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# Housing and Council Tax Benefit Improvement Assessment

## **Conwy County Borough Council**

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# Status of report

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The team who delivered the work comprised Lisa Williams, Jayne Power and Gareth Rees.

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# Summary report

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## Background and context

1. Local Authorities (LAs) in the United Kingdom pay out around £25 billion in Housing Benefit (HB) and Council Tax Benefit (CTB) to over five million low-income households. In 2009-10 some £1.08 billion was spent on HB (£832.9 million) and CTB (£248.9 million) across Wales.
2. Housing and council tax benefit is a non-devolved function in Wales. Some 380 councils across the UK deliver the scheme under the guidance of the UK Government's Department for Work and Pensions (DWP).
3. The DWP reimburses councils the cost of benefits paid to claimants via a complex set of subsidy rules. Councils also receive an 'administration grant' to cover the cost of delivering the service and, in recent years, an additional administration grant to mitigate extra costs associated with an increased caseload has been paid to councils.
4. This report comments on the effectiveness of the housing and council tax service's performance, current issues and DW's view of the service. National information about benefits is provided by the DWP but this is restricted to the following key indicators:
  - BNF/004 – Time taken to process HB and CTB new claims and change events; and
  - BNF/005 – The number of changes of circumstances which affect customers' entitlement to HB or CTB within the year.

The DWP has not formally required information on these key indicators since April 2011 and the Welsh Government no longer includes them as a National Strategic Indicator.

5. For the last two years the Wales Audit Office has used a Service Performance Profile (SPP) to gather data about the service at the year-end. We also used the SPP approach for 2010-11 as it is a much wider set of data which we feel service managers need to help them manage their services.
6. In order to arrive at conclusions and recommended areas for future work, in section 3 of this report we have considered a range of information and have provided an assessment of the risk of service failure and/or poor outcomes for service users in four areas of performance:
  - Claims administration
  - Security
  - Customer focus
  - Resource management

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## **The administration of housing benefit has a significant impact on citizens, including vulnerable groups**

7. The administration of HB/CTB requires significant interaction with a large volume of vulnerable customers, so it is important that the service can meet their needs. Poor service in respect of HB/CTB can impact on a council's performance regarding customer service generally and more specifically can impact negatively on:
  - The number of rent arrears and evictions.
  - Access to suitable housing – if landlords are reluctant to rent to HB/CTB recipients this can lead to a reliance on unsuitable or temporary accommodation.
  - Tenants with children – as eviction and the need to move may necessitate a change in schools. (Studies have also shown that living in temporary accommodation may adversely affect a child's progress at school.)
  - Efforts to get people to move off benefits and into work – because of concern over the possible disruption to benefit.
  - The health of vulnerable and elderly claimants – delays in payment and other problems, such as overpayments, can have an adverse effect on the mental and physical health of these customers.
  - Wider anti-poverty strategies.
8. Housing and Council Tax Benefit Teams therefore contribute to positive outcomes for citizens, in a number of areas, including child poverty, homelessness, worklessness and support for people with disabilities. In doing so they also assist the council in achieving a range of improvement objectives. Effective benefit services enable fairer access to decent homes which, in turn, helps address health issues. Poorly performing benefit services can put barriers in the way of people returning to paid employment, prevent financial help getting to those who need it, and cause additional hardship.
9. Significant numbers of people who are entitled to claim benefits across the whole of Wales do not claim them. The Welsh Government allocated £1 million per annum for the three years 2008-11 to fund actions by local authorities aimed at increasing take-up of CTB/HB. In addition to this funding the Welsh Government set up a working group to research the barriers to CTB take-up in Wales and to highlight and promote best practice, based on the experience of the local authorities that have successfully increased CTB take-up in recent years.

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## **Housing benefit also has a significant impact on central and local government finances**

10. Expenditure on HB and CTB accounts for a significant proportion of a council's gross revenue expenditure. Although most of this is funded by DWP, poor administration can result in a direct financial loss to the LA through reduced subsidy on benefit that has been overpaid. These losses, coupled with the potential greater costs of an inefficient service, may in turn contribute to the need to raise council tax levels (or reduce other services for the community) in order to 'fund' the costs of providing the HB/CTB service.
11. A council can also lose funding if its errors are high and/or if it pays out benefit on fraudulent claims, especially if it does not do enough to recover overpaid benefit.
12. It is also important that councils protect wider public funds (ie, those provided by DWP) – ensuring that benefit is paid at the correct rate, that it is only paid to those who are entitled to it and that benefit fraud is tackled through activities that prevent, detect, correct, punish and deter.

