

Agenda item:

Decision maker: Governance & Audit & Standards Committee

Date of meeting: 30th January 2015

Subject: BACS issue - HB payments due 05/01/2015

Report By: Head of Revenues & Benefits

Wards affected: All

Key decision (over £250k): No

Forward Plan: No

1. Purpose of report

This report explains the issue with BACS payments that were paid 2 days late to Housing Benefit claimants in the week commencing 5th January 2015.

It describes the actions taken at the time to deal with the issue and the controls that have subsequently been put in place to prevent a recurrence.

2. Recommendations

- I. That the Committee notes the content of the report
- II. That the Committee endorses the controls put in place to avoid a recurrence of this or a similar problem

3. Background

The BACS payment process should have been completed on 30th December 2014, with payment due into bank accounts on 5th January 2015. This run had payments in it for 5,067 customers.

There are fail safes through the Housing Benefit payment process to ensure that the payments process in the Benefits system (Northgate) will take place according to the schedule. However the final manual step of the process was not completed due to human error (this has not happened before). This meant that the file was not transmitted to BACS.

The problem was identified on the morning of 5th January and the BACS payment process was run immediately, with the payments reaching bank accounts on 7th January 2015. This was a delay of 2 days.

4. Chronology 5th - 7th January 2015

On 5th January 2015, one person requested immediate payment as they couldn't manage until Wednesday 7th. An emergency payment was made and the BACS payment for this person was cancelled.

In addition, one person has made a request to have bank charges refunded, and we are waiting for a bank statement that shows the charge.

Mid-afternoon on 5th January, a media briefing was published and details were posted on Facebook & Twitter. The briefing and postings were done once we had determined what was happening and could clarify when payments would reach our customers.

Queries about the payments were made in person, by telephone & by E-mail through 5th & 6th January 2015. For these two days, contact from customers was relatively high, however, their reaction was good and, for the vast majority of people, understanding. People wanted to know what was happening, however they were happy with the explanation. There is no record of the exact number of people that made contact on this issue.

On Wednesday 7th January 2015 queries through all routes returned to normal with no further payment queries related to the BACS issue.

In the circumstances it is not intended to write out to customers, as the media coverage through the papers, radio, Facebook etc. has provided a high level of coverage, and there would be a significant cost to writing out (around £2,000) that I believe would not be justifiable.

5. Future & process controls

To avoid a recurrence, a new automated process has been introduced. This process will poll the BACS file repository daily at 12:00 to determine if there are any unsent BACS files. If so, an alert will be sent to nominated people in IT and in the Benefits team. Given the knowledge that a file has not been sent, remedial action will be taken in the same day to prevent any delays in payments.

In the light of the issue regarding this event, Information Services has developed a plan to review all manual processes with a view to developing automated fail safes and backup measures. This will ensure that similar issues are captured going forward and that they can be rectified before they become a problem. These will be implemented over the next few months.

6. Equality impact assessment (EIA)

There are no equality implications in the contents of this report.

7. Legal implications

There are no legal issues beyond those described in the body of the report.

8. Head of finance's comments

There are no significant financial implications arising from this report. The only potential additional cost which may arise relates to any claims from recipients for bank charges caused by the 2 day delay in payments.

.....
Signed by:

Appendices:

None

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
Signed by: