

Certification of grants and claims

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Wards affected: All

PROPOSED DECISION

That the Certification of Claims and Returns Annual Report 2015-16 be noted.

Corporate Implications

1. The audit fee for this work has been budgeted for within the cost of corporate management for 2016/17

Executive Summary

2. The Annual Report covering the work of the External Audit team in assessing the Council's various statutory grant claims is attached at Appendix A.
3. Context is given to the work of the benefit section, and outlines plans in place to minimise the future risk of subsidy loss
4. There are no recommendations for action in the report.

Sustainable Community Strategy/Council Priorities - Implications

5. None

Background and Issues

6. The outcome from the 2015/16 audit is broadly similar to the previous year. The value of errors found was £5,300 (0.01% total expenditure) out of the total subsidy claim for £48m.
7. Thresholds are set by DWP for LA errors. These are made up of two elements: admin delay (where a LA does not process claims as quickly as DWP would like) which represents approximately 40% of the overall total for WDC; and LA error (e.g. where the Council incorrectly overpay benefit as a result of an error, e.g. income on a claim is input incorrectly. If DWP thresholds are exceeded, subsidy is reduced.
8. Although in overall terms the value of the errors found in this year's audit is relatively small, audit certification guidelines require auditors to "extrapolate" the value of the errors. The extrapolation process increases the risk of subsidy reductions. In this latest audit this £5,300 resulted in an extrapolated value of £204,270 (0.04% total benefit awarded). This year the extrapolated value has tipped Wycombe over the DWP threshold of £215,472. The DWP will determine the precise amount of the reduction, but this is expected to be between £215,472 and £412,000 against the overall grant claim of £48m. Reductions in subsidy are

offset against past years surpluses through an appropriation fund, that is currently in surplus (£1.2m). An element of the subsidy loss will also be recovered over time through the usual recovery processes that are in place for housing benefit overpayments.

9. Government funding for benefit administration has fallen sharply in recent years, yet workloads have increased and work has become more complex due to changes to welfare benefits and an increase in electronic data transfer from DWP to local authorities, putting more pressure on staff. In contrast administration subsidy has fallen from £944,000 in 2013/14 to £574,000 in the current year.
10. Staff sickness has played a factor on the team's ability to consistently process work within set targets. 183 days were lost in 2015/16 due to sickness & 179 to date in 2016/17. Sickness is being managed in line with the WDC sickness procedures.
11. Following the 2014/15 subsidy audit last year a dedicated checking officer was appointed to reduce the risk of future subsidy loss. This post took effect at the start of the 2016/17 year. This has been particularly successful in highlighting and rectifying potential errors at an early stage in 2016/17, which minimises the financial impact as it avoids audit extrapolation mentioned above. However, due to the retrospective nature of the subsidy certification process and timescales involved the change was too late to impact on the 2015/16 grant claim.
12. To further strengthen and support the administrative process and reduce the risk of subsidy loss in 2017/18 and beyond, a twofold approach has been taken to tackle both contributory factors. A rigorous system for checking of benefit assessments is in place, backed up by significant amount of dedicated support and training for staff to ensure that both current and revisions to regulations are properly understood. This will reduce the LA error element. To minimise Admin delay a contract is in place for external processing support that is triggered when workloads rise above certain levels. This is funded by extra Government grant awarded when legislative changes are made.
13. Subsidy levels are difficult to predict. Errors identified via the subsidy audit, result in additional audit checking in subsequent years, raising the risk of greater loss. It is important to exit from this cycle, hence the actions in place as outlined in this report. Staffing resources are currently being reviewed to ensure available resource is sufficient to minimise the risk of subsidy loss moving forward
14. Grant claims are held within Financial Services.

15. Summary of actions:

Action	Timescale
Dedicated Checking regime (Full Time Quality Officer) – previously staff were responsible for reviewing and checking work on a peer to peer basis.	In place from April 2016
Remote processing resources for peak periods with 3 external providers ensuring sufficient quick access to manage peaks and internal resourcing constraints such as sickness.	In place from January 2017
Additional training (1-1 & team training) this will supplement the current training being provided to staff to help support the ever increasing complexity and frequency of changes in benefit rules.	From March 2017
Continue management of sickness levels in line with WDC procedures to address long term sickness absences.	Ongoing since April 2016
Review resourcing levels	30 th April 2017