



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Housing Benefit and Council Tax Benefit Improvement Assessment

Vale of Glamorgan County Council

Audit year: 2011

Issued: November 2011

Document reference: 601A2011

This document is a draft version pending further discussions with the audited and inspected body. Information may not yet have been fully verified and should not be widely distributed.

Status of report

The team who delivered the work comprised Lisa Williams, Jayne Power and Gareth Rees.

Status of report

This document has been prepared for the internal use of Vale of Glamorgan County Council as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

Contents

Improvement Assessment

Background and context	4
The administration of housing benefit has a significant impact on citizens, including vulnerable groups	5
Housing benefit also has a significant impact on central and local government finances	6
A lower proportion of households in the Vale of Glamorgan receive housing benefit than the average for Wales	6
The arrangements to administer claims should ensure that people receive their benefits in a timely manner and there is little risk of service failure	7
The security arrangements in place should ensure that the right benefit is paid to the right people and there is some risk of service failure	10
The Council's customer focus arrangements should ensure good access to the benefit service and there is little risk of service failure	13
The Council is contributing about £410,000 towards the cost of providing the service which is one of the lowest in Wales (but there are no central support services costs shown). The total cost per claim is well below the Welsh average	14
Recommendations and next steps	16

Improvement Assessment

Background and context

1. Local Authorities (LAs) in Great Britain pay out around £25 billion in Housing Benefit (HB) and Council Tax Benefit (CTB) to over 5 million low income households. In 2009-10 some £1.08 billion was spent on HB (£832.9 million) and CTB (£248.9 million) across Wales.
2. Housing and CTB is a non-devolved function in Wales. Some 380 councils across the UK deliver the scheme under the guidance of the UK Government's Department for Work and Pensions (DWP).
3. The DWP reimburses councils the cost of benefits paid to claimants via a complex set of subsidy rules. Councils also receive an 'administration grant' to cover the cost of delivering the service and in recent years, an additional administration grant to mitigate extra costs associated with an increased caseload has been paid to councils.
4. This report comments on the effectiveness of the housing and council tax service's performance, current issues and DWPs view of the service. National information about benefits is provided by the DWP but this is restricted to the following key indicators:
 - BNF/004 – Time taken to process HB and CTB new claims and change events; and
 - BNF/005 – The number of changes of circumstances which affect customers entitlement to HB or CTB within the year.

While it is not yet clear if the Welsh Government will keep these as part of the NSI DWP will not continue to formally require them from April 2011.

5. For the last two years the Wales Audit Office has used a Service Performance Profile (SPP) to gather data about the service at year end. We have also used the SPP approach for 2010-11 as it is a much wider set of data which we feel service managers need to help them manage their services.
6. In order to arrive at conclusions and recommended areas for future work we have considered a range of information and have provided an assessment of the risk of service failure and/or poor outcomes for service users in four areas of performance:
 - Claims administration
 - Security
 - Customer focus
 - Resource management
 - Outcomes for service users

The administration of housing benefit has a significant impact on citizens, including vulnerable groups

7. £1.08 billion was spent on HB (£832.9 million) and CTB (£248.9 million) across Wales.
8. The HB/CTB administration requires significant interaction with a large volume of vulnerable customers, so it is important that the service can meet their needs. Poor service in respect of HB/CTB can impact on a council's performance on customer service generally and more specifically can impact negatively on:
 - The number of rent arrears and evictions.
 - Access to suitable housing – if landlords are reluctant to rent to HB/CTB recipients this can lead to a reliance on unsuitable or temporary accommodation.
 - Tenants with children – as eviction and the need to move may necessitate a change in schools. (Studies have also shown that living in temporary accommodation may adversely affect a child's progress at school).
 - Efforts to get people to move off benefits and into work - because of concern over the possible disruption to benefit.
 - The health of vulnerable and elderly claimants - delays in payment and other problems, such as overpayments, can have an adverse effect on the mental and physical health of these customers.
 - wider anti-poverty strategies.
9. Housing and CTB Teams therefore contribute to positive outcomes for citizens, in a number of areas including child poverty, homelessness, worklessness and support for people with disabilities. In doing so they also assist the Council to achieve a range of improvement objectives. Effective benefit services enable fairer access to decent homes which in turn helps address health issues. Poorly performing benefit services can put barriers in the way of people returning to paid employment, prevent financial help getting to those who need it, and cause additional hardship.
10. Significant numbers of people who are entitled to claim benefits across the whole of Wales do not claim them. The Welsh Government has allocated £1 million per annum for the three years 2008-2011 to fund actions by LAs aimed at increasing take-up of CTB/HB. In addition to this funding the Welsh Government set up a working group to research the barriers to CTB take-up in Wales and to highlight and promote best practice, based on the experience of the LAs that have successfully increased CTB take-up in recent years.

