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| Status of report | |
|--|----------------|
| Draft issued for receipt of management responses | 08 July 2021 |
| Management Responses | 12 August 2021 |
| Final report issued | 13 August 2021 |
| Report to Audit Committee | August 2021 |

| Distribution | |
|--|---|
| To (for action): | cc (for information) |
| Head of Corporate Services, Section 151 Officer | Audit Committee |
| Finance, Revenues & Benefits Client Officer, Hart DC | 5Cs Client Relationship Director & Senior Client Executive (Operations) |
| Benefits Manager, Capita | |
| | |

Conclusion

We reviewed controls around the management and operation of the housing benefits function. We provide a rating of **Partial Assurance with Improvements Required**, which is in line with the forecast rating. This means that both the design of the system and its effective operation need to be addressed by management.

Whilst our testing has identified some areas of good practice around the segregation of duties and approval of benefit payment parameters, and write offs, plus our sample testing found that benefit assessments were supported by relevant underlying evidence. We have however found continued control weaknesses in respect of incomplete procedural documentation, a high value of prior year overpaid debt, and consistent year on year under performance against the quality performance target.

This review has raised five recommendations, all of which are considered medium priority. All recommendations are detailed in Section Two.

Our review focussed on the core areas around housing benefit processing, including the assessment and monitoring of new benefit claims and in year changes to benefit claims, the quality assurance processes over such assessments, performance of housing benefits to general ledger reconciliations, monitoring of benefit overpayments and the processing and approval of write offs, plus the oversight and general contract monitoring processes over the Capita contract.

Housing Benefits Function

The housing benefit function is operated by Capita as part of the Five Councils Partnership. Capita works to contractual targets set by the Five Councils Partnership. Capita report their performance against each target, which in turn is monitored by the Five Council Partnership.

Day-to-day housing benefit assessment and activities, such as the assessment of new benefit claims and change of circumstances, review and follow up of overpayments and write offs, and conducting the quality assurance process of assessment is performed by Capita. Staff work together across the organisations to ensure that housing benefit procedures are fulfilled adequately for Hart District Council.

Housing Benefits Assessment

In response to the 2019/20 internal audit review, Capita introduced a procedure note in relation to the assessment of earned income. There are still however limited process notes and policy documents in respect of all other areas of assessment of housing benefit claims and processing of change of circumstances. Instead, the team at Capita use benefit regulation guidance to assist in the assessment process.

Staff receive induction training as new joiners, which takes place over a number of weeks, and includes training on key areas of assessment, such as overpayment processing, plus on the job support and coaching once live assessments are being undertaken.

Evidence to support assessments is retained on a document imaging system (information@work), which provides a full, accessible audit trail to all decisions taken.

Overpayments and Write Offs

During 2020/21, an overpayments team was put in place to drive the improvement and recovery of bad debt and action is being taken where claimants can be traced. The value of unrecovered overpayments remains high (£1,254,431) as at end March 2021. Of this, £1,082,136 relates to unrecovered debt dating back from 2006 to 2019. Further details are provided at **Appendix 3**.

The Council has a defined process in operation for the approval of all write offs. Write off processing is also subject to segregation of duties, and approval from Hart District Council.

Executive summary (cont.)

Quality Assurance

Quality assurance checks are in place at Capita and undertaken by the client team. At least a 10% check is undertaken on the processing of benefit applications and change of circumstances across all team members. All checks made are documented on a benefit checklist and spreadsheet, and corrective action taken, where necessary.

The Council produces an annual Housing Benefits Subsidy Return to the Department for Work and Pensions (DWP) which is subject to external audit checks. The 2019/20 return was certified in March 2021, in line with the deadline set by the DWP.

Payments and Reconciliations

Housing benefit parameters are updated, checked and subject to approval annually, including 2020/21 to ensure compliance with the requirements set by the DWP, and allow the correct payment of benefit in line with the regulations set.

A monthly reconciliation is undertaken between the Housing Benefits system and the general ledger (Integra) by the Capita accountancy team to ensure that payments are being appropriately raised and processed. Each reconciliation is subject to a segregation of duties check and approval. Our review identified that there are continued issues with the timeliness of the completion of this reconciliation in 2020/21, with the number of days to complete this from the 1st of each month ranging from 9 days to 77 days.

Website and Fraud

The Council's website contains advice on housing benefit as well as contact details for the housing benefit team and information on how to report housing benefit fraud. An electronic housing benefit application, along with guidance on what documents are required to submit an application, and this can be accessed from the website, along with an electronic change of circumstances form and income and expenditure form. A PDF printable version is also available.

An up to date Fraud and Corruption, and Anti Whistle blowing policy is in place, with the latest review taking place in April 2020.

