

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Finance, Strategies, Partnerships and Executive Director - Commercialisation (S151)

To: Governance and Audit Committee Thursday, 14 January 2021
Council, 20 January 2021

(Author: Sharon Hammond Head of Revenues & Benefits)

Subject Housing Benefit Subsidy Claim - 2019/20

Purpose: To report the outcome of the 2019/20 Housing Benefit Subsidy claim audit.

Recommendations:

- 1) That the Governance and Audit Committee notes the outcome of the 2019/20 Housing Benefit Subsidy Audit, and
- 2) That the Council is recommended to continue to disregard from the calculation of housing benefit all income prescribed in the Housing Benefit and Council Tax Benefit (War Pension Disregards) Regulations 2007.

1.0 BACKGROUND

- 1.1 In 2019/20, the Council made payments of Housing Benefit totalling £13,678,610. The Government reimburses the Council for this expenditure by way of Housing Benefit subsidy. The total subsidy claimed from the Government by the Council for 2019/20 totalled £13,630,425. The Council's claim for housing benefit subsidy is subject to an annual audit.
- 1.2 Eligible overpayments, which are subsidised at 40%, contributed the main area of subsidy difference, followed by Non Housing Revenue Account (non-HRA) Rent Rebates for people placed in board and lodgings by the Council, where the rent exceeded the Local Housing Allowance (LHA) rate.
- 1.3 KPMG undertook the 2019/20 Housing Benefit Subsidy audit, in accordance with the Department for Work and Pension (DWP) reporting framework instruction.
- 1.4 The methodology involves the auditors checking a random sample of claims to confirm that the Council has calculated benefit correctly and maintained appropriate standards of evidence and record keeping. If the auditors identify any errors, then they perform additional checks in those specific areas to identify the likely extent of the errors upon the claim for subsidy. The auditors also undertake sample checks to try to identify any replication of the errors found in the subsidy claim for the previous year.

- 1.5 The auditors identified some errors in the calculation of benefit or in its recording and made an adjustment to the amount of subsidy claimed to the value of £4,902. This represents an adjustment of 0.04% of the total subsidy claimed.
- 1.6 The subsidy regime provides for a degree of error on the part of the Council and the Council is not penalised for any overpayments that it makes due to delay or error, providing these account for less than 0.48% of its total expenditure. After the adjustments, the Council remained comfortably within the permitted thresholds for overpayments caused by Local Authority delay or error.
- 1.7 Public Sector Partnership Services (PSPS) will use the information provided within the letter from the auditor to inform its plans for subsidy, quality assurance and training in the coming year.

2.0 LOCAL DISCRETIONARY MODIFIED SCHEMES

- 2.1 Legislation provides for certain income to be disregarded when calculating entitlement to Housing Benefit. This includes the first £10.00 per week of any War Disablement or War Widows Pension received by the claimant.
- 2.2 Under Section 134 (8) of the Social Security Administration Act 1992, Councils have the discretion to increase the amount that is disregarded of such income. Regulations prescribe which Pensions can be disregarded and a full list can be found in Appendix A.
- 2.3 South Holland District Council has used its powers in this respect for a number of years now, and as part of the audit process this year a confirmation of the Council's decision was required. As the original decision is now more than ten years old, it is timely for this decision to be reviewed as part of this report, for continuation in current and future years.
- 2.4 The full disregard of War Disablement Pension and War Widows Pension, which is in line with the principles of the Armed Forces Covenant, is funded up to 75% of the total cost by the Government. In respect of 2019/20 the cost to South Holland was £3,787.

War Disablement and War Widows Pension disregard – 2019/20		
Expenditure	Government contribution	Local funding
£15,150	£11,363	£3,787

3.0 OPTIONS

- 3.1 Consider an alternative level of disregard by either not disregarding certain pensions, or only disregarding a fixed amount or lower percentage of the pensions. This option would produce small savings in subsidy loss, but these are likely to be offset by the cost of officer time in explaining the consequences to dissatisfied benefit claimants and responding to complaints.
- 3.2 Do nothing. This would have the same effect as agreeing the recommendation, in that the current position would be maintained and the recommendation is not to move from that position. However, the act of doing nothing could place the Council at risk of auditor criticism in future years.

4.0 REASONS FOR RECOMMENDATION(S)

- 4.1 To note the outcome of the 2019/20 audit, and record the continuation of full disregard of War Disablement Pension and War Widows Pension disregard in the Housing Benefit and Council Tax Benefit (War Pension Disregards) Regulations 2007.

5.0 EXPECTED BENEFITS

- 5.1 The recommendation in respect of continuation of war pension disregards demonstrates South Holland's commitment to the Armed Forces Covenant. The recording of this decision will prevent the matter being raised again by the auditors next year.

6.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

6.1 Equality and Diversity / Human Rights

- 6.1.1 An impact assessment is not required. Housing Benefit is administered based on national regulations and guidance. There is no change proposed to the local modified scheme which covers the disregard of war pensions.

6.2 Financial

- 6.2.1 Housing Benefit is administered on behalf of central government, and subject to subsidy arrangements. The council is able to keep both the subsidy, and Housing Benefit Overpayments recovered.

6.3 Reputation

- 6.3.1 The continuation of disregards of War Disablement Pension and War Widows Pension demonstrates South Holland's commitment to the principles of the Armed Forces Covenant.

7.0 WARDS/COMMUNITIES AFFECTED

- 7.1 All

8.0 ACRONYMS

- 8.1 DWP – Department for Work and Pensions
PSPS – Public Sector Partnership Services Ltd

Background papers:- n/a

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Key Decision: N

Exempt Decision: N

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A Schedule to the Housing Benefit and Council Tax Benefit (War Pensions Disregard) Regulations 2007