Housing benefit also has a significant impact on central and local government finances

11. The HB and CTB expenditure accounts for a significant proportion of a council's gross revenue expenditure. Although most of this is funded by DWP, poor administration can result in a direct financial loss to the LA through reduced subsidy on benefit that has been overpaid. These losses, coupled with the potential greater costs of an inefficient service, may in turn contribute to the need to raise council tax levels (or reduce other services for the community) in order to 'fund' the costs of providing the HB/CTB service.
12. A council can also lose funding if its errors are high and/or if it pays out benefit on fraudulent claims, especially if it doesn't do enough to recover overpaid benefit.
13. It is also important that councils protect wider public funds (ie, those provided by DWP) – ensuring that benefit is paid at the correct rate, that it is only paid to those who are entitled to it and that benefit fraud is tackled through activities that prevent, detect, correct, punish and deter.

A lower proportion of households in the Vale of Glamorgan receive housing benefit than the average for Wales

14. In 2009 14.6 per cent, of households within the Vale of Glamorgan were in receipt of HB, lower than the Welsh average of 17.5 per cent. For CTB, they were also lower than the Welsh average, 19.1 per cent compared with a Welsh average of 23.9 per cent.
15. The Vale of Glamorgan's 'benefit age' population (ie, those that could become claimants) in May 2011 was 12th in Wales (where 1st equals highest). Its caseload at that time was similarly placed at 13th highest council in Wales.
16. Caseload in the Vale of Glamorgan, at May 2011 (latest available) has increased since April 2009 (ie, over the last two years) by 10 per cent. This is greater than the average in Wales of 7 per cent over the same period. The number of recipients of HB has increased since April 2009 by just over 14 per cent and just under 13 per cent for CTB. Both of these increases are significantly greater than the Wales average for the period of 8 per cent for HB recipients and 5 per cent for CTB recipients indicating that more people across the Vale of Glamorgan have been claiming in the last two years and at a significantly higher rate than in some other councils.

Table 1 – numbers of people in the Vale of Glamorgan in receipt of HB/CT benefits

Date	Number of people in receipt of HB	Number of people in receipt of CT	Total Caseload
April 2009	7500	9850	10870
July 2010	8260	10830	Not published by DWP
March 2011	8530	11070	11910
May 2011	8560	11120	11990
Percentage increase from April 2009 to May 2011	14.1%	12.9%	10.3%

17. There have been no previous DWP Benefit Fraud Inspections (BFI) or PDT engagements at the Vale of Glamorgan (PDT refers to the DWP's Performance Development Team which assists councils to address known performance weaknesses).

The arrangements to administer claims should ensure that people receive their benefits in a timely manner and there is little risk of service failure

18. One of the key strategic aims for the DWP is that people receive their benefits in a timely manner. The Right Time Indicator (RTI) is used by the DWP to evaluate how quickly a council has processed its new claims and change of circumstances notifications (DWP now monitor this data on a quarterly basis and have published this data for 2010-11 only).
19. The RTI for the Vale of Glamorgan for 2010-11 is eight days which compares well with an average for the UK of 11 days and a Welsh average of 10 days. This indicates that the time taken to process new claims and changes of circumstances in the Vale of Glamorgan is comparatively rapid. The two components of RTI are new claims and notification of change of circumstances, the overall performance for these two elements are shown in Table 2 below:

Table 2 - Overall Claims Processing (all data are days)

Annual Claims Processing			UK Average		Welsh Average	
	New claims	Change of circumstances	New claims	Change of circumstances	New claims	Change of circumstances
2006-07	22	9	29	9	29	10
2007-08	16	6	25	8	24	8
2008-09	19	Not available	Not available			
2009-10	Not available	7	25	8	23	8
2010-11	16	6	23	10	23	7

- 20.** Overall during 2010-11 the time taken to process new claims is 16 days. This compares well with a UK and Welsh average of 23 days for the same period. We are unable to comment if performance has improved since the previous year as this is not available but as performance is strong compared with both the UK and Welsh averages over the past few years this is not a cause for concern.
- 21.** Overall during 2010-11 the time taken to process change in circumstances notifications is six days. This compares well with a UK average of 10 days and a Welsh average of seven days for the same period. This slight improvement in performance is in line with that seen in Wales with an average improvement of one day but across the UK there has been deterioration in performance of around two days.
- 22.** As part of the DWP's Welfare Reform agenda the full picture about what services will be provided centrally and locally is yet to emerge. Current indications are that the HB element will form part of the Universal Credit which will be processed by the DWP. The CTB is likely to become fully devolved to Welsh Government and processing will be handled by the councils. In order to understand the differences in performance between both benefit types ie, one that may be discontinued and one that is likely to be continued the table below shows detailed average performance for each for 2010-11:

Table 3 - 2010-11 Performance (all data are days)

	Council Tax Benefit			Housing Benefit		
	RTI	New Claims	Change of circumstances	RTI	New Claims	Change of circumstances
Q1	9	16	7	8	17	7
Q2	8	14	6	7	14	6
Q3	11	16	9	10	17	8
Q4	7	16	5	4	16	3
Annual	9	16	7	7	16	5

- 23.** Whilst speed of processing is important there are a number of other measures which help to give a full picture of how well the council is processing benefit applications. As the DWP does not publish this data we have collected it directly from the councils via the SPP. Analysis of these measures for 2010-11 suggests no problems in this area for the Vale of Glamorgan:
- The percentage of new claims outstanding over 50 days was not provided for 2010-11 but as performance in new claims processing is well above both UK and Welsh average this suggests a prompt and responsive service is being delivered to the majority of HB claimants.
 - The percentage of new claims decided within 14 days of receiving all information is very good at 94 per cent for 2010-11. This level of performance is better than the Welsh average of 89 per cent and would have met DWP's good practice standard of over 90 per cent and does not suggest that there is any delay or backlog.
 - The level of accuracy rate was not provided for 2010-11 but the Overpayment thematic review concluded that accuracy levels are high with no loss of subsidy due to inaccurate payment.

An evaluation of information provided above indicates that the arrangements to administer claims should ensure that people receive their benefits in a timely manner and that there is a low risk of service failure and/or poor outcomes for service users.

We have concluded this because:

- the time taken to process new claims and change of circumstances notifications is relatively rapid;
- the percentage of new claims outstanding over 50 days was not provided for 2010-11;
- the percentage of new claims decided within 14 days of receiving all information is above average; and
- the level of accuracy rate was not provided for 2010-11.

The security arrangements in place should ensure that the right benefit is paid to the right people and there is some risk of service failure

24. One of the key strategic aims for the DWP is that the right benefit is paid to the right people. The DWP seeks to ensure that this happens by making sure that the arrangements for making payments are 'secure'. This includes arrangements in place to identify fraudulent claims.
25. The Right Benefit Indicator (RBI) is used by the DWP to evaluate how successful a council has been at reviewing its claimants and making the changes DWP feels are likely given its caseload.
26. The Vale of Glamorgan has performed exceptionally well in its RBI, achieving 110 per cent during 2010-11 compared with a Welsh average of 89 per cent and a UK average of 90 per cent. There has been significant improvement from 2009-10 when it achieved 84 per cent and the DWP has no concerns. Full details are in Table 4 below:

Table 4 - Right Benefit Performance

Right Benefit					
2009-10 Full Year adjusted performance (latest caseload)					
Risk Group	Number of cases	Annual expected changes	Expected changes to scan date	Number of changes achieved	Percentage of changes achieved
Total	12087	12351	N/A	10433	84%
2010-11 adjusted performance data to scan date 10 November 2010 (using latest caseload)					
Risk Group	Number of cases	Annual expected changes	Expected changes to scan date	Number of changes achieved	Percentage of changes achieved
Total	11585	12552	6912	7613	110%

