

# Report

Report to:	<b>Risk and Audit Scrutiny Committee</b>
Date of Meeting:	<b>22 June 2022</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Audit Scotland Report: The impact of COVID-19 on Scottish Councils' Benefit Services – A Thematic Study</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide the Risk and Audit Scrutiny Committee with a summary of the Audit Scotland Report 'The impact of COVID-19 on Scottish Councils' benefit services – A Thematic Study released in October 2021

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the key messages and recommendations be noted.

## 3. Background

3.1. In March 2020, in response to the COVID-19 pandemic and in line with UK and Scottish Government advice, Council buildings were closed to the public and staff were required, where possible, to work from home.

3.2. As a key Council service, this presented a significant challenge for benefit services with staff having to manage personal responsibilities whilst delivering the service remotely. In addition, the Scottish Government's response to the pandemic led to the creation of local and national hardship schemes, and many councils' benefit services were responsible for administering and processing applications for support grants offered by these schemes.

3.3. Audit Scotland issued a questionnaire to all 32 Scottish councils for information to measure the impact of the pandemic on benefit services. South Lanarkshire Council (SLC) was one of 29 councils to return all information requested. The data and analysis in the Audit Scotland report is based on the questionnaire responses and has not been independently validated, except for claims processing performance, which was validated against Department for Work and Pensions (DWP) published data.

## 4. Report Content and Key Messages

4.1. The impact of COVID-19 on Scottish council's benefit services is analysed under 4 main headings:-

- ♦ Housing benefit (HB) resources
- ♦ Information Technology
- ♦ Claims processing
- ♦ Accuracy

## Housing Benefit resources

4.2. This section looks at the impact of the pandemic on staff resources, recognising that this is the most important resource that councils have, and the readiness of councils to transition to home working, highlighting that:-

- ◆ SLC was 1 of 17 councils (59%) who operated throughout the year below their FTE establishment. Across these councils, this ranged on average between 1% and 20% below establishment, with SLC operating 8% below. SLC operational staffing levels met the workload requirements and were in line with improvement activities being undertaken within the service with a continued focus on increased customer self-serve and automation of back-office processes.
- ◆ 7 of 29 councils (24%) reported no COVID-19 related absences during 2020/2021 with a further 15 council's (52%) reporting COVID-19 related absences of less than 1%. SLC had COVID-19 reporting procedures in place during the pandemic, recording sickness related absence of 3.8%.
- ◆ analysis of staff days lost as a direct result of health related COVID-19 absences during 2020/2021 highlighted only 6 councils (21%) recorded any absence due to shielding and self-isolation with 19 councils (66%) recording any COVID-19 related illness. SLC recorded and reported on absence related to each of these categories.
- ◆ COVID-19 related absence accounted for 33% of days lost in 2020/2021 with general absence accounting for 67%. General absence included sickness and maternity leave with 3 councils reporting no general absences in 2020/2021 and 1 Council unable to provide any data in this respect.
- ◆ In 11 out of 29 councils (38%), more than 80% of benefits staff worked from home during 2020/2021. SLC is included in this group. A further 16 councils (55%) reported that all benefit staff had exclusively home worked throughout the year.
- ◆ Although some councils had existing homeworking policies in place and benefit staff that already worked from home prior to the pandemic, most staff were generally office based with on-site access to management and IT support. The move to homeworking therefore understandably presented logistical challenges to most councils. This was the case in SLC where we had no dedicated laptops in the Benefits service resulting in, despite a rapid deployment of suitable equipment, a reported 490 days lost due to staff being unable to work from home and unable to attend the office. This represented less than 3% of total working days available to the service over the year. There is no comparison within the report with other councils.

Issue/risk:-

- ◆ HB claims processing could be delayed affecting customers relationship with their landlord and jeopardising their tenancy.
- ◆ Councils will not be able to make fully informed future resource planning decisions without a full and detailed breakdown of absence data.