## **A lower proportion of households in Conwy receive housing benefit than the average for Wales**

13. In 2009, 15.5 per cent of households within Conwy were in receipt of HB. This was lower than the Welsh average of 17.5 per cent. For CTB, they were also below the Welsh average, 22.1 per cent compared with a Welsh average of 23.9 per cent.
14. Conwy's 'benefit age' population (ie, those that could become claimants) in May 2011 is the 15th highest in Wales, and this is also reflected in the caseload which is ranked 11th (where first equals the highest).
15. The caseload in Conwy County Borough Council (the Council), at May 2011 (latest data available) has increased since April 2009 by 8.8 per cent, a faster rate of growth than the average in Wales of seven per cent over the same period. The number of HB recipients has increased since April 2009 by over 14 per cent and nearly 10 per cent for CTB. Both of these increases are significantly higher than the Wales average for the period, eight per cent for HB recipients and five per cent for CTB recipients, indicating that more people across Conwy have been claiming in the last two years and at a higher rate than in other councils. This was the highest increase for HB recipients in Wales. In 2009-10 and 2010-11, the Council's Benefits Unit has had a Benefit Take-up Strategy in place and a targeted approach to take-up, aimed at identifying people who may be entitled to benefits, encouraging and assisting people to make a claim and generally raising awareness of the benefits available.

**Table 1: numbers of people in Conwy in receipt of HB/CTB**

<b>Date</b>	<b>Number of people in receipt of HB</b>	<b>Number of people in receipt of CTB</b>	<b>Caseload totals</b>
<b>April 2009</b>	7,670	10,980	12,040
<b>July 2010</b>	Not published by DWP	Not published by DWP	Not published by DWP
<b>March 2011</b>	8,730	12,070	13,040
<b>May 2011</b>	8,790	12,070	13,100
<b>Percentage increase from April 2009 to May 2011</b>	14.6%	9.9%	8.8%

## **The Council's arrangements for administering claims should ensure that people receive their benefits in a timely manner but there is some risk of service failure**

- 16.** One of the key strategic aims for the DWP is that people receive their benefits in a timely manner. The Right Time Indicator (RTI) is used by the DWP to evaluate how quickly a council has processed its new claims and change of circumstance notifications (DWP now monitors this data on a quarterly basis and has published this data for 2010-11 only).
- 17.** The RTI for Conwy for 2010-11 was 11 days which is similar to the average for the UK of 11 days and a Welsh average of 10 days. This indicates that the time taken to process new claims and changes of circumstances in Conwy is average for the UK.
- 18.** The two components of RTI are new claims and notification of change of circumstances, and these are now reported separately under the term 'speed of processing' for 2011-12. Table 2 below shows the performance for these two elements.

**Table 2: Overall Claims Processing (all data are days)**

Annual Claims Processing			UK Average		Welsh Average	
	New claims	Change of circumstances	New claims	Change of circumstances	New claims	Change of circumstances
<b>2006-07</b>	32	8	29	9	29	10
<b>2007-08</b>	31	10	25	8	24	8
<b>2008-09</b>	Not available					
<b>2009-10</b>	24	8	25	8	23	8
<b>2010-11</b>	21	8	23	10	23	7
<b>2011-12 Q1</b>	21	8	25	12	23	9
<b>2011-12 Q2</b>	19	7	24	11	20	8

19. Overall during 2010-11, the time taken to process new claims was 21 days. This was faster than the Welsh and UK average of 23 days for the same period. This improvement is better than that seen across the UK new claims processing in Conwy for 2009-10 was 24 days (against a UK average of 25 days in 2009-10). Processing speed during the first half of 2011-12 was, at 19 days, significantly better than the UK average of 24 days and the Wales average of 20 days.
20. Overall during 2010-11, the time taken to process change in circumstance notifications was eight days. This compares well with a UK average of 10 days and was slightly slower than the Welsh average of seven days for the same period. Performance improved in the first half of 2011-12 and did not replicate the general decline seen across the UK compared with 2009-10.
21. As part of the DWP's Welfare Reform agenda the full picture about what services will be provided centrally and locally is yet to emerge. Current indications are that the HB element will form part of the Universal Credit which will be processed by the DWP. Council Tax Benefit is likely to become fully devolved to the Welsh Government and processing will be handled by the councils. In order to understand the differences in performance between both benefit types, ie, one that may be discontinued and one that is likely to be continued, the table below shows detailed average performance for each for 2010-11.