27. Each month the DWP's Housing Benefit Matching Service (HBMS) provides councils with cases for it to investigate (as potential fraudulent claims). The Council's data is 'matched' with a range of other data in a process very similar to the National Fraud Initiative¹. The DWP then monitor how many of the potential matches have been investigated and if a positive match was followed up. The DWP view this as a measure of council's security arrangements.
28. Vale of Glamorgan is showing an improved performance with the number of referrals outstanding decreasing by 12 per cent. The Vale of Glamorgan achieved a referral return rate of 54 per cent for 2009-10 compared with a UK rate of 50 per cent and Wales rate of 53 per cent. However, the hit rates although at an acceptable level, have decreased by 2 per cent. DWP has no concerns. Full details are given in Table 5 below:

¹ An exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

Table 5 - HBMS Performance

HBMS data matches					
	Issued	Returned	Number outstanding	% outstanding	% Positive
2008-09	429	232	197	46%	26%
2009-10	524	519	5	1%	31%
20010-11 To 20 March 2011	484	321	163	34%	24%

29. The Wales Audit Office Overpayments report (September 2010) found that ‘good arrangements helped the Council overpay £303,000 less benefit than in the previous year, with the proportion of overpayment falling from 6.14 per cent to 4.8 per cent of benefit spent’ indicating that the level of overpayments was reducing. No recommendations were made in the report.
30. The overall level of overpayments classified as LA error is well managed and during 2009-10 no subsidy was lost.
31. Other measures of security arrangements from the Council's SPP show some concerns in this area:
- The average referral per 1000 caseload is very low (11, the 2nd lowest in Wales) when compared to the average in Wales in 2010-11 of 46 and there has been a significant decline in referrals since 2007. The number of referrals compared to successful sanctions per 1000 caseload was 18 per cent in 2010-11 and is below the average in Wales of 25 per cent. This indicates that although referrals are being made a lower proportion are leading to sanctions than the Welsh average.
 - The number of fraud investigators per 1000 caseload has reduced from 0.3 in 2007 to 0.1 in 2010-11 and the number of investigations has significantly decreased in recent years from 40 in 2007-08 to 10 in 2010-11. This level of performance is very low compared with a Welsh average of 35 for 2010-11.
 - The Vale of Glamorgan have told us that investigations have become more sophisticated and time consuming. This involves a more discerning use of methodology and resources to achieve required outcomes. The number of successful sanctions from closed investigations per 1000 caseload is just over 20 per cent, comparable with the average in Wales of 21 per cent, in 2010-11.
 - The number of successful sanctions per 1000 caseload has also decreased over recent years from seven in 2007-08 to two in 2010-11. This is lower than the Welsh average of six for 2010-11.

An evaluation of information provided above indicates that the security arrangements in place should ensure that the right benefit is paid to the right people and there is a medium risk of service failure and/or poor outcomes for service users. We have concluded this because:

- The Vale of Glamorgan have performed exceptionally well in its RBI and DWP have no concerns.
- The number of HBMS referrals outstanding has decreased and DWP have no concerns.
- The Overpayment report found that the proportion of overpaid benefit decreased between 2007-08 and 2008-09.
- The overall level of overpayments classified as LA error is well managed and during 2009-10 no subsidy was lost.
- The number of potential fraud referral per 1000 caseload is very low (the 2nd lowest in Wales).
- The number of referrals compared to successful sanctions per 1000 caseload is lower than average.
- The number of fraud investigators and the number of fraud investigations per 1000 caseload have both decreased over recent years. The number of investigations per 1000 caseload is very low compared with Welsh average.
- The number of successful sanctions from closed investigations per 1000 caseload about average.
- The number of referrals compared to successful sanctions is low and the level of successful sanctions has decreased in recent years to a level below the Welsh average.