## 4.3. Information Technology

This section looks at the impact of information technology on the ability of councils to adapt quickly and effectively to delivering the benefits service remotely and highlighted that:-

- ◆ The move to homeworking led many organisations to act simultaneously, resulting in an unprecedented worldwide demand for IT equipment which presented councils with significant logistical challenges against a backdrop of a worldwide shortage of IT.
- ◆ 15 of the 29 councils (52%) reported significant IT issues with network connectivity cited as the main issue affecting claims processing performance. In SLC, the main issue related to the availability of IT equipment, for example, laptops and monitors with more minor issues in terms of network connectivity experienced early in the pandemic.

Issue/risk:-

- ◆ Most councils experienced difficulties when establishing the remote delivery of the benefit service, particularly around network connectivity and the procurement of equipment.

#### 4.4. Claims Processing

This section analyses the impact of the pandemic on claims processing, highlighting that:-

- ◆ The development of benefit services over recent years has resulted in many councils moving towards a paperless office by utilising document management systems, and digitally enabling the HB application process to allow customers to make and update their claim online. This helped customers maintain contact with the service during the pandemic, and enabled staff to work remotely. SLC has a well established and effective Electronic Document Management System and on-line application and change reporting process which significantly mitigated many of the challenges faced during the pandemic.
- ◆ To ensure the safety of customers and staff, and to minimise disruption to benefit processing, DWP recommended that councils adopted its 'Trust and Protect' principles, where required, placing trust in evidence provided over the phone, meaning claimants did not have to leave their home to supply documents or obtain evidence. Although this easement presented an increased risk of fraud and error, DWP considered it necessary to ensure that customers were not impacted by processing delays if they were unable to provide documentary evidence in support of their claim. To minimise the potential for overpayments, DWP advised that claims processed using this easement should be checked later, and corrective action taken, as appropriate. There was no requirement to implement 'Trust and Protect' in SLC as the ability to verify the vast majority of information internally i.e. DWP benefits, earnings and works pensions and the internal processes in place minimised disruption to processing during the pandemic.
- ◆ While all Scottish councils have been affected by COVID-19 during 2020/2021, for some, the impact on claims processing performance has been minimal, despite the unprecedented logistical challenges and additional work processing a significant increase in claims for Council Tax Reduction. In SLC between March and May 2020, applications for Council Tax Reduction increased by over 300%. Despite this and the logistical challenges, SLC achieved improved housing benefit processing times compared to the previous year. SLC was 1 of 17 councils (59%) who had maintained or improved performance over the course of the year in respect of the average time to process new claims and change events.

Issue/risk:-

- ◆ There is a risk of fraud or error entering the system un-checked, and for an avoidable overpayment to occur, if councils are unable to identify and verify claims that have been processed using the DWP's 'Trust and Protect' protocols.
- ◆ There is a distinct correlation between a decline in claims processing performance and councils that were under-resourced throughout 2020/2021.

#### 4.5. Accuracy

This section looks at benefit processing accuracy and the impact the pandemic has had on this. To provide assurance that claims are being processed correctly and that errors, in particular financial errors, are minimised, councils carry out regular management checking activities. These can include checking a random sample of claims processed or targeting specific claim types based on known risks. The report highlights that:-

- ◆ In 2020/2021, claims processing accuracy performance was maintained, or improved in 21 of the 28 councils (75%) that provided data and, although performance had declined in the remaining 7 councils, the level of decline was within normal parameters previously seen by Audit Scotland ( $\leq 2\%$ ). 5 councils reported accuracy at 100% with a further 5 councils declaring accuracy at 99% from the results of audits they carried out throughout the year. SLC was 1 of 7 councils where accuracy slightly declined with reported accuracy at 93% compared to 94% the previous year. SLC has a robust independent audit process to mitigate the financial risks to the council of paying more than £60 million of HB annually. A robust audit process is also vitally important to ensure that the customer receives the correct amount of HB as they may have to repay any wrongly paid benefit.

Issue/risk:-

- ◆ The transition to remote working has not resulted in a significant decline in claims processing accuracy.

