



## **Audit Advisory Committee – Second Supplementary – Housing Benefit Subsidy**

**Monday 26 June 2017 at 6.30 pm**

Boardrooms 7&8 - Brent Civic Centre, Engineers Way,  
Wembley HA9 0FJ

### **Membership:**

#### **Members**

Councillors:

Mr Ewart (Chair)  
A Choudry (Vice-Chair)  
Davidson  
Dixon  
Naheerathan  
Nerva

#### **Substitute Members**

Labour Councillors:

Hoda-Benn, Long, McLeish and Pavey

Conservative Councillors:

Kansagra and Maurice

#### **Independent Member:**

Eugene Sullivan

**For further information contact:** Nikolay Manov, Governance Officer:  
Nikolay.manov@brent.gov.uk; 0208 937 1348

For electronic copies of minutes, reports and agendas, and to be alerted when the minutes of this meeting have been published visit: **[www.brent.gov.uk/committees](http://www.brent.gov.uk/committees)**

**The press and public are welcome to attend this meeting**

# Agenda

Item	Page
<b>14 Housing Benefit Subsidy Audit Update</b>	<b>1 - 4</b>

Following on from the KPMG Annual Report on grant claims and returns 2015/16, brought before Audit Committee in March 2017, this report provides an update on the monitoring of self-employed income assessments carried out under the department's improvement plans for this high-risk area. Previous reports, in particular Appendix 1 to the Annual Report, have detailed the main concerns and proposed remedies.

## June Audit Committee: Housing Benefit Subsidy Update on Self Employed Income Monitoring

---

### Introduction

Following on from the KPMG Annual Report on grant claims and returns 2015/16, brought before Audit Committee in March 2017, this report provides an update on the monitoring of self-employed income assessments carried out under the department's improvement plans for this high-risk area. Previous reports, in particular Appendix 1 to the Annual Report, have detailed the main concerns and proposed remedies.

The 2015/16 Subsidy Audit had identified an error rate of 42% for the 125 claims that had been subject to the audit check. While still unreasonably high, this was not an unexpected outcome given the timing of the discovery of the process weaknesses identified during the previous year's audit.

### Interventions

A total of 2768 claims were identified as requiring review; the criterion for which being that the self-employed income that had been used in the assessment was, at that point, greater than 1 year old.

### Piloting the new Policy

Those claims requiring review were to be assessed based on a new and simplified Self Employed policy. The approach taken under the new policy was based on the following key principles:

- Clear and simplified information should be made available to customers explaining what information was required and how that would be used to assess their self-employed income and benefit entitlement
- A revised self-employed income form would be used to ensure all of the key information relating to the business was captured accurately
- The levels of scrutiny applied to an individual's self-employed income should be both measured and reasonable; in line with customers receiving other forms of income from employment such as PAYE.
- 10% of self-employed claims should be subject to a face to face appointment in order to spot check levels of expenses being declared

## Interventions completed to date

Between February and May 2017, a total of 260 claims have been reviewed under the intervention exercise; all of which were done via appointment in line with the policy principle that 10% of self-employed claims should be subject to a face to face appointment and spot-check of expenses.

## Quality Assurance

Quality assurance checks were carried on 10% of the 260 reviews completed; the key purpose of which was to establish if self-employed claims processed in this way were less likely to be the subject of error and therefore also less likely to pose an audit risk. The two key elements an officer was being checked against therefore were:

- The process as outlined in the new policy was adhered to;
- The final net self-employed income figure was loaded correctly into the benefits system

Of the 27 quality assurance checks completed, only 1 error was found; in which case the net income figure was out by £1 in the benefit assessment IT system. This single error represents an accuracy of 96% for those which have been subject to check thus far, and is a significant improvement on the 58% accuracy as determined during the 2015/16 Subsidy Audit

## Ongoing Interventions

Interventions are scheduled to continue between July and November 2017, during which time it is anticipated that the remaining 2508 claims will be reviewed; subject to natural flux in the self-employed caseload.

Although a greater number of interventions will need to be completed pro-rata between July and November 2017, they are expected to be processed more quickly as they will not require a face to face appointment for review but rather will be processed fully online.

A quality assurance resource will be made available throughout this interventions exercise to ensure adherence to the new policy is closely monitored as is its suitability to mitigate the future audit risk in this area.

## Future Planned Actions

A high priority has been given to the ongoing improvement and monitoring plans for self-employed income claims to ensure the processes in place are effective and continue to mitigate risk in this area.

## Training and full policy roll-out

The quality assurance results of the self-employed interventions carried out to date are extremely promising; suggesting the new policy is far less prone to error. Following on from this successful pilot, staff briefing sessions are scheduled for completion during July 2017. These briefing sessions will ensure that all self-employed claims are processed within the principles of the new policy, not just those identified for intervention.

## Online Self Employed Form Solution

The interventions have been carried out thus far have been done so using a relatively simple form in Microsoft Word, making the process somewhat more labour intensive to process than could be achieved with an intelligent online solution.

Discussions with the third-party supplier who provides the council's online Housing Benefit forms has been subject to delays and is not expected to be available until Q3 of 2017/18. However, with additional resources having been allocated to the development of in-house forms within Brent Customer Services, an interim solution is now in discussion for development and is anticipated as being completed by August 2017.

It is expected that the interim online form will bring about greater efficiencies in the length of time it will take an officer to process a self-employed income update and will also further reduce the risk of assessment errors by reducing the possibility for error by transposition.

## Ongoing Monitoring and Reporting

Quality assurance monitoring and reporting on self-employed income assessments will be brought to operational quality performance meetings held on a monthly basis within the benefits service. Furthermore, updates will also be brought to Subsidy Group meetings each month; of whom the following are attendees:

- Margaret Read, Director Brent Customer Services
- David Oates, Head of Customer Services & Benefits
- Ravinder Jassar, Head of Finance
- Russell Gibbs, Benefits Subsidy & Policy Manager

**This page is intentionally left blank**