The Council's customer focus arrangements should ensure good access to the benefit service and there is little risk of service failure

- 32.** The Wales Audit Office's review of Overpayments concluded that the Vale of Glamorgan provides 'citizen-friendly access to the HB and CTB service'. Good access is available through a variety of routes, and the Service is sensitive to customer hardship when recovering overpaid benefit.
- 33.** Other measures of user focus suggest mixed performance in this area for 2010-11:
- The percentage of applications for reconsideration/revision (eg, when the claimant feels the benefit awarded is incorrect) actioned and notified within four weeks is 94 per cent far better than the Welsh average of 74 per cent for the same period.
 - The average time taken to respond is 11 days again far better than the Welsh average of 23 days.
 - The Vale of Glamorgan could not tell us what percentage of requests for reconsiderations/revision subsequently progress to appeal.
 - The number of appeals dealt with in 2010-11 was very high at 159 (in comparison with a Welsh average of 53).

-
- The percentage of appeals submitted to the appeals service within four weeks is low at 27 per cent compared with a Welsh average for the same period of 35 per cent. Performance is better for cases submitted within three months, 82 per cent compared with a Welsh average of 76 per cent.
 - The average time taken to submit an appeal to the appeals service is 41 days, better than the average in Wales of 49 days.

An evaluation of information provided above indicates that the customer focus arrangements in place should ensure good access to the benefit service and there is a low risk of service failure and/or poor outcomes for service users. We have concluded that because:

- the percentage of applications for reconsideration/revision actioned and notified within four weeks is far better than the Welsh average;
- the average time taken to action and respond to a reconsideration/revision request is very good and far better than the Welsh average; and
- the percentage of reconsideration/revision requests that progress to appeal is not known; but
- the number of appeals is one of the highest in Wales;
- about a quarter of appeals were submitted to the appeals service within four weeks although performance for submission within three months is much better at 80 per cent; and
- the time taken to submit an appeal is better than average.

The Council is contributing about £410,000 towards the cost of providing the service which is one of the lowest in Wales (but there are no central support services costs shown). The total cost per claim is well below the Welsh average

34. This year we have analysed cost and caseload information by the DWP (based on 2009-10 financial year). The tables below show workload and cost per claim data and a comparison of the actual cost of providing the service compared with the administration subsidy received from DWP.

Table 6 - Workload and cost per claim

Item	Authority amount/number	All Wales average
Total caseload (HB +CTB)	19,090	25,408
Gross HB expenditure ²	£688,000	
Gross CTB expenditure	£665,000	
Total HB/CTB expenditure	£1,353,000	£1,990,409
Income received from fees, charges, etc	0	£60,318
Central departmental support services cost (HB + CTB) – included in total expenditure figure	0	£640,681
Total expenditure less income	£1,353,000	
Total cost per claim	£70.87	£75.96
Percentage of total expenditure that is central support costs	0	33.19%

Table 7 - How much is the Council contributing to the service?

Item	Authority amount/number	All Wales Average
Main administration grant subsidy – 2011-12	£856,515	£1,062,097
Additional administration grant subsidy – 2011-12	£86,407	£106,741
Total admin subsidy – 2011-12	£942,922	£1,168,838
Total income accruing from sales, fees, charges and other income	0	
Total HB/CTB expenditure less income (= Total cost)	£1,353,000	
Total cost less admin subsidy (i.e. cost to council of the service)	£410,078	£761,251
Cost to council per claim	£21.48	£29.96

² Sourced from DWP cost data

35. The issues raised by this analysis in the Vale of Glamorgan Council are:

- cost per claim is lower than average;
- direct costs per claim are significantly higher than average and are the only type of costs recognised the Council in 2009-10, this inhibits a valid conclusion about the level of total costs per claim until clarification is received about central support costs;
- the cost to the council is below average; and
- there are no contributions shown in the data available to central support costs.

Recommendations and next steps

36. No further review of Vale of Glamorgan's HB service this year is recommended. Next year we would want to:

- Explore why some data is missing – particularly the percentage of new claims outstanding over 50 days and accuracy figures.
- Understand why fraud referrals and the number of successful sanctions are low and declining. We would explore how they undertake their fraud work and how the DWP's proposals for a central fraud team will impact.
- Explore the reasons for the high level of appeals.
- Review and analyse the costing further to understand how central establishment charges are treated.



WALES **AUDIT** OFFICE

SWYDDFA **ARCHWILIO** CYMRU

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@wao.gov.uk

Website: www.wao.gov.uk

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: info@wao.gov.uk

Gwefan: www.wao.gov.uk