

3 FINDINGS

3.1 Background

3.1.1 The changes emanate from two key pieces of legislation, namely the Welfare Reform Act 2012 (WRA) and Local Government Finance Act 2012 (LGFA). A letter to all local authority chief executives sent by the Department for Work and Pensions in March 2012 defines five key reforms:

- household benefit cap (instituted by Central Government under WRA powers);
- localised council tax support schemes (LGFA – these replace council tax benefit for working age claimants);
- Universal Credit (new benefit for people of working age, part of major transformation of welfare system under WRA);
- Single Fraud Investigation Service (to be created as part of Central Government strategy and absorb existing local authorities' anti-fraud teams).
- social sector size criteria (instituted by Central Government under WRA powers).

3.1.2 Of the above, the more immediate priority areas are the council tax support scheme for Warwick District and social sector size criteria, both of which are required to be implemented from April 2013.

3.1.3 The latter refers to what can be described as an extension of the existing Local Housing Allowance (LHA) system, which currently affects private sector tenant claimants only, to Council and other social housing tenants who are deemed to under-occupy their homes. This has become known as the 'bedroom tax'.

3.1.4 Each billing authority is required to design its own local council tax support scheme, although one available interim option has been to adopt the Central Government's 'Default Scheme' in which the allowance will be calculated on the same basis as council tax benefit currently is. Warwick District Council has taken this option for the first year while looking to design one that will be sustainable in the longer term with an implementation target of April 2014.

3.1.5 At the time of this report, an ongoing legal challenge to the London Borough of Haringey's consultation on its scheme is receiving high profile press coverage.

3.1.6 The Single Fraud Investigation Service (SFIS) is scheduled to come into being from April 2013 as an integrated service working under central direction nationwide. The impact on current staffing in the Council's Fraud Investigation Team will not be immediate as, although the staff are to become part of SFIS, they will remain in the Council's employ while working to SFIS policies, procedures and priorities.

- 3.1.7 Next chronologically is the benefit cap which will be piloted at a group of London boroughs from April 2013 and rolled out nationwide over the summer of 2013. This is designed to ensure that households claiming 'out-of-work' benefits do not receive more in overall benefit than they could reasonably expect to earn in employment.
- 3.1.8 From the Council's perspective, the effect of the cap will be to 'level' the amount of benefit overall for those claimants affected by reducing the housing benefit element. This will be an interim arrangement until Universal Credit is fully bedded in. Information supplied by the Department for Work and Pensions in April 2012 identified 58 claimants in Warwick District that would be affected under their existing circumstances.
- 3.1.9 Universal Credit (UC) is clearly the most far reaching of the five key reforms. This will take over from housing benefit for most new working-age claims from October 2013. After that, housing benefit for existing claims, new pensioner claims and some new working age claims are expected to migrate nationally in phases over a period of four years or more.
- 3.1.10 The DWP letter recognises that local authorities will be planning to scale back their benefit services, but also cautions them to be prepared for providing face-to-face support to a significant proportion of UC claimants as well as maintaining existing housing benefit caseload prior to migration.

3.2 Current Position

- 3.2.1 At the time the audit was undertaken, the Council Tax Support Scheme (drawing on the 'Default Scheme') had been approved by full Council and change control procedures associated with Civica application releases area were duly progressing for implementation of the Scheme and the 'bedroom tax' from April 2013. Process testing had still to be undertaken, some of it dependent on further system releases including those necessary for implementing the benefit cap.
- 3.2.2 A wider ranging project to deal with the reforms overall was in the process of being put together to be led by the Benefits and Fraud Manager, although a formal comprehensive project framework was still to be established.

3.3 Project Control Evaluation

- 3.3.1 At the stage now reached, preparation for the more immediate changes has become to a large degree a matter of system change control associated with application release. With established change controls proved in previous audit reviews of Civica OPENRevenues, combined with extensive experience in system change acquired over the years, successful implementation of the 'bedroom tax' and benefit cap is seen as well assured. For the Council Tax Support Scheme, the technical preparations also appear well in hand, although some process design around the system had still to be addressed at the time of the audit.

- 3.3.2 Looking back at the wider preparations for the Council Tax Support Scheme, evidence gaps obscure the picture of the earlier project stages leading up to the first report to Executive in July 2012 which set the stage for statutory consultation. It is assumed that the actual project inception would have been around April 2012 in the wake of the aforementioned DWP letter. What is clear is that extensive analytical work was performed during this initial period.
- 3.3.3 The Benefits and Fraud Manager advised that a project team representing both Members and officers had been constituted and met on a monthly basis to consider a range of scenarios for the Scheme leading up to the ultimate decision. However, no known written records of these meetings were available to aid review.
- 3.3.4 Only from July 2012 do some hallmarks of a managed project start to show through with an outline consultation strategy, internal action plan and some definition of officer powers and responsibilities. However, again, no known documentation exists on progress monitoring and reporting through the lines of management responsibility between the relevant Executive submissions. From the evidence seen, much of the activity has been concentrated on the consultation process including preparing and giving briefings to various interested parties.
- 3.3.5 With the initial objectives all but achieved, the prime concern now is that adequate project governance and risk management are put in place for the wider welfare reform programme. The need to put this on a more formal PRINCE2-based footing has been recognised and some initial documentation has been produced to set the stage.
- 3.3.6 However, at the time of this report much of the overall project framework has still to be clearly established and a key part of this is to translate existing documentation into a Project Initiation Document that follows the corporate PRINCE2 template.

4 CONCLUSIONS

- 4.1 The review has come at a time when the new interim Council Tax Support Scheme and other reforms scheduled for April 2013 are nearing implementation and a project to deal with the wider welfare reforms is at its inception stage. Preparations for the April 2013 implementations are seen as well in hand.
- 4.2 For the wider welfare reform project, governance arrangements appropriate to its impact and complexity have yet to be clearly defined. This in itself has to qualify the overall level of assurance that can be given at this point in time.
- 4.3 In the light of the above, we are only able to give MODERATE overall assurance that adequate controls are in place and that the applicable risks are managed effectively.

- 4.4 It is not considered appropriate to make specific recommendations here as it is expected that actions to establish project governance based on PRINCE2 will automatically follow and a further review is anticipated in due course.

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