

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 13 September 2010

PART A

AGENDA ITEM

7

Title: PROPOSED CREATION OF NEW POST – SYSTEMS & SUBSIDY

Report of: Head of Revenues & Benefits

1. **SUMMARY**

- 1.1 The report sets out the argument for the creation of a new post of Policy, Quality & Training Team Leader with particular emphasis on fulfilling the requirement for a Systems & Subsidy expert role.

2. **RECOMMENDATIONS**

- 2.1 That the Joint Committee supports the creation of the post of Policy, Quality & Training Team Leader.

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Report approved by:

Tricia Taylor – Executive Director Resources – Watford Borough Council

David Gardner – Director of Corporate Resources & Governance – Three Rivers DC

3. DETAILED PROPOSAL

- 3.1 Three Rivers and Watford pay out over £60,000,000 in Housing Benefit and Council Tax Benefit during a year. Much of this is reimbursed by Central Government through Housing Benefit Subsidy however, there are certain areas where the Government seeks to limit expenditure, for example overpayments due to local authority error and subsidy is paid at less than 100% for these areas and a claim is submitted by both authorities by the end of May of the following year.
- 3.2 The authorities receive this subsidy based on an Initial Estimate submitted in March of each year with adjustments being allowed for in a mid-year estimate submitted in August. The final adjustments are made after the final subsidy claim is submitted by the end of May of the following year.
- 3.3 Each subsidy claim is checked by the authorities' external auditors and a final, audited claim needs to be submitted to the Department of Work & Pensions (DWP) by 30 November.
- 3.4 As part of the inspection work, the external auditors will test the accuracy of the claim and, if errors are discovered, may qualify the claim causing the authority to incur a loss.
- 3.5 The audit of the Watford claim for 2008/2009 has caused the auditor to question the accuracy of the claim with the result that £189,000 has been claimed back by the DWP. There have been no such issues with the Three Rivers' claim.
- 3.6 Current practise involves the auditor checking the accuracy of the claim by examining a sample of claims. Where an error is discovered, rather than making a deduction to reflect the amount of incorrect benefit paid, an extrapolation is made taking a view of the level of loss overall based on that error.
- 3.6 Such actions can, however be mitigated for. In the experience of the Head of Revenues & Benefits, a resource devoted to the regular monitoring of benefit subsidy can minimise subsidy losses by ensuring the accuracy of the claim as well as identifying pressures at an early stage.
- 3.7 In addition, a robust monitoring regime will provide confidence in the accuracy of the claim and will be supported by the authorities' own internal auditors as well as satisfying a recommendation in the Review of the service which has recently been completed.
- 3.8 Allied to this is a further recommendation that a "Systems Control" function is put into place to provide the service with a much needed support role to the service.
- 3.9 Since the implementation of shared services in Revenues & Benefits, a conversion has been completed to the Capita Software System which is now used by both authorities. Further work will be needed to migrate the Three Rivers Version of Capita from a Unix platform to a Windows platform so that performance is improved and this work is underway.
- 3.10 The Capita System provides the opportunity for users to perform more administration of the system and this will relieve some of the demands that would otherwise be placed on the ICT Service.
- 3.11 In addition, best practise amongst other authorities suggests that maintenance of the system is vitally important and that new releases, batch jobs and security should be the responsibility of a "Systems Control" function as opposed to the

current arrangement where it is a task performed by the Revenues Manager to the detriment of other “day-to-day” activities.

- 3.4 As part of the inspection work, the external auditors will test the accuracy of the claim and, if errors are discovered, may qualify the claim causing the authority to incur a loss.

4. **IMPLICATIONS**

There will be financial implications and these are set out in 4.2.1 below. The intention is that any costs will be met by reductions in subsidy losses however, the subsidy claim in respect of 2009/10 is in the process of being audited and it is unlikely that any improvements will be realised until 2011/12 at the earliest.