Governance and Reporting

As part of the Five Council Partnership contract, Capita has performance targets to meet, monitor and report against throughout the year. An annual review takes place of the performance indicators built into the contract, and the assessment of the weighting of any penalties attributed to the non achievement of these undertaken, and updated as necessary.

Each month Capita shares a spreadsheet outlining their performance against each of the contract targets set. This is then monitored and challenged at the Five Council Service Improvement Group each month. Any key points or issues identified from this group are fed upwards to the Joint Tactical Board, a management level board, and then the Strategic Management Board, and Joint Committee.

A summary of performance against key targets for 2020/21 can be found at **Appendix 3**.

Executive summary (cont.)

Covid-19

Housing Benefit staff at Hart District Council and Capita adapted well to the remote working situations brought about by Covid-19. Housing Benefit activities are performed mainly on Capita, Information@work and Excel. A high proportion of work performed by staff at Capita was undertaken remotely prior to Covid-19, and all other work is undertaken using electronic systems, and all documentation retained on the relevant document imaging system or uploaded on to the shared drive, which is easily accessible remotely. As such our review did not identify any areas where the control environment had weakened as a result of the Covid-19 pandemic.

Our testing found that the Council managed to effectively maintain segregation of duties through remote approval processes.

Follow up of findings

Six findings around housing benefits were identified in the 2019/20 internal audit report. We followed up these findings as part of our testing and found that one recommendation had been addressed, and five recommendations (relating to the lack of written policies and procedures in relation to benefit assessment, delays in the monthly reconciliation process between benefits and the ledger, performance continuing to be below target for assessment accuracy, level of overpayment debt, and the age of the debt recovery and action policy) have been superseded with instances of non-compliance identified in these areas in 2020/21. See **Appendix 2** for further details.

Background

The housing benefit scheme is a national scheme administered at a local level by the Council on the behalf of the DWP. It is a means-tested service where the Council can pay all, or part of, a household's rent or Council tax, or both. The government provides the Council with housing benefit subsidy which reimburses the most of the housing benefit payments made to residents plus an allowance to cover the costs of administering the scheme.

Universal Credit is now operational for some postcode areas in the Hart District area and for residents in these areas, support for housing costs for most new claims are now covered by Universal Credit and housing benefit is not payable.

The processing of Housing Benefit transactions is undertaken by Capita under Lot One of the Five Councils partnership.

The Covid-19 outbreak has implications for financial governance across local government, including members of the finance team and outsourced providers working from home. This could impact on the level of segregation of duties possible, and meaning physical authorisation is no longer possible. During these times of change, it is important that the Council maintains a robust control environment to protect its resources.

Executive summary (cont.)

Summary of good practice

Our review identified the following instances of good practice:

- ✓ Approval of discretionary housing payments (DHP): The Council has a process in operation for the approval of DHP. Our testing of a sample of 10 DHP applications made in 2020/21 identified that all 10 had been subject to appropriate assessment and approval.
- ✓ New claim assessments: Our testing of a sample of 20 new claims made in 2020/21 identified that sufficient documentation and supporting evidence had been received to support all of the underlying claims, and that the claims had been subject to assessment before payment made.
- ✓ Change of circumstance (COC) assessment: Our testing of a sample of 20 COC assessments made in 2020/21 identified that sufficient documentation and supporting evidence had been received and retained to support all changes processed.
- ✓ Write off approval: Write off processing is also subject to adequate segregation of duties and approval. Our testing of a sample of 10 write offs raised in 2020/21 identified that all 10 had been subject to appropriate segregation of duties and approval.
- ✓ Council website information: The Council's website contains clear advice on housing benefit as well as contact details for the housing benefit team and information on how to report housing benefit fraud.
- ✓ Housing benefit parameters: Housing benefit parameters are updated, checked and subject to approval on an annual basis to ensure compliance with the requirements set by the DWP. Evidence provided identifies that the parameters uploaded in 2020/21 were subject to appropriate sign off.
- ✓ Quality checks: Quality assurance checks are in place and undertaken by the Capita client team. At least a 10% check is undertaken on the processing of benefit applications and change of circumstances. All checks made are documented on a benefit checklist and spreadsheet.
- ✓ Fraud and corruption: An up to date Fraud and Corruption, and Anti Whistle blowing policy is in place, with the latest review taking place in April 2020.

Executive summary (cont.)

