
Report To:	Policy and Resources Committee	Date:	19 June 2012
Report By:	Chief Financial Officer	Report No:	FIN/23/12/AP/FB
Contact Officer:	Fiona Borthwick	Contact No:	01475 712904
Subject:	Benefits Service – Audit Scotland Risk Assessment		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise Committee of the recent Benefits Service Performance Audit/Risk Assessment conducted by Audit Scotland.

2.0 SUMMARY

- 2.1 The Revenues and Benefits Manager received notification on 03 October 2011 that Inverclyde Council had been selected for a Performance Audit by Audit Scotland.
- 2.2 The first steps in the Audit process were to complete a Self Assessment template which covered the whole spectrum of the Benefits Administration process with the main focus being on Business Planning, Performance Reporting and Delivering Outcomes. The Self Assessment also had to be accompanied by supporting evidence. Performance statistics for the last 3 years were also asked for as part of the submission. All documentation was submitted by the due date of 4 November 2011.
- 2.3 On receipt of the Self Assessment, evidence and performance statistics, Audit Scotland considered all the information before them for assurance that sufficient progress has been made since the Council's last Audit in 2008. Based on Audit Scotland's scrutiny, a decision is made as to whether the Council needs a full risk based Audit or not. Inverclyde Council was advised that a full risk based audit was not required.
- 2.4 In January 2012 the Auditor met with the Revenues and Benefits Manager and Benefits Team Leader to go through the completed self assessment template and then the Auditor came back on site to deliver his emerging findings both verbally and also in the format of a written report. No risks were identified in the key areas of Speed of Processing, Accuracy, Interventions or Counter-fraud. The risks that were identified are on the whole not of any real concern and mainly relate to recording of and reporting certain areas of performance.
- 2.5 A final draft report was received on 17 February and the final report was issued to the Chief Executive on 02 March 2012 and is attached to this report as appendix 1. The Council was required to respond to Audit Scotland by 30 March 2012 with an action plan detailing how it proposed to address the risks identified as part of the Audit. The action plan was prepared based on the findings in the final report and is attached as appendix 2.
- 2.6 Anne Cairns, Benefits Manager in Audit Scotland will attend Committee and answer any queries from Members on this matter.

3.0 RECOMMENDATIONS

- 3.1 That the Committee welcomes the positive findings of this report in that no risks have been identified in the key areas of Speed of Processing, Accuracy and Counter Fraud and also notes Audit Scotland's reference to the fact that in June 2011 Inverclyde Council's Benefit Service was placed 4th and 2nd out of the 32 Scottish Council's in the Department for Work and Pensions (DWP) published performance for new claims and changes of circumstances respectively.
- 3.2 That the Committee recognises the high standards of performance achieved by the Benefits team and the importance of this given the Welfare Reform Agenda.
- 3.3 That the Committee note the content of the Action Plan and subsequent approval from Audit Scotland.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 All Councils should receive a bi-annual Performance/Risk Assessment of their Benefits Function. Inverclyde last had a review in 2008 and were deferred for a further review until late 2011 due to the high levels of performance being achieved.

5.0 REVIEW PROCESS

- 5.1 On receipt of the Self Assessment template, accompanying evidence and performance statistics for the last 3 years to Audit Scotland, the Auditor considered a range of factors to determine whether or not a focused risk audit was required. Those were:

- **Business planning** – what the service is aiming to achieve, its strengths and areas for improvement as well as the challenges and opportunities it faces. The assurance the Council has that the Benefits Service business process is effective in helping the service deliver continuous improvement, how management, staff, and other stakeholders know what the service is aiming to achieve and how this will be done.
- **Performance reporting** – how the Benefits Service sets targets and monitors delivery to help it achieve continuous improvement, what performance is reported, how often and to whom.
- **Delivering outcomes** – is the Service delivering what it promised to do, and how effective is it in delivering against local and national objectives. As part of the risk assessment process, Audit Scotland looked at the updated action plan, local targets, performance and outcomes across the Benefits Service as a whole including speed of processing, accuracy, overpayment recovery, counter-fraud, interventions, appeals and reconsiderations and customer service.
- **National Fraud Initiative (NFI)** – Audit Scotland looked at the Council's approach to the NFI initiative and associated results.

A site visit was made by Audit Scotland on 16 January. The Auditor went through the completed Self Assessment template with the Revenues and Benefits Manager and Benefits Team Leader. The Auditor advised that he was satisfied that there was no need for Inverclyde Council's Benefits Service to have a focused audit.

