

Glasgow City Council Internal Audit Section

Committee Summary

Financial Services – Housing Benefit Rent Increases

Item 4(b)

19th June 2024

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1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the process for amending housing benefits following rent increases.
- 1.2 Housing Benefit can help pay rent for residents who are unemployed or are on a low income. Glasgow City Council is responsible for the administration and payment of Housing Benefit.
- 1.3 The Cost of Living (Tenant Protection) Act 2022 (The Act) introduced a rent freeze between September 2022 and March 2023. In March 2023, the emergency provisions on rent caps for social landlords, including housing associations and local authorities, were removed by the Scottish Government. However, the Act introduced a temporary rent increase cap to most existing tenancies in the private rented sector. From 1 April 2023 until 31 March 2024 the cap was set at 3% and has now ended.
- 1.4 The Council has responsibility for processing rent increase notifications received from claimants, Registered Social Landlords (RSLs) and private landlords where Housing Benefit is in payment.
- 1.5 The purpose of the audit is to gain assurance that there are adequate controls in place for the processing of rent increase notifications. The scope of the audit included:
 - Reviewing the processes for updating rent increase notifications received from RSLs.
 - Selecting a sample of rent increase notifications received from RSLs to confirm that these have been processed in line with documented procedures.
 - Reviewing the processes for updating rent increase notifications received for properties owned by private landlords.
 - Ensuring that there are appropriate management checks and / or quality assurance procedures in place for the processing of rent increase notifications received for claimants residing in properties owned by private landlords.
 - Ensuring that roles and responsibilities of those involved in the processes are clear, documented and understood.
 - Reviewing processes for ensuring rent increases are backdated appropriately.
 - Ensuring that management are informed of the implications of rent increase notifications through budget monitoring and / or other management reporting.

2 Audit Opinion

2.1 Based on the work carried out, assurance can be taken that the control environment is satisfactory.

3 Main Findings

- 3.1 We are pleased to report that the key controls are in place and operating effectively. Appropriate documented procedures have been developed and suitable processes are in place for processing rent increase notifications received from Registered Social Landlords and from claimants of properties owned by private landlords. These include defined authorisation levels for rent increases.
- 3.2 We were advised that the CBS Housing Benefit Stakeholder Team conduct a review of rent increase notifications received from RSLs to ensure that they are acceptable. This review includes a comparison of the percentage increase to the Consumer Price Index (CPI) and scrutiny of any changes to service charges to ensure that only eligible service charges are included in the Housing Benefit award.
- 3.3 Following agreement of RSL rent increase notifications by Managers in the Stakeholder Team, the notifications are passed to the CBS Systems Development Team to process the rent increase information by way of a bulk upload to the Capita One Revenues and Benefits system. The Stakeholder Development Team produce an audit report which allows for comparison of the number of properties input in the bulk upload to those which have been updated during the process.
- 3.4 For a sample of 5 RSLs, we confirmed that the rent increase notifications were reviewed by the Stakeholder Team and approved in line with documented procedures. We also confirmed that the number of properties in the bulk data input processed by the Systems Development Team reconciled to the audit report produced.
- 3.5 We were advised that rent increase notifications received for properties owned by private landlords are processed in line with the Housing Benefit Change in Circumstances procedures and confirmed that a suitable guidance note is available to officers processing these notifications.
- 3.6 The calculation of Housing Benefit payable to claimants residing in properties owned by private landlords is determined by Local Housing Allowance rates set for the year which are defined by legislation. The amounts payable are restricted by parameters built into the Revenues and Benefits system and we confirmed that the Local Housing Allowance rates embedded in the system for 2023/24 were in line with

the legislation for the year. We also confirmed that the parameter updates to the Revenues and Benefits system for 2023/24 were subject to system testing and management approval.

- 3.7 We confirmed that management conduct sample checking of change in circumstance notifications which have been processed for claimants residing in properties owned by private landlords and provide feedback to officers where required.
- 3.8 We were advised that management approval is required for any late notification of change in circumstances that would result in a backdated payment of more than £1,500, prior to the payment being issued. We confirmed that the Change in Circumstances training guide includes information on processing late notifications and that the Revenues and Benefit systems parameters are correctly configured to block payments over £1,500 until the quality assurance process has been completed.

- 3.9 We confirmed that the CBS Housing Benefits team produce a Subsidy Projection Report which is shared with Corporate Finance and provides a projected cost to the Council of administering Housing Benefit. We also confirmed that Housing Benefit subsidy income relative to expenditure is reported to the City Administration Committee and Finance and Audit Scrutiny Committee as part of the ongoing budgeting monitoring within Financial Services.
- 3.10 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.11 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.12 It is recommended that Committee note the content of this report.