Summary of recommendations and observations

- **Policy and procedure notes:** Limited policies and procedures are in place in relation to the processing of benefit applications. Instead, reliance is placed upon the benefit regulations and staff induction training. **Recommendation One.**
- **Prior year overpayments:** The value of prior year overpayments remains high. As at March 2021, unrecovered housing benefit overpayment debt amounted to £1,254,431. Of which only £172,295 related to overpayments raised in 2020. The remaining value of £1,082,136 relates to unrecovered debt dating back from 2006 to 2019; £319,395 of the £1,082,136 being over five years old. **Recommendation Two.**
- **Performance targets:** Capita continue to perform below target in terms of client quality checks for Hart Council. In 2020/21, Capita were set a target of 96% in terms of quality accuracy. The performance achieved was 3% below this target at 92.75% (92.87% in 2019/20). **Recommendation Three.**
- **Debt recovery and action policy update:** The Debt recovery and action policy is out of date. Inquiry with the debt management team identified that work is underway to refresh this policy, and align this to best practice seen across other authorities in the Five Council agreement.. **Recommendation Four.**
- **Housing benefits to general ledger reconciliation:** Our review identified that the housing benefits to general ledger reconciliation continues to be undertaken in an untimely manner.

We summarise in Section Two below the number of recommendations raised as a result of our review (high priority represents the most urgent and high risk category and low priority represents the least urgent and lowest risk category).

| | High | Medium | Low | Total |
|----------|------|--------|-----|-------|
| Made | 0 | 5 | 0 | 5 |
| Accepted | - | 5 | 0 | 5 |

Acknowledgement

We would like to take this opportunity to thank your staff for their assistance during this review.

Recommendations

Section two

Recommendations

This section summarises the recommendations we have made. We have given each of our recommendations a risk rating as explained below.

| Priority rating for recommendations raised | | |
|---|---|---|
| <p>● High Priority (one)</p> <p>A significant weakness in the system or process which is putting you at serious risk of not achieving its strategic aims and objectives. In particular: significant adverse impact on reputation; non-compliance with key statutory requirements; or substantially raising the likelihood that any of your strategic risks will occur. Any recommendations in this category would require immediate attention.</p> | <p>● Medium Priority (two)</p> <p>A potentially significant or medium level weakness in the system or process which could put you at risk of not achieving its strategic aims and objectives. In particular, having the potential for adverse impact on your reputation or for raising the likelihood of your strategic risks occurring.</p> | <p>● Low Priority (three)</p> <p>Recommendations which could improve the efficiency and/or effectiveness of the system or process but which are not vital to achieving your strategic aims and objectives. These are generally issues of good practice that the auditors consider would achieve better outcomes.</p> |

| # | Priority | Recommendation | Management Response / Officer and Due Date |
|---|--------------|---|--|
| 1 | <p>● Med</p> | <p>Policy and Procedure Notes</p> <p>There are limited written policies and procedures in relation to the assessment of benefit applications.</p> <p>The Housing Benefit Manager provided confirmation that staff are subject to induction which covers benefit assessment, and can access benefit regulations to help with assessment decisions. A procedure note on the assessment of earnings has also been produced during 2020/21.</p> <p>A similar recommendation was raised in the 2019/20 internal audit review, and limited progress has been made to date.</p> <p>It is noted that our sample testing of 20 new benefit claims, and 20 change in circumstances did not identify any issues in relation to the retention of evidence to support the assessments made.</p> <p>Risk</p> <p><i>Limited standardisation of benefit assessment.</i></p> <p><i>Inconsistent and poor quality assessments are made.</i></p> <p>Recommendation</p> <p>Formal policies and procedures should be introduced for all areas of benefit assessment to allow the consistent and accurate evaluation and processing of benefit claims. This could include extracts from the relevant benefit regulations.</p> <p>All procedures and policies introduced should be accessible for all staff members, form part of the training process, and be subject to a defined review and refresh timetable.</p> | <p>Management Response:</p> <p>Agreed. We are in the process of reviewing the areas that require policy and procedure notes and will ensure that these are produced and agreed by the end of March 2022.</p> <p>Responsible Officer:</p> <p>Benefits Manager, Capita</p> <p>Due Date:</p> <p>March 2022</p> |

Recommendations (cont.)

| # | Priority | Recommendation | Management Response / Officer and Due Date |
|---|---|---|--|
| 2 |  Med | <p>Prior Year Overpayments</p> <p>The value of prior year overpayment remains high. As at March 2021, unrecovered housing benefit overpayment debt amounted to £1,254,431. Of which only £172,295 related to overpayments raised in 2020. The remaining value of £1,082,136 relates to unrecovered debt dating back from 2006 to 2019; £319,395 of the £1,082,136 being over five years old.</p> <p>Whilst Capita put in place an overpayments team to improve the management and recovery of prior year debt during 2020, and our testing identified that action is being taken to recover prior year debt, given the age of a high proportion of this debt, a decision should be taken as to the likelihood of full recovery, and potential write off.</p> <p>Risk</p> <p><i>High level of time investment in investigating debt with low probability of recovery.</i></p> <p><i>Exposed debt with limited opportunity to recover.</i></p> <p>Recommendation</p> <p>The Council should review the level and value of aged debt, and make a decision as to the probability of recovery of this, with consideration of the time cost required to pursue such recovery. Where there is limited value in continuing to pursue old year debts, write off of this debt should be considered.</p> <p>A clear policy for the recovery of prior year debt should be outlined, which should be actively monitored to ensure that future levels of debt are reduced, and active decisions taken to ensure that prior year debt levels remain low and actively manageable.</p> | <p>Management Response:</p> <p>Agreed. We were restricted to the actions we could do, due to Covid, until September 20 at which point we could only go to final notice. We are also effected by the access to the courts.</p> <p>The value still remains high, however, most of the invoices are in some level of recovery.</p> <p>Responsible Officer:</p> <p>Ryan Tee, Overpayment & Fraud Team Leader, Capita</p> <p>Due Date:</p> <p>September 2021</p> |