- 5.2 On 18 January 2012 the Auditor returned and delivered verbal feedback to the Revenues and Benefits Manager and Benefits Team leader as well as a written report on the Emerging findings. The feedback session was very positive and the Auditor was very complimentary of the Service, so much so that he advised that he did delve further into such areas such as Overpayments as there were no real risks identified in the key areas of Speed of Processing, Accuracy and Counter-fraud.
- 5.3 Of the 12 risks identified, the majority are highlighting areas where Audit Scotland feels that the Benefits Service is not recording or reporting information in certain areas. While it is accepted that these risks to continuous improvement are a true reflection on what is happening operationally, in the main these risks have no influence on the actual performance or to the security of the service.
- 5.4 A draft report was received on 17 February. The Service then had a week to get back to Audit Scotland with any comments on factual accuracy within the report. The Chief Financial Officer (CFO), Revenues and Benefits Manager and Benefits Team Leader had input to this and the factual accuracy template was returned by the due date of 24 February 2012.
- 5.5 The final report was issued to the Chief Executive Officer on 02 March 2012. The Council was required to submit an action plan for Audit Scotland by 30 March 2012 detailing how it proposed to address the risks identified as part of the Audit. The proposed action plan was submitted to Audit Scotland on 26 March 2012 and can be seen as appendix 2.

- 5.6 The Assistant Auditor General wrote to the Chief Executive on 28 March 2012 advising that he had considered the proposals in the action plan and that he was satisfied that the proposed actions would make a positive contribution to the continuous improvement of the Council's Housing and Council tax Benefits Service.
- 5.7 The Revenues and Benefits Manager reports performance against the action plan to the Chief Financial Officer as part of the Service performance management process.

6.0 MAIN FINDINGS

- 6.1 In total there were 12 risks identified as possible risks to continued improvement. These risks are noted on the draft action plan which is attached as appendix 2. A summary of the main risks is noted below against the sections under which they appear on the report.

- 6.2 **Performance Reporting** – No material risks to the Council.

- 6.3 **Meeting The Needs Of The User And the Community** - The Benefits Service works closely with a number of internal and external partners and does communicate with its landlords and customers. Audit Scotland has recognised this in the report but does view as a risk the fact that it does not however conduct specific landlord or Benefits Service customer surveys so this will be addressed. Activities currently undertaken with Money Matters and other key stakeholders will also be formulated into a take-up strategy document.

Risks were also identified due to the fact that there is no Service Level Agreement between the Benefits Service and the Customer Service Centre and the fact that the Council does not have a Customer Service Strategy. Both of these items are currently being progressed and are included in the Action Plan within the Directorate Plan.

- 6.4 **Delivering Outcomes** – Audit Scotland highlighted the performance in processing reconsideration requests and appeals as a risk. The Benefits Service acknowledges this; however as this area is very resource intensive, there is a fine line between diverting resource from mainstream processing and accuracy to provide assistance in this area. It should also be noted that the workload in this area has increased by 37% and 106% respectively over the last 2 years and although performance is behind target for processing times, the current success rate based on 52 cases submitted to the Tribunal Service up to October 2011 resulted in 92% of cases being found in favour of the Council.

- 6.5 Audit Scotland recorded as a risk the fact that 60% of reconsiderations are resolved in favour of the customer. The spreadsheet that is used to record reconsiderations will have a field added to record the reason for the request. The Service is confident that this will demonstrate that a high percentage of these requests are found in the customer's favour as the claim had originally been assessed as a nil entitlement due to the fact that the customer has not supplied information that was asked for to support the claim, for example wage slips or banks statements etc. Often it is not until a 'nil entitlement' letter is received that customers make contact with the Council and then submit a request for reconsideration along with the supporting evidence that was missing when the claim was originally submitted.

- 6.6 **Positive Comments** - Audit Scotland noted improvements that have been made since the last Audit in 2008 to ensure continuing improvement is achieved. The fact that no risks have been identified in the areas of Speed of Processing, Accuracy and Counter-fraud is very encouraging for the Service. Some of the key positive messages highlighted in the report are summarised below.

- The Service has introduced a comprehensive management reporting framework which contains 56 key performance indicators across the full range of benefit service activities.