However, as stated in point 3.5 above, we have incurred a loss of £189,000 on the Watford Benefit Subsidy claim following the subsidy audit and whilst we are not in a position to predict any errors in the future to determine the savings, we can say that on initial findings there is already a potential to reduce subsidy loss by £154,000 in the claim for 2010/11. In addition, by reducing the amount of overpayment caused by Local Authority Error (or ensuring that such overpayments are correctly classified), there is the potential to save a further £34,000 in future years.

The situation for Three Rivers is not so acute but the potential for losses still remains as the DWP has the power to withhold subsidy where it determines that benefit expenditure has been incorrectly paid. The nature of determining the calculation for a deduction of subsidy by “extrapolation” is such that one claim found to be paid in error could equate to a subsidy loss running into £000’s.

Proactivity is essential in managing subsidy and by having a resource that we can devote to this will ensure a stronger, more robust subsidy claim and a greater confidence placed in it by the auditors both internal and external.

4.1 **Policy**

- 4.1.1 The recommendations in this report are within the policies of the Joint Committee, Three Rivers District Council and Watford Borough Council.

4.2 **Financial**

- 4.2.1 The revenue implications are as follows:-

CASH IMPLICATION	Current Year 2010/11 £	2011/12 £	2012/13 £	Future Years per Annum £
Revenue				
Expenditure	18000	36000	36500	36500
Income / Savings	36000	50000	50000	50000
Net Commitment	(18000)	(14000)	(13500)	(13500)

4.3 Legal Issues (Monitoring Officer)

4.3.1 None specific to this report

4.4 Risk Management and Health & Safety

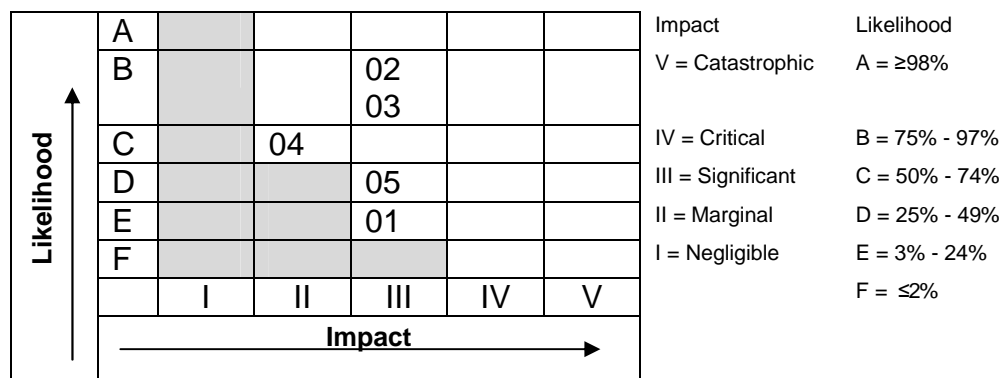
4.4.1 The following table gives the risks if the recommendation is agreed, together with a scored assessment of their impact and likelihood.

Description of Risk		Impact	Likelihood
1	The forecast savings are not realised	III	E

4.4.2 The following table gives the risks that would exist if the recommendation is rejected, together with a scored assessment of their impact and likelihood:

Description of Risk		Impact	Likelihood
2	Subsidy income is not maximised	III	B
3	Further subsidy losses are incurred following audit of the subsidy claim	III	B
4	Performance is impaired due to obsolete versions of the Capita system being used	II	C
5	Continued progress of the implementation of shared services, namely the move towards "e-services" will be compromised due to the lack of a dedicated expert resource	III	D

4.4.4 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood. Risks are tolerated where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require either monitoring or managing, in which case a treatment plan is prepared.