**Table 3: 2010-11 Performance (all data are days)**

	Council Tax Benefit			Housing Benefit		
	RTI	New Claims	Change of circumstances	RTI	New Claims	Change of circumstances
Q1	15	23	12	11	23	9
Q2	12	20	9	11	22	9
Q3	12	19	9	11	21	8
Q4	10	19	7	6	20	5
Annual	12	21	9	9	22	7

- 22.** Whilst speed of processing is important, there are a number of other measures which help to give a full picture of how well the Council is processing benefit applications. As the DWP does not publish this data we have collected it directly from the councils via the SPP. This information has been collected directly from councils and as such should be used as an indicator only as there may be inconsistencies in local calculations (although most councils have continued to use previously agreed definitions). The Council has told us that, because DWP were superseding all performance management indicators with just two indicators (RTI and RBI, from 2009-10) they did not retain the following indicators:
- the percentage of new claims outstanding over 50 days – but the Council replaced this with its own local indicator revising the timescale to claims outstanding over 40 days; and
  - the level of accuracy.
- 23.** Analysis of these measures for 2010-11 suggests there are matters to consider for Conwy:
- The Council did not provide data for the percentage of new claims outstanding over 40 days (the Council's own local indicator) in 2010-11. As performance in new claims processing was better than both the UK and Welsh average, this does not suggest any undue delays and backlogs.
  - The percentage of new claims decided within 14 days of receiving all information was 84 per cent (one of the lowest in Wales) for 2010-11. This level of performance would not meet DWP's previous good practice standard of over 90 per cent. It suggests that delays in completing assessments are occurring even though all the information has been received from claimants.
  - The level of accuracy rate was not provided for 2010-11. Our review of overpayments (November 2010) concluded that 'accuracy levels are high with no loss of subsidy due to inaccurate payment'.

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An evaluation of information provided above indicates that the arrangements to administer claims should ensure that people receive their benefits in a timely manner and that there is a medium risk of service failure and/or poor outcomes for service users. We have concluded this because:

- processing times for new claims and change of circumstance notifications are better than the UK and Welsh averages;
- the percentage of new claims outstanding over 40 days was not provided for 2010-11;
- the percentage of new claims decided within 14 days of receiving all information is low; and
- the level of accuracy rate was not provided for 2010-11.

## **The security arrangements the Council has in place should ensure that the right benefit is paid to the right people but there is some risk of service failure**

24. One of the key strategic aims for the DWP is that the right benefit is paid to the right people. The DWP seeks to ensure that this happens by making sure that the arrangements for making payments are 'secure'. This includes arrangements in place to identify fraudulent claims.
25. The Right Benefit Indicator (RBI) is used by the DWP to evaluate how successful a council is at reviewing its claimants and making the changes DWP feels are likely given its caseload. Difficulties in actually recording the data from the single housing benefit extract forced the DWP to suspend use of the indicator in November 2010. At that time Conwy was performing poorly in their RBI, achieving 85 per cent during 2010-11, compared with a Welsh average of 89 per cent and a UK average of 90 per cent. The DWP has commented that this is below expected standards, but the Council has told us that the DWP has not made it aware of any concerns. Full details are in Table 4 on Right Benefit Performance below.

<b>Right Benefit</b>					
<b>2009-10 Full Year adjusted performance (latest caseload)</b>					
<b>Risk Group</b>	<b>Number of cases</b>	<b>Annual expected changes</b>	<b>Expected changes to scan date</b>	<b>Number of changes achieved</b>	<b>Percentage of changes achieved</b>
Total	13,220	12,936	N/A	11,569	89%
<b>2010-11 adjusted performance data to scan date 10 November 2010 (using latest caseload)</b>					
<b>Risk Group</b>	<b>Number of cases</b>	<b>Annual expected changes</b>	<b>Expected changes to scan date</b>	<b>Number of changes achieved</b>	<b>Percentage of changes achieved</b>
Total	12,653	13,017	7,168	6,083	85%

26. Each month the DWP's Housing Benefit Matching Service (HBMS) provides councils with cases for it to investigate (as potential fraudulent claims). The council's data is 'matched' with a range of other data in a process very similar to the national fraud initiative<sup>1</sup>. The DWP then monitors how many of the potential matches have been investigated and if a positive match was followed up. The DWP views this as a measure of councils' security arrangements.
27. Conwy is showing a decrease in performance in the return of HBMS data match referrals, with the number of referrals outstanding increasing by 31 per cent during 2010-11. However, Conwy achieved a referral return rate of 96 per cent for 2009-10, compared with a UK rate of 50 per cent and the Wales rate of 53 per cent indicating that hit rates are at an acceptable level, and the DWP has no concerns about this level of performance. Full details are given in Table 5 below.