Recommendations (cont.)

| # | Priority | Recommendation | Management Response / Officer and Due Date |
|---|---|---|--|
| 3 |  Med | <p>Performance Targets</p> <p>Capita continues to perform below target in terms of client quality checks for Hart Council. In 2020/21, Capita were set a target of 96% in terms of quality accuracy. The performance achieved was 3% below this target at 93% (93% in 2019/20).</p> <p>Performance is reported monthly whereby Capita shares a spreadsheet outlining performance against each of the contract targets. This is then monitored and challenged at the Five Council Service Improvement Group monthly. Any key points or issues identified from this group are fed upwards to the Joint Tactical Board, a management level board, and then the Strategic Management Board, and Joint Committee.</p> <p>It is noted that our testing of a sample of 20 new claims and 20 COC assessments made in 2020/21 identified that sufficient documentation and supporting evidence had been received to support all of the underlying claims, and that the claims had been subject to assessment before payment made.</p> <p>Our review also identified that quality assurance checks are undertaken on a sample of at least 10% of processing throughout the year.</p> <p>Risk</p> <p><i>Inaccurate claim assessments made and incorrect benefits payments made resulting in an increase in local authority errors and benefit overpayments.</i></p> <p><i>Reduced customer satisfaction.</i></p> <p><i>Non compliance with contractual obligations.</i></p> <p>Recommendation</p> <p>The Council should continue to scrutinise and challenge Capita on the quality metric, plus continue to promote quality improvement and support Capita to put in place measures to ensure that the appropriate level of quality is achieved.</p> <p>Consideration should be given to the quality target set, and an assessment made as to whether this is still deemed to be appropriate and achievable.</p> <p>Performance should continue to be reported across the governance structure to ensure that this continues to be transparent and inform future decision making.</p> | <p>Management Response:</p> <p>Agreed. Capita have increased the level of internal checking from 10% to 20% and introduced a checklist for the Assessment Officers. As a result Capita's current level of accuracy for the first four months of this financial year is 96.17%.</p> <p>Responsible Officer:</p> <p>Benefits Manager, Capita</p> <p>Due Date:</p> <p>September 2021</p> |

Recommendations (cont.)

| # | Priority | Recommendation | Management Response / Officer and Due Date |
|---|---|---|---|
| 4 |  Med | <p>Debt Recovery and Action Policy</p> <p>The Debt recovery and action policy is eight years out of date, having last been reviewed in December 2012. Inquiry with the debt management team identified that work is underway to refresh this policy, and align this to best practice seen across other authorities in the Five Council agreement.</p> <p>A draft of the Corporate Debt Recovery Policy was taken to Overview and Scrutiny Committee in June 2021. This refresh should be finalised and a updated, consistent policy published and shared across the Hart Council and Capita teams.</p> <p>Risk</p> <p><i>Inconsistent and out of date processes and controls.</i></p> <p><i>Debt recovery actions not taken in line with Council expectations.</i></p> <p>Recommendation</p> <p>The draft Corporate Debt Recovery Policy should be finalised, approved and published as soon as possible.</p> <p>The Council should review its governance process, and allocate a clear responsibility for ensuring that a policy refresh deadline in put in place, monitored and adhered to going forward.</p> <p>Teams should receive update training on the updated policy, and procedures updated to ensure full operational compliance with the revised policy.</p> | <p>Management Response:</p> <p>Agreed. We are working to towards an agreed policy across 5Cs. Provisional completion date of March 2021.</p> <p>Responsible Officer:</p> <p>Ryan Tee, Overpayment & Fraud Team Leader, Capita</p> <p>Due Date:</p> <p>March 2021</p> |

Recommendations (cont.)