- An e-form facility has been introduced for Housing Associations which allows their staff to assist their customers in completing a claim form or change of circumstance form which can then be submitted electronically to the Council for processing.
- All seven risks associated with Counter-fraud in the last Audit have been addressed including the introduction of an independent sanction decision making process and improving the Council website to provide an online referral facility.
- The Council has delivered a top quartile performance (4th and 2nd of 32 Scottish Councils) in processing new claims and changes of circumstances, as at June 2011 (performance has improved even further since then).
- Despite a significant increase in the number of appeals received, it is clear that the Council is committed to high standards of quality when submitting cases to the tribunal Service. This has resulted in the Council's original decision being upheld in over 90% of cases.
- The Auditor commented on the success rate with cases submitted to the Procurator Fiscal and states "this is highly commendable and testament to the quality of the investigative work and the preparation and submission of prosecution files". Positive comments were also made about the Council's commitment to the NFI exercise as well as the Benefit Control Team's results on the application of sanctions.
- Audit Scotland did recognise that the Benefits Service experienced significant issues in 2009 due to a number of factors, namely the implementation of a new Electronic Records Management System, the loan of staff to provide support to the Customer Service Centre, significant staff turnover, higher than normal staff sickness levels and a 4.6% increase in the volume of new claims and changes in circumstances.

The Auditor did comment that "it is highly commendable that during this time the council demonstrated a clear commitment to improving its new claims and changes of circumstances performance and maintained a high level of post and pre-payment accuracy, by not compromising its rigorous programme of management checks".

- The Council has continued to record an excellent level of performance in its post payment accuracy rate, recording an achievement as at March 2012 of 99% against a target of 98%.

7.0 IMPLICATIONS

7.1 Financial – None

7.2 Legal – None

7.3 Personnel – None

8.0 CONSULTATION – None

9.0 EQUALITIES

- 9.1 The Benefits Service works towards adherence to the Equalities agenda by ensuring that Benefit Take Up is progressed in areas of deprivation where it is identified that there is a low level of live benefit claims. It also works with the Council's Money Matters and the Department for Work and Pensions to identify client groups such as lone parents, disabled and pensioners that may not be claiming full entitlement. The Benefits Service also has a wide range of access points from face to face at Wallace Place, the telephone, direct by email, home visits and the Council's website.

Inverclyde Council

Audit of housing and council tax benefit

Risk assessment report

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds

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Introduction

1. This risk assessment was completed as part of Audit Scotland's housing benefit/council tax benefit (HB/CTB) risk assessment programme. It does not represent a full audit of Inverclyde Council's benefits service.
2. The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The key objective of the risk assessment is to determine the extent to which the benefits service is meeting its obligations to achieve continuous improvement in all its activities.
3. Specifically, the risk assessment considers the effectiveness of the benefits service in meeting the needs of the community and its customers, and delivering outcomes.
4. Information for this risk assessment was gathered from a range of sources including:
 - the self-assessment, supporting evidence, and updated action plan provided by the council
 - Department for Work and Pensions (DWP) indicators and other performance measures
 - scrutiny of internal and external audit reports
 - discussions with the appointed external auditor
 - discussions with senior officers in the council during our site visit in January 2012.

Executive summary

5. A risk assessment was previously carried out on Inverclyde Council's benefits service in June 2008 when Audit Scotland identified 16 risks to continuous improvement. These were reported to the Chief Executive and, in response, the council submitted an action plan to address these risks which Audit Scotland accepted as satisfactory, if fully implemented.
6. In November 2011, the council submitted a new self-assessment along with supporting evidence, and an updated action plan, as at September 2011. Of the 16 risks previously identified, the council had made the following progress:
 - 10 actions fully completed (by March 2009)
 - 3 actions partially completed
 - 3 actions outstanding.Appendix A provides this in detail.
7. In addressing, or partially addressing, 13 of these risks, the council has made a positive contribution to the delivery of the benefits service. In particular, by:
 - developing an annual business plan for the benefits service, and further development of the benefit control team business plan to make it more focussed on outcomes

- introducing a comprehensive performance management reporting framework which contains 56 key performance indicators across the full range of benefits service activities, and by regularly reporting performance to senior management and elected Members
 - implementing an 'e-forms' facility for housing associations which allows housing association staff to assist their customers in completing a claim form or change of circumstances form, which can then be submitted electronically to the council for processing
 - addressing all of the seven risks previously identified in counter-fraud, including the introduction of an independent sanction decision making process, and improving the council website to provide an online fraud referral facility.
8. In addition, the council has made further improvements by:
- delivering a top quartile performance in processing new claims and changes of circumstances, as at June 2011
 - providing high quality submissions to the Tribunals Service, resulting in the council's original decision being upheld in over 90% of cases
 - continuing to provide high quality referrals to the Procurator Fiscal (PF) for consideration of a prosecution. Since 2009, the council has submitted 64 cases to the PF, all of which have been accepted as meeting the required standard for a prosecution.
9. Although the council demonstrates awareness of what constitutes an effective, efficient and secure benefits service, there are six risks outstanding, or partially outstanding from our previous risk assessment and, in order to ensure continuous improvement, the council needs to address these and the new risks identified. These include:
- having a service level agreement (SLA) with the customer service centre setting out roles, responsibilities, performance targets, monitoring and reporting arrangements
 - ensuring that performance against all aspects of the work of the benefits service is reported to senior management and elected Members. This includes the council's performance in the administration of sanctions and the recovery of benefits overpayments
 - addressing the reasons why 60% of requests for reconsideration are being resolved in favour of the customer.
10. It is recognised that the council experienced significant issues during the implementation of a new document imaging system in May 2009, and that speed of processing performance deteriorated considerably during 2009/10. This is discussed in more detail under *Speed of processing*.
11. However, it is highly commendable that during this time the council demonstrated a clear commitment to improving its new claims and changes of circumstances performance, and maintained a high level of post and pre-payment accuracy, by not compromising its rigorous programme of management checks. As a consequence, at June 2011, its performance placed it in the top quartile of all 32 councils in Scotland for new claims and speed of processing performance.

