss of subsidy.

## **6. Consultation**

- 6.1. Not applicable

**7. Community Impact and Corporate Risks**

7.1. None

**8. Other Implications**

<b>Are there any implications for the following?</b>		
	<b>Yes</b>	<b>No</b>
<b>Crime and Disorder</b>		X
<b>Climate Change and Biodiversity</b>		X
<b>Human Rights and Equality Impact</b>		X
<b>Safeguarding and Early Help</b>		X
<b>General Data Protection Regulations (GDPR)</b>		X
<b>Health and Wellbeing</b>		X
<b>Other</b>		X