| # | Priority | Recommendation | Management Response / Officer and Due Date |
|---|---|---|--|
| 5 |  Med | <p>Housing Benefits to General Ledger Reconciliation</p> <p>Our review identified that the housing benefits to general ledger reconciliation continues to be undertaken in an untimely manner. The number of days to complete this reconciliation each month in 2020/21 from the 1st of each month ranges from 9 days to 77 days.</p> <p>Risk</p> <p><i>Delays in the identification of inconsistencies and errors between the HB system and the general ledger.</i></p> <p>Recommendation</p> <p>A target in respect of the number of days required to complete the general ledger reconciliation should be agreed and formalised in an updated procedure, plus responsibility for the achievement of this outlined.</p> <p>Performance against this target should be reported, and the reasons for any delays outlined.</p> | <p>Management Response:</p> <p>Agreed. In April and May we have the time consuming task of pulling together the Statement of Accounts for the previous year which is why we can expect some delays. As well as the Statement of Accounts, we have also been supporting local business receive their grant allocation due to the continuous impact of COVID. In light of the above factors we caught up our delayed reconciliations for April and May and our average time to complete the reconciliation between June 2020 and March 2021 was 23.9 days.</p> <p>Responsible Officer:</p> <p>Jason Collier, Senior Accountant</p> <p>Due Date:</p> <p>September 2021</p> |

Appendices

Summary of work performed

Below we set out the work undertaken against each of our objectives.

| Objective | Summary of work undertaken |
|--|--|
| <p>Objective One</p> <p>Design of Processes</p> | <p>We reviewed the design of controls in place by completing the following:</p> <ul style="list-style-type: none"> - Gained an understanding of the processes and controls in place regarding the assessment and awarding of Housing Benefit by inquiry with the Benefit Manager. - Reviewed the new starter training induction pack, and the earned income procedure note introduced in 2020. - Completed a walkthrough of one new claim assessment and one change of circumstance case to confirm that the processes operated are in line with expectations. - Reviewed the DHP spreadsheet tracker, and through inquiry with the Benefit Manager understood the process for the assessment and approval of DHP. - Gained an understanding of the quality assessment checks undertaken each month, and confirmed the frequency that these were undertaken in 2020/21, and that Capita undertook at least the required 10% checks. - Evaluated the annual process for updating benefit system parameter. - Reviewed the monthly procedure in place for reconciling the benefits system to the general ledger, and completed a walkthrough of this process for one month. - Assessed the process for monitoring and recovering overpaid benefit with the Overpayment and Fraud Manager, and completed a walkthrough of one case. - Evaluated the process in place for the approval of write offs of aged debt, and completed a walkthrough of one case. |
| <p>Objective Two</p> <p>Operational Effectiveness</p> | <p>We sample tested the following controls to ascertain how effectively the Council's procedures operate:</p> <ul style="list-style-type: none"> - We test checked a sample of 20 new claims received in 2020/21 to confirm that assessments have been appropriate and supported by underlying evidence. - We have performed sample testing on 20 change of circumstances processed in 2020/21 to confirm that the change made could be supported by appropriate, underlying evidence. - We test checked a sample of 10 DHP applications received in 2020/21 to confirm that assessments have been appropriate, supported by underlying evidence and in line with guidance. - We reviewed a sample of 10 overpayments raised in the current year, and 10 overpayments raised in the prior year to test check that recovery action is taking place in line with the Debt and Recovery policy, and evidenced clearly. We have also completed a year on year analysis of the level of debt outstanding and the age of this debt. - We tested a sample of 10 write offs made in 2020/21 to confirm that appropriate approval was received prior to the write off being made, and that evidence of the write off was retained. - We re-performed a sample of 2 reconciliations completed in 2020-21 to confirm that they have taken place in a timely manner and have been subject to appropriate approved. |

Summary of work performed (cont.)

| Objective | Summary of work undertaken |
|--|--|
| <p>Objective Three Governance and Reporting</p> | <p>We reviewed how Housing Benefits is reported through the organisation and assessed the suitability of content reported at senior management meetings and determine whether there is suitable challenge and oversight over performance against key metrics at the senior management level and actions taken to mitigate under-performance by:</p> <ul style="list-style-type: none"> - Analysing the monthly performance data compiled by Capita for August 2020 and March 2021, and comparing this to the data and performance discussed at the monthly Five Council Service Improvement Group. - Reviewing the governance structure in place to understand the reporting requirements of the Five Council Improvement Group within the Committee Structure, and walking through this process for August 2020 and March 2021, to confirm that performance was appropriately monitored, challenged and reported. |

Follow up of 2019/20 findings

As part of our review, we followed up on findings from the 2019/20 internal audit review of housing benefits. The relevant findings and current status have been included below.

