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| To: | Audit & Governance Committee |
| Date: | 28 June 2017 |
| Report of: | Head of Financial Services |
| Title of Report: | Housing Benefit Service Action Plan |

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| Summary and recommendations | | |
| Purpose of report: | | To present the Housing Benefit Service Action Plan to mitigate issues arising from the External Auditors report on the certification of the Councils Housing Benefit Subsidy claim for 2015-16 |
| Recommendation(s):That the Audit & Governance Committee resolves to: | | |
| 1. | To note the Housing Benefit Service Action Plan | |

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| Appendices | |
| Appendix 1 Housing Benefit Service Action Plan |  |

# Introduction and background

1. At March 2017 Audit and Governance Committee the Councils external auditors Ernst and Young presented their report on the results of the work undertaken on the certification of claims and returns for 2015-16.
2. Reference was made in the report to the potential reclaim of housing benefit subsidy from the authority in the sum of £265,000 arising from the auditors’ qualification of the Councils claim. The reclaim largely arose from errors found from the sample testing by the auditors mainly in relation to local authority errors which when in breach of a specified threshold attract nil subsidy.
3. The Head of Financial Services explained that although the error rates were relatively low in the sample, the figure significantly increased once the auditor extrapolated the results based on total housing benefit expenditure.
4. It is important to note that local authority errors arise may arise from two areas :
   1. Time delays in the processing of information received from claimants which changes the entitlement to housing benefit but are not processed in time to make the changes to benefit payments
   2. Errors arising from an incorrect interpretation of the Housing Benefit legislation

# At the Audit and Governance meeting the Head of Financial Services advised that an action plan has been drawn up to mitigate issues giving rise to the ‘errors’ and members requested sight of the plan at the June Committee

**Action Plan and Progress to Dates**

1. The action plan for the Housing Benefit Service is attached at Appendix 1 showing progress against all the major work streams.
2. The outturn position for 2016-17 shows a loss of subsidy due to local authority error of £442,382.65, which has been accounted for in the 2016-17 statement of accounts together with the reclaim by DWP indicated above for 2015-16. The final Housing Benefit Subsidy claim for 2016-17 will now be subject to audit by Ernst and Young.
3. To date in 2017-18 the position for local authority error indicates the following:

EXPENDITURE        £5,276,693.59

Lower Threshold        £25,328.13

Upper Threshold        £28,494.15

LA error/Admin delay          £23,030.91

This means we are currently £2,297.22 below the lower threshold and will receive 100% subsidy

# Financial implications

1. The Council has estimated a revenue deficit of £200,000 on the cost of Housing Benefits net of income arising from overpaid housing benefit in addition to an earmarked reserve of £500k. This is a prudent financial approach to protect the Councils financial position but in no way diminishes the need to mitigate such losses.

# Legal issues

1. . Covered within the report

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| Background Papers: | |
| 1 | None |