<sup>1</sup> An exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

**Table 5: HBMS Performance**

HBMS data matches					
	Issued	Returned	Number outstanding	Percentage outstanding	Percentage positive
2008-09	482	409	73	15%	22%
2009-10	492	473	19	4%	24%
2010-11 To 20 March 2011	448	292	156	35%	25%

28. The Wales Audit Office's overpayment report (November 2010) concluded that 'the Council's arrangements helped it to maintain the proportion of overpayment at five per cent of benefit paid, although a rise in total benefit paid meant it actually overpaid more benefit than the previous year'. This indicates that Conwy is maintaining a 'secure' environment and that the level of overpayments is not increasing.
29. The overall level of overpayments classified as LA error is well managed and during 2009-10 no subsidy was lost.
30. Other measures of security arrangements based on the information supplied in the Council's SPP suggest mixed performance in this area. This information has been collected directly from councils and, as such, should be used as an indicator only as there may be inconsistencies in local calculations (although most councils have continued to use previously agreed definitions):
- The average number of fraud referrals per 1,000 caseload is low, 36 in 2010-11 compared with a Welsh average of 46 for the same period.<sup>2</sup>
  - The number of referrals compared to successful sanctions per 1,000 caseload is low at 16 per cent for 2010-11 compared with a Welsh average of 25 per cent for the same period (the lowest in Wales). This suggests that, although the Council is generating referrals, these are not resulting in sanctions.
  - The number of fraud investigators employed has generally remained the same in recent years although the number of fraud investigations per 1,000 caseload has decreased from 26 in 2004-05 to 16 in 2010-11. This level of performance is well below the Welsh average of 35 for the same period (and one of the lowest in Wales).
  - The Council told us that investigations have become more sophisticated and time consuming. This involves a more discerning use of methodology and resources to achieve required outcomes. The number of successful sanctions

<sup>2</sup> The methodology used in Conwy is to only include referrals that have scored sufficiently high after a process of sifting to warrant an investigation. Not all HBMS data matches are included in the total referrals.

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from closed investigations per 1,000 caseload is just over 37, higher than the average in Wales of 21 in 2010-11.

- The number of successful sanctions per 1,000 caseload has also decreased from 16 in 2008-09 to six in 2010-11 (the highest performance was in 2008-09, with previous years averaging six), but this is in line with the Welsh average of six for 2010-11. Conwy has told us that delays in DWP decisions resulted in a number of joint working cases being closed and no action being taken, and this has had an effect on successful outcomes.

An evaluation of information provided above indicates that security arrangements in place should ensure that the right benefit is paid to the right people and there is a medium risk of service failure and/or poor outcomes for service users. We have concluded this because:

- Conwy has performed poorly in its RBI, however, difficulties in actually recording the data from the single housing benefit extract forced the DWP to suspend use of the indicator in November 2010.
- The referral return rate for HMBS matches compares well with the average and although the number of referrals outstanding increased during 2010-11, DWP has no concerns.
- The level of overpayment is not increasing.
- The overall level of overpayments classified as LA error is well managed and during 2009-10 no subsidy was lost.
- The number of potential fraud referrals per 1,000 caseload is low, however, this may be due to the way that Conwy record data.
- The number of referrals compared to successful sanctions per 1,000 caseload is low.
- Although the number of fraud investigators has remained generally the same and the number of fraud investigations per 1,000 caseload has decreased over recent years. The number of investigations per 1,000 caseload is well below the Welsh average.
- The number of successful sanctions from closed investigations per 1,000 caseload is higher than the Welsh average.
- The level of successful sanctions in recent years has decreased but the level in 2010-11 was at a level comparable with the Welsh average, but this may be due to the delays in DWP decisions in a number of joint working cases being closed with no action taken.