Appendices

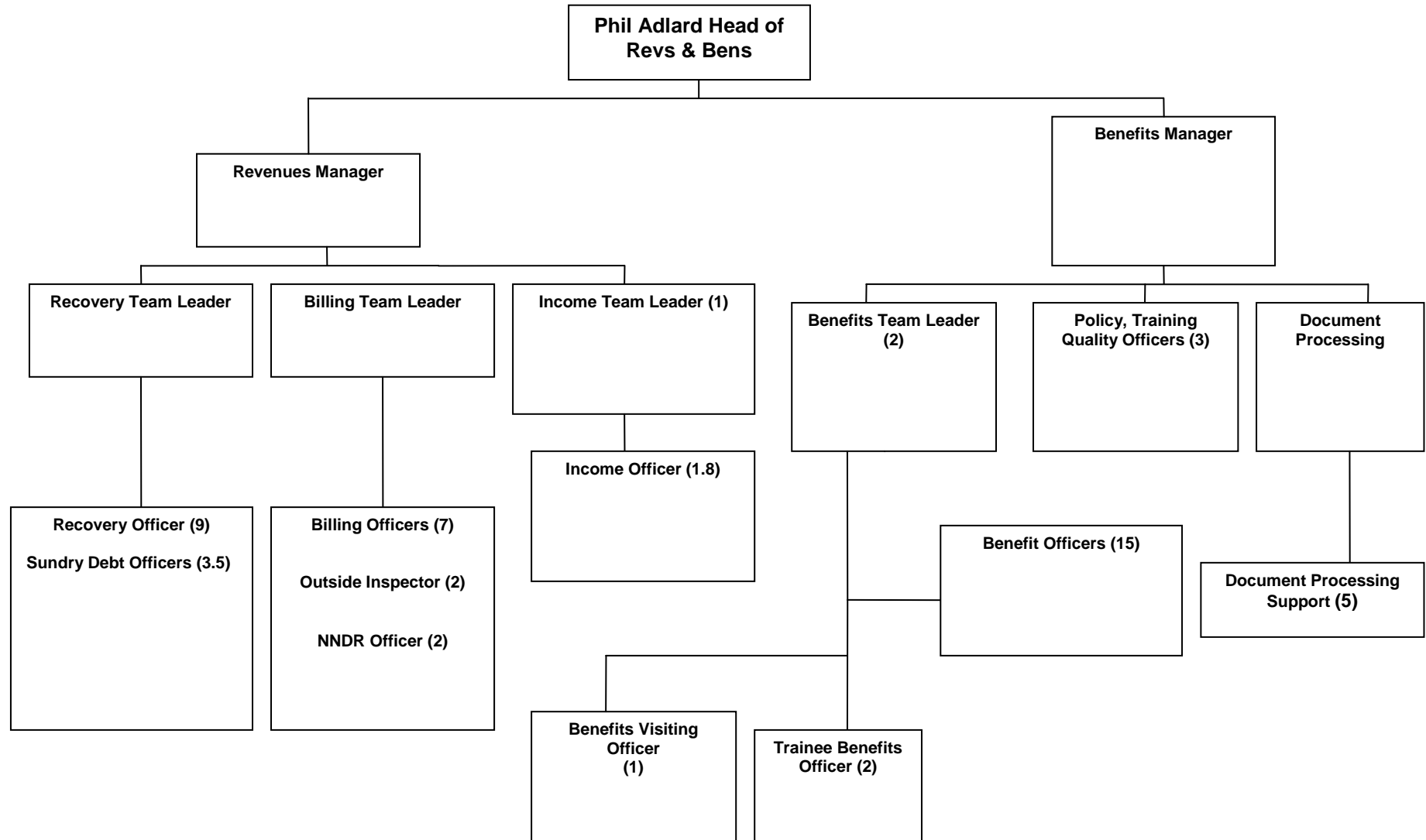
Appendix I – Existing Organisation Chart of Revenues & Benefits

Appendix II – Proposed Revised Organisation Chart of Revenues & Benefits

Background Papers

No papers were used in the preparation of this report.

Appendix I – Existing Structure in Revenues & Benefits



Appendix II – Revised Structure in Revenues & Benefits (New post in ***Bold Italics***)