#### 4.6. The Audit Scotland report contains several **recommendations** which are listed below, together with an assessment of the position in South Lanarkshire Council:

Audit Scotland: - Recommendations	SLC position
<ul style="list-style-type: none"><li>• Councils should ensure that absence data is recorded to a sufficient level of detail to fully determine the impact of the pandemic on the benefit service, and to inform future decisions on resourcing.</li></ul>	<p>Clear guidance was provided by the council's Personnel Service for recording COVID-19 related absence from the start of the pandemic. This enabled the Council to assess the reasons for absence and determine the necessary priorities and appropriate actions including prioritising actions to address the issue where staff were unable to work from home and unable to attend the office, for example, lack of equipment to allow home working to mitigate issues around no access to alternative childcare arrangements or shielding.</p>
<ul style="list-style-type: none"><li>• Councils should consider how best to maximise resources to ensure that, in the event of a future pandemic, or</li></ul>	<p>The resilience of the benefits service against future high impact events has substantially improved with homeworking now a feature of service delivery. This is</p>

Audit Scotland: - Recommendations	SLC position
<p>similar high impact event, the benefit service is able to operate at full capacity. For example, by having contracts in place for additional experienced agency staff at short notice.</p> <ul style="list-style-type: none"> <li>• Councils should consider the COVID-19 pandemic as an opportunity to review operating procedures to ensure that service delivery is agile and responsive to customer and business needs, and that business continuity/resilience plans are updated to take account of the lessons learned.</li> <li>• Councils should ensure that claims processed using 'Trust and Protect' protocols can be identified, and that action is taken to verify evidence at the earliest opportunity to minimise the potential for fraud or error to enter the benefit system, and for avoidable overpayments to occur.</li> <li>• In the 17 councils (Exhibit 1, page 7) where the benefit service was under-resourced throughout 2020/2021, the reason should be investigated with a view to addressing the shortfall.</li> <li>• As accuracy levels were not significantly adversely affected by homeworking, councils should investigate the reasons for this when considering post pandemic approaches to the structure and delivery of the benefit service.</li> </ul>	<p>supported by an established and effective Electronic Document Management System and comprehensive on-line services which minimise the use of paper.</p> <p>The benefits service has successfully implemented changes to working practises as a result of the pandemic i.e. a mix of home and office working and continues to work to modernise the service provision digitally to meet both customer and business needs and improve resilience.</p> <p>The Council did not process any claims using the 'Trust and Protect' protocols.</p> <p>The shortfall noted in the report was planned and a result of careful management of resources in line with improvement activities being undertaken within the service with a continued focus on increased customer self-serve and automation of back-office processes. This along with a flexible agile working approach enabled the service to continue to improve HB performance during the pandemic as demonstrated by the improved processing times achieved.</p> <p>The Council has a robust, independent audit process within the benefits service to provide assurance of the accuracy in benefit processing. This highlights any issues with individual processors or trends which require to be addressed through training, briefings etc. This will ensure agile working in the benefits service continues to be effective. During the pandemic the audit process highlighted a slight reduction in accuracy due primarily to the unplanned move to homeworking although accuracy at 92.6% in 2020/21 was still achieved with all the disruption experienced and was only</p>

Audit Scotland: - Recommendations	SLC position
	0.4% below the target set prior to the pandemic.

## **5. Employee Implications**

5.1. There are no direct employee implications.

## **6. Financial Implications**

6.1. There are no direct financial implications.

## **7. Climate Change, Sustainability and Environmental Implications**

7.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

## **8. Other Implications**

8.1. There are no other implications.

## **9. Equality Impact Assessment and Consultation Arrangements**

9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.

9.2. There is no requirement for consultation on the content of the report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

17 May 2022

### **Link(s) to Council Values/Ambitions/Objectives**

♦ Promote Performance Management and Improvement

### **Previous References**

♦ None

### **List of Background Papers**

♦ Audit Scotland Report – The impact of COVID-19 on Scottish councils' benefit services – A Thematic Study

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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