## **Customer focus arrangements in place should ensure good access to the benefit service and there is little risk of service failure**

31. The Wales Audit Office's review of overpayments concluded that the service had 'good access and customer care and was awarded the Charter Mark for customer focus'.

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**32.** Other measures of user focus suggest arrangements based on the information supplied in the Council's SPP suggest effective performance in this area.

This information has been collected directly from councils and, as such, should be used as an indicator only as there may be inconsistencies in local calculations (although most councils have continued to use previously agreed definitions):

- the percentage of applications for reconsideration/revision(eg, when the claimant feels the benefit awarded is incorrect) actioned and notified within four weeks is 67 per cent for 2010-11, just below the Welsh average of 74 per cent for the same period;
- the average time taken to respond to requests for reconsiderations/revisions was not provided;
- a low percentage of these requests progress to appeal (15 per cent in 2010-11, which is lower than the Welsh average of 18 per cent);
- the number of appeals dealt with in 2010-11 was low at 17 (in comparison with a Welsh average of 53);
- fifty-five per cent of these were submitted to the Appeals Service within four weeks, (10 were submitted within four weeks) compared with a Welsh average of 35 for the same period;
- all appeals were submitted to the Appeals Service within three months (compared with a Welsh average of 76 per cent for the same period); and
- the average time taken to submit an appeal to the Appeals Service was not provided.

An evaluation of information provided above indicates that the customer focus arrangements in place should ensure good access to the benefit service and there is a low risk of service failure and/or poor outcomes for service users. We have concluded that because:

- the percentage of applications for reconsideration/revision actioned and notified within four weeks is just below the Welsh average;
- the time taken to deal with requests for reconsiderations/revisions and appeals is not known;
- a low percentage of reconsideration/revision requests progress to appeal;
- a low number of appeals are received; and
- a high percentage of appeals were submitted to the Appeals Service within four weeks and all were submitted within three months in 2010-11.

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**The Council is contributing about £0.5 million towards the cost of providing the service, one of the lowest contributions in Wales, and the total cost per claim is below the Welsh average**

33. This year we analysed cost and caseload information by the DWP (based on the 2009-10 financial year). The tables below show workload and cost per claim data and a comparison of the actual cost of providing the service compared with the administration subsidy received from DWP.

**Table 6: Workload and cost per claim**

Item	Authority amount/number	All-Wales average
Total caseload (HB and CTB)	20,310	25,408
Gross HB expenditure <sup>3</sup>	£1,198,000	
Gross CTB expenditure	£300,000	
Total HB/CTB expenditure	£1,498,000	£1,990,409
Income received from fees, charges, etc	£1,000	£60,318
Central departmental support services cost (HB and CTB) – included in total expenditure figure	£266,000	£640,681
Total expenditure less income	£1,497,000	
Total cost per claim	£73.71	£75.96
Percentage of total expenditure that is central support costs	17.77%	33.19%

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<sup>3</sup> Sourced from DWP cost data.

**Table 7: How much is the local taxpayer contributing to the service?**

Item	Authority amount/number	All-Wales Average
Main administration grant subsidy – 2011-12	£890,774	£1,062,097
Additional administration grant subsidy – 2011-12	£89,808	£106,741
Total administration subsidy – 2011-12	£980,582	£1,168,838
Total income accruing from sales, fees, charges and other income	£1,000	
Total HB/CTB expenditure less income (= Total cost)	£1,497,000	
Total cost less administration subsidy (ie, cost to local taxpayer of the service)	£516,418	£761,251
Cost to local taxpayer per claim	£25.43	£29.96

**34.** The issues raised by this analysis are:

- the Council's percentage of total expenditure that is central support costs is significantly lower than the all-Wales average;
- direct costs per claim are slightly above average;
- the final total cost per claim is just below average; and
- the cost to local taxpayers per claim after deducting administration subsidy is also just below the all-Wales average.

## Next steps

**35.** Further review of Conwy's housing benefit service is recommended in respect of:

- security arrangements – explore how the low level of potential fraud referrals impacts (or not) on the level of successful sanctions and how this has changed (if at all) by the DWP's proposal for a single fraud service;
- explore why some of the data is missing particularly percentage of new claims over 40 days and time taken to deal with requests for reconsiderations and appeals;
- explore the basis for apportioning central overheads; and
- implementation of recommendations in the overpayment report.







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