

Finance and Assets Policy Development Advisory Group
16 JANUARY 2017

Present: Councillors: Brian Donnelly (Chairman), John Bailey, Paul Clarke, David Coldwell, Leonard Crosbie, Nigel Jupp, Adrian Lee and Tim Lloyd

Apologies: Councillors: John Chidlow and Stuart Ritchie

20 **TO APPROVE THE NOTES OF THE PREVIOUS MEETING**

The group approved the notes of the meeting held on 19 December 2016.

21 **HOUSING BENEFITS SUBSIDY AND FUTURE OF THE CENSUS REVENUES AND BENEFITS SERVICE**

The Cabinet Member and the Director of Corporate Resources briefed the group. In November 2015, following the annual audit of Housing Benefit Subsidy Payments undertaken by the external auditor on behalf of the Department for Work and Pensions (DWP), the three councils in the CenSus Revenues and Benefits partnership received notice of losses of Housing Benefit subsidy due to the level of errors in the Councils' claims for 2014/15. Horsham's 2014/15 claim was qualified and the level of overpayment to be recouped by the DWP was set at £190,000. This figure was extrapolated by the DWP from errors detected in a sample by the External Auditor.

This was the second year of such losses for Adur and Mid Sussex but the first for Horsham because the 2013/14 claim was qualified, but below the error threshold, so no extrapolation was made and only £5,000 subsidy was returned to the Department for Work and Pensions. In February 2016 Adur District Council issued notice to Mid Sussex and Horsham District Councils of its intention to leave the CenSus Revenues and Benefits partnership in October 2017.

On 22 March 2016 the management of the CenSus partnership and the Chief Executive of Mid Sussex District Council presented their action plan to remedy the error rate to the Finance & Performance Sub Committee.

On 30 November 2016 the Council received notification from the external auditors that the Housing Benefit Subsidy claim for 2015/16 would be qualified due to the level of errors. Because the level was above the error threshold the auditors expect the subsequent extrapolation by the Department for Work and Pensions to lead to a reduction in subsidy of around £249,000. Mid Sussex and Adur's 2015/16 claims were also qualified, although for a smaller sum than Horsham's.

The group heard that there were three main options the Cabinet was likely to consider:

- running the service itself;
- finding another partner, locally or further away;
- out-sourcing the service.

All options would incur exit costs that could be considerable.

The Chairman invited the views of the group, and discussion followed of:

- Reasons for the error rate
- Contextually, that eight local authorities had been subject to qualification at a level exceeding the DWP error threshold and the three CenSus authorities were included in that eight
- How the mitigating actions in the past year not been sufficient to prevent the errors continuing to occur
- The need for cleansing of the database to address errors
- Recruitment and retention of staff, and the training and support offered
- Understanding the extrapolation method used
- Business rates collection being around 2% lower than the mean average collection rate for the nearest neighbours group
- The timetable for change, including negotiation and procurement considerations
- Forecast impact of Universal Credit on the provision of the service
- The risks relating to leaving the arrangement, including transition costs.

The group were supportive of the proposals prepared by Cabinet to leave the CenSus Revenues and Benefits Service. The Chairman thanked the group for their views and explained that a comparative report on the options would be prepared for Cabinet on 30 March 2017, subject to seeking the views of the group.

The meeting closed at 18:40

CHAIRMAN