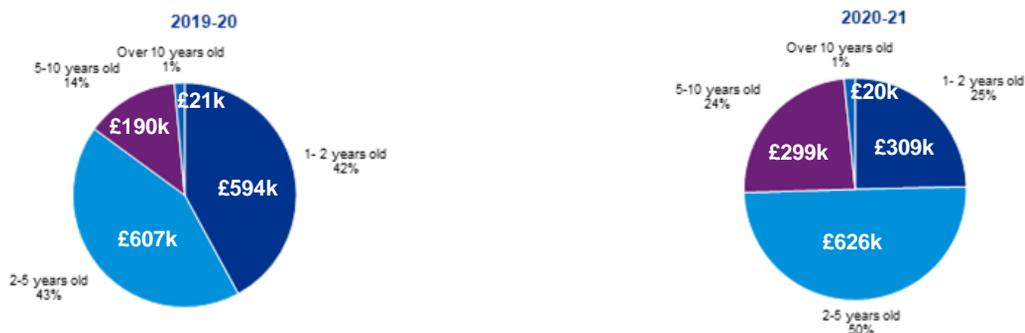
| No. | Risk | Finding | Management Response | Follow up May/June 2021 |
|-----|----------|--|--|---|
| 1. | ● Med | Written procedures in place for Capita staff who process housing benefit applications were not provided by Capita. | We train and mentor all new staff to the contract who also have a senior member of staff for advice. All staff have access to the appropriate legislation and guidance material. Additionally, we are working towards harmonised procedure notes across all five Councils. | Superseded A procedure note has been produced in June 2020 for the assessment of earned income. However, limited other policies and procedures are in place in relation to the processing of benefit applications and reliance is placed upon the benefit regulations and staff induction training. Superseded. See recommendation one. |
| 2. | ● Med | Supporting documentation is not always provided and stored on Information@Work. | It would not be possible to process an application without supporting evidence. However, rental evidence is held in many formats and it maybe that in these instances the information has not been saved correctly on the EDMS system i.e. the result of a telephone call. Staff will be reminded to ensure that all information is accurately recorded. | Addressed Our testing checking of a sample of 20 new claims and 20 change of circumstances raised in 2020-21 identified that supporting documentation could be located in all cases. |
| 3. | ● Med | The Council's monthly reconciliation between Integra and Academy is not completed in a timely manner. | Reconciliations will be completed in a timely manner. | Superseded. Our review identified that this reconciliation has taken place for all periods in 2020/21, however completion continues not to be undertaken in a timely manner. The number of days to complete this reconciliation in 2020/21 from the 1 st of each month ranges from 9 days to 77 days. Superseded. See recommendation five. |

Follow up of 2019/20 findings (cont.)

| No. | Risk | Finding | Management Response | Follow up May 2021 |
|-----|-----------|--|---|---|
| 4. | ● High | New housing benefit claims and change of circumstance cases are not being processed in accordance with required performance targets. | We are working with the client to identify any training needs. We are monitoring all returns and feeding all errors back to the relevant team member. All staff are aware of the contractual requirement and the need to process claims accurately and ensure that awards are correct. There are also contractual discussions underway to ensure that the Quality Assurance process is fair and reasonable and consistent across all 5Cs. | Superseded As at 31 March 2021, performance against the accuracy BVPI is still below target. Capita are achieving a processing accuracy of 92.75% at 31 st March 2021 (92.87% at 31 st March 2020), against a target of 96%. However, this continues to be monitored by the 5C's Service Improvement Group, and is communicated through the governance structure. Superseded. See recommendation three. |
| 5. | ● High | Housing Benefit overpayment debts raised before April 2019 are not being sufficiently dealt with. | An Overpayments Team has now been put in place to improve the management and recovery of prior year debt. | Superseded An overpayments team is now in place, lead by Ann Edwards. Our test checking of a sample of overpayment debts found in all cases selected that action is being taken to attempt to recover the debt. However, the level of debt relating to prior year overpayment is still high, and a decision should be taken as to the likelihood of full recovery, and potential write off. Superseded. See recommendation two. |
| 6. | ● Med | The debt recovery and management policy is considered to be out of date. It is dated December 2012. | The Debt Management Policy will be reviewed and updated. Will be carried out as part of the transition of the finance workstream from Capita to Hart. | Superseded Inquiry with the debt management team identified that work is underway to refresh this policy, and align this to best practice seen across other authorities in the 5 Council agreement. A draft of the Corporate Debt Recovery Policy was taken to Overview and Scrutiny Committee in June 2021. This refresh should be finalised and a updated, consistent policy published and shared across the Hart team. Superseded. See recommendation four. |

