

Meeting:	Audit & Governance	Date:	21 September 2015
Subject:	Benefit Audit Follow up on Accuracy Rate		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Accuracy Process		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To update Audit and Governance on accuracy rate of Housing Benefits and Council Tax Support assessments and the impact upon customers

2.0 Recommendations

- 2.1 Audit and Governance is asked to **RESOLVE** that the Housing Benefit accuracy rate as outlined in this report be noted

3.0 Background and Key Issues

- 3.1 Civica UK Ltd is responsible for administering housing benefit and council tax support on behalf of the Council. Civica were initially awarded the contract in October 2011 and this has recently been extended until 2021.
- 3.2 The contract with Civica does not include accuracy as part of its performance indicators. However, the contract does allow for timely processing of checks by both parties and this allows for errors to be picked up early and corrected, therefore, preventing on-going incorrect payments to the customer.
- 3.3 In March 2015 following a Benefit audit, Audit and Governance felt the level of accuracy reported was too high and requested further information as to the types of error and the impact upon customers.
- 3.4 As part of the monitoring of the Civica contract the Council is required, under the contracting out regulations, to undertake at least 10% quality assurance reviews. These reviews are undertaken to provide assurance that customers are receiving the correct payment of Housing payment or Council Tax support.

3.5 The Local Authority (LA) error and admin delay overpayment is determined by threshold set by the DWP, these thresholds are expressed as a percentage of total correct payments. The thresholds are:

- Lower threshold 0.48%
- Upper threshold 0.54%

DWP fully fund benefit that has been overpaid due to LA error and delay up to the lower threshold and at 40% between the lower and upper threshold. The July Civica performance report confirms the current annual LA error rate is 0.18% and therefore we continue to be well within the threshold set by DWP.

Accuracy checking process

3.6 .Appendix1 shows the checking process for Housing Benefit and Council Tax support decisions.

Approximately 250 benefit decisions are made daily by Civica. The decisions relate to new claims or change of circumstances. The client team select a random sample of the checks, resulting in approximately 25 checks reviewed daily. The cases are reviewed by the client team for accuracy; errors are categorised into two main types, non-financial errors and financial errors.

3.7 A non-financial error is an error that has no financial impact on the claimant. These errors are corrected by the client team. Examples of errors of this type are:

- Letters not sent to the customer
- Dates incorrect, but would have no effect on HB or CTS
- Income incorrect, but has no effect on claim
- Date of birth entered incorrectly

3.8 A Financial error is an error that impacts the customer financially and has a direct effect on his/her housing benefit or council tax support payments. These errors are recorded for correction by Civica. Examples of Financial errors are:

- Income applied to claim incorrectly
- Dates entered incorrectly, where dates have a direct impact upon the payment of HB or CTS
- Wages entered incorrectly, e.g. Car mileage should not be included as income
- Incorrect evidence used, e.g. wages taken from bank statement rather than wage slips and subsequent reviews have shown income incorrect

3.9 Civica and the client team analyse the results monthly to look at error trends. Civica will monitor the errors to refine processes and training and development needs of staff. Recurring errors will result in a 'benefit briefing note' to staff to ensure all staff are fully aware of the process.

3.10 Timeliness of client team checks and subsequent checks ensure the impact on the customer is as minimal as possible, by preventing on-going incorrect payments.

What is the performance to date?

3.11 The table below shows the error rates for this financial year

Month	Total number of decisions made	Total number of decisions checked	Number of Non-financial errors	Number of Financial Errors	% Non-Financial error rate	% Financial error rate
April 2015	5578	667	120	118	17.99	17.69
May 2015	5417	674	95	79	14.09	11.72
June 2015	4754	668	123	83	18.41	12.43
July 2015	4601	462	78	67	16.88	14.50

3.12 A percentage error rate does not show the financial impact upon the customer, therefore the client team have worked with Civica to assess this. A sample month of June was analysed and the financial impact of these errors identified. The results for this month were as follows:

Month of June 2015	
Number of decisions checked	668
Number of financial errors recorded:	
<ul style="list-style-type: none"> • Council Tax Support • Housing Benefit • Total 	<ul style="list-style-type: none"> • 40 • 43 • 83
Financial impact:	
Council Tax support	
<ul style="list-style-type: none"> • Over payments amount • Under payments 	<ul style="list-style-type: none"> • £2,795.48 • £1,504.93
Housing Benefit	
<ul style="list-style-type: none"> • Over payments • Under payments 	<ul style="list-style-type: none"> • £3,651.82 • £1,682.26

It should also be noted that many customers claim both Council Tax and Housing Benefit and one data input error often makes both Housing Benefit and Council Tax support incorrect the number of customer affected is less..

- 3.13 Approximately £3,596,554 was paid in housing benefits for the month of June. From the sample check the total amount of over payments of £3,367.92. Given we took a larger sample in June (14%) this is sample this equates to 0.67% value error rate. This demonstrates that although the error rate is still higher than is desirable the impact upon the customer is low.

What are we doing to improve the performance?

- 3.14 Timeliness of client team checks and subsequent corrections by Civica prevent on-going errors in customer benefit. The client team and Civica are ensuring checks are kept up to date to achieve the lowest impact of errors for the customer.
- 3.15 Civica and the client team analyse the results monthly to look at error trends. Civica will monitor the errors to refine processes and training and development needs of staff. Recurring errors will result in a 'benefit briefing note' to staff to ensure they are fully aware of the process.
- 3.16 Real Time Information (RTI) is now being provided to us by HMRC/DWP to reduce fraud in benefits. It has been identified that RTI has had an impact on the work load for the team. Civica have to date processed RTI cases 230 this year (and 549 cases in 2014/15). Civica are continuing to monitor the effects of this additional work on the team and providing additional resources to ensure the assessment work does not fall behind.
- 3.17 Work is ongoing to support the Governments Fraud and Error Initiative Scheme. This scheme looks to target fraud and error within the housing benefit case load and reduce those errors. Six hundred customers have been written to requesting a review of their circumstances; this work will result in extra funding for the Council to ensure we can continue to work towards removing errors from the system.
- 3.18 Welfare reforms continue to have an impact upon the service, and the introduction of Universal Credit impacted the Council and Civica whilst new processes are bedded in.
- 3.19 The accuracy rate issues have been raised with Civica at the monthly operations boards and they have put a plan in place to ensure the rate is improved. This will be discussed monthly to ensure continued improvement is achieved.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 This report has been reviewed and it is considered there is no Asset Based Community Development implication in connection with this.

5.0 Alternative Options Considered

- 5.1 There are no alternative options to this matter.

6.0 Reasons for Recommendations

- 6.1 To inform Audit and Governance of the current performance.

7.0 Future Work and Conclusions

7.1 These are covered in the body of the report.

8.0 Financial Implications

8.1 There are no financial implications in relation to this report

(Financial Services have been consulted in the preparation of this report)

9.0 Legal Implications

9.1 This is not applicable as the contents of this report are for information only.

(One legal have been consulted in the preparation of this report)

10.0 Risk & Opportunity Management Implications

10.1 Risk to reputation and lack of transparency

10.2 Analyse current performance and ensure that action is being taken to maintain and improve efficiency.

11.0 People Impact Assessment (PIA):

11.1 This is not applicable as the contents of this report is for information only.

12.0 Other Corporate Implications

Community Safety

12.1 Not applicable

Sustainability

12.2 Not applicable

Staffing & Trade Union

12.3 Not applicable

Press Release drafted/approved

This is not applicable as information in this report is for internal use only.