Business planning

12. An effective business plan provides an opportunity for the council to set out the aims and objectives for each service, and should contain key deliverables against which performance can be measured, monitored and reported.
13. Since our previous visit, the council has addressed both risks identified by developing an annual business plan for the benefits service, and by further development of the benefit control team business plan to make it more focussed on outcomes.
14. The Revenues and Benefits service is part of the Finance service which is a key function of the Organisational Improvement and Resources Directorate. The Organisational Improvement and Resources Directorate Plan 2011/12 details its primary aims, which are to:
 - drive modernisation and improvement across the organisation
 - develop and enhance organisational capacity and resources
 - facilitate and support front line service delivery.
15. There are clear links in the directorate plan to show how the benefits service will contribute to the wider council and community strategic objectives. For example, by implementing the electronic performance management framework, the benefits service has contributed towards the corporate plan outcome of a modern, innovative organisation.
16. At an operational level the Housing Benefit Service Business Plan 2011/12 provides background context to the service, a look back at service objectives that were achieved in 2010/11, and sets out the service's approach to delivering the key objectives for 2011/12. These include:
 - monitoring all aspects of performance reported on the monthly performance management framework
 - introducing a second weekly banking payment run to improve the speed of payment, and recovery of overpayments
 - completing National Fraud Initiative (NFI) investigations, and complying with compliance and adjudication requests
 - contributing to the corporate financial inclusion strategy
 - completing the e-forms pilot, and extending the facility to all registered social landlords, internal partners and customers.
17. To support the achievement of these objectives, the business plan contains an action plan with key tasks for the year, allocated responsibilities, and a timescale for the completion of each action. On a quarterly basis the action plan is reviewed by the Revenues and Benefits Manager and updated to reflect progress, as appropriate.

Risk to continuous improvement

1	The benefits service and counter fraud business plans do not contain details of the service's key performance targets, monitoring or reporting arrangements.
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Performance reporting

18. The regular reporting of performance to senior management and elected Members is an essential component of service delivery and provides senior managers and elected Members with an opportunity to:
 - challenge an under-performing service
 - recognise and give credit to a service when performance meets or exceeds expectations
 - gain assurance that a service is operating effectively, efficiently and economically.
19. Since our previous visit, the council has introduced a comprehensive performance management reporting framework which contains 56 key performance indicators across the full range of benefits service activities. The performance management framework is updated monthly, and regularly reported as follows:
 - monthly to staff and the Revenues and Benefits Manager (all 56 indicators)
 - monthly to the Chief Financial Officer (CFO) (speed of processing and post payment accuracy)
 - quarterly to the Policy and Resources committee (speed of processing and post payment accuracy)
 - annually in the Organisational Improvement and Resources Directorate Plan (speed of processing and post payment accuracy).
20. For each performance indicator, a 'trigger point' has been set and if a trigger point is reached, it is discussed at the monthly meeting between the Revenues and Benefits Manager and the CFO.

Risk to continuous improvement

2	<p>Although the performance management framework is comprehensive, not all aspects of performance are being reported to senior management or elected Members. This includes the benefit service's performance in respect of the:</p> <ul style="list-style-type: none"> • administration of sanctions • recovery of benefits overpayments.
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Meeting the needs of the user and the community

21. Encouraging benefit take-up, providing customers with easy access to skilled and knowledgeable staff, taking account of the needs of the local community, and managing customers' expectations when things go wrong are essential components of an effective and efficient benefits service.
22. Since our previous visit, the council has partially addressed one of the two risks identified by setting targets for the time taken by the benefits service to deal with written correspondence and