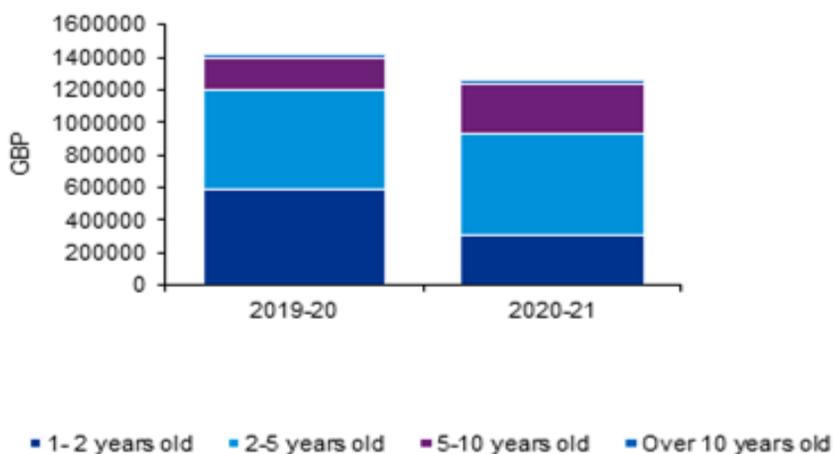
Analysis of overpayment debt

As part of our review, we performed analysis over the level of current year and prior year overpayment debt, both by age and value. This is presented in the charts below:



Whilst the overall value of outstanding debt has reduced year on year by £158k, the level of outstanding debt still stands at £1.2m as at 31 March 2021. Progress has been made in reducing the level of debt under two years old year on year, but a high value of prior year debt still exists. The majority of this debt as at 31 March 2021 is over two years old (£945k), with a quarter of this debt being over five years old (£319k).

Total outstanding Debt

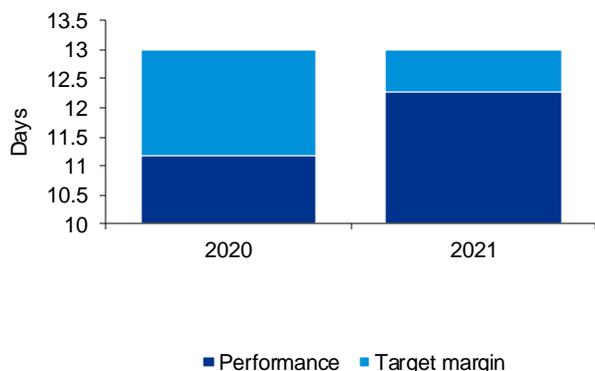


Our sample testing of ten current year overpayment debts and ten prior year overpayment debts identified that action was been taken to pursue each debt by the new debt and recovery management team. However, given the age of a high proportion of this debt, a decision should be taken as to the likelihood of recovery, and potential write off considered. **See recommendation 2.**

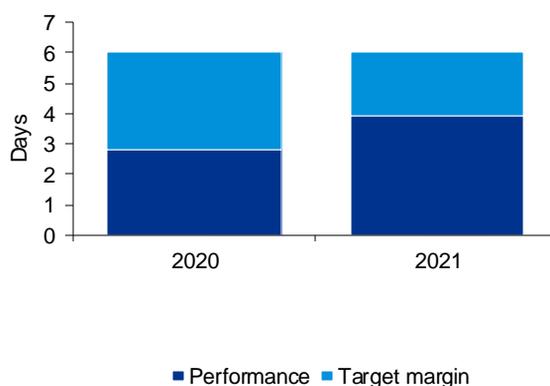
Analysis of performance targets

As part of our review, we performed analysis over Capita’s 2020/21 performance against the contractual targets set as part of the Five Councils agreement. This is presented in the charts below:

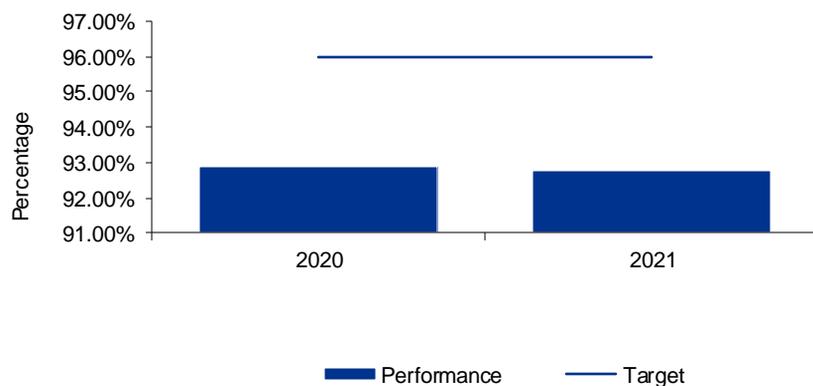
New claim processing time



Change of circumstances processing time



Local client checks - quality



There are three main housing benefits performance targets monitored throughout the year (new claim processing time, change of circumstances/COC processing time, and local client quality checks).

In the current and prior year, Capita is exceeding the targets set in terms of new claim and COC processing times, and continue to processes claims ahead of expectation.

However, in the current year and prior year, Capita continues to perform below target in terms of client quality checks. In 2020/21, Capita was set a target of 96% in terms of quality accuracy. The performance achieved was 3% below this target at 92.75% (92.87% in 2019/20).

Performance is reported monthly whereby Capita shares a spreadsheet outlining performance against each of the contract targets set. This is then monitored and challenged at the Five Council Service Improvement Group each month. Any key points or issues identified from this group are fed upwards to the Joint Tactical Board, a management level board, and then the Strategic Management Board, and Joint Committee.

Given the continued non achievement of the quality metric, the Council should continue to scrutinise and challenge Capita in this area, and continue to promote quality improvement so that Capita put in place measures to ensure that the appropriate level of quality is achieved. **See recommendation 3.**

Staff involved and documents reviewed

As part of our review, we held discussions with staff throughout the Council, including:

| Name | Job title |
|------|---|
| | Benefits Manager, Capita |
| | Head of Corporate Services, Section 151 Officer |
| | Senior Technical Officer, Capita |
| | Overpayment & Fraud Officer, Capita |
| | Overpayment & Fraud Team Leader, Capita |
| | Hart District Council |
| | 5Cs Client Relationship Director & Senior Client Executive (Operations) |

During the course of the review, we have reviewed a number of sources of Council information including the following:

- Discretionary housing payments schedule and approval spreadsheet.
- Capita system datasets.
- Info@work – Documents viewed to support benefit application and change of circumstances sample testing.
- Housing Benefit overpayments listing.
- Write off listing, and schedule of approvals.
- Template Housing Benefit application form, and DHP application form.
- Overpayment policies and procedures.
- Control account reconciliations.
- Quality assurance checking spreadsheet.
- Benefit parameter screenshots and approval 2020-21.
- Signed, HBAP Accountant Report 2019-20.
- Hart District Council website – housing benefits section
- Anti fraud and corruption policy
- Whistle blowing policy

Assurance ratings

We have used the following as the basis of the levels of assurance that we provide you with (although it should be noted that these represent an indicative approach as the overall assurance provided is a matter of professional judgement).

| Assurance level | Definition |
|---|---|
| Significant assurance | Means the system is well designed and only minor low priority recommendations have been identified related to its operation. Might be indicated by priority three only, or no recommendations (i.e. any weaknesses identified relate only to issues of good practice which could improve the efficiency and effectiveness of the system or process). |
| Significant assurance with minor improvement opportunities | Means the systems is generally well designed however minor improvements could be made and some exceptions in its operation have been identified. Might be indicated by one or more priority two recommendations. (i.e. there are weaknesses requiring improvement but these are not vital to the achievement of strategic aims and objectives - however, if not addressed the weaknesses could increase the likelihood of strategic risks occurring). |
| Partial assurance with improvements required | Means both the design of the system and its effective operation need to be addressed by management. Might be indicated by one or more priority one, or a high number of priority two recommendations that taken cumulatively suggest a weak control environment. (i.e. the weakness or weaknesses identified have a significant impact preventing achievement of strategic aims and/or objectives; or result in an unacceptable exposure to reputation or other strategic risks). |
| No assurance | Means the system has not been designed effectively and is not operating effectively. Audit work has been limited by ineffective system design and significant attention is needed to address the controls. Might be indicated by one or more priority one recommendations and fundamental design or operational weaknesses in the area under review. (i.e. the weakness or weaknesses identified have a fundamental and immediate impact preventing achievement of strategic aims and/or objectives; or result in an unacceptable exposure to reputation or other strategic risks). |

We have also provided the following definitions for the priority of the recommendations that we may raise within our reports:

| Priority | Description |
|------------------------------|--|
| Low – priority three | <p>Recommendations which could improve the efficiency and / or effectiveness of the system or process but which are not vital to achieving your strategic aims and objectives. These are generally issues of good practice that the auditors consider would achieve better outcomes.</p> <p>For example in operational terms the issue may only affect a single section or process, i.e. there is little impact on overall operational control arrangements. Alternatively, for example, in financial terms the impact is low or non-existent.</p> |
| Medium – priority two | <p>A potentially significant or medium level weakness in the system or process which could put you at risk of not achieving your strategic aims and objectives. In particular, having the potential for adverse impact on your reputation or for raising the likelihood of your strategic risks occurring.</p> <p>For example in operational terms the issue has significant effect on operations at a team/division level only, i.e. there is only a minor impact outside the effected team/division. Alternatively, for example, in financial terms the impact is up to 5% of annual revenue.</p> |
| High – priority one | <p>A significant weakness in the system or process which is putting you at serious risk of not achieving your strategic aims and objectives. In particular: significant adverse impact on reputation; non-compliance with key statutory requirements; or substantially raising the likelihood that any of your strategic risks will occur. Requires immediate attention.</p> <p>For example in operational terms the issue has major effects on operational procedures throughout the organisation. Alternatively, for example, in financial terms the impact exceeds 5% of annual revenue or 5% of the value of the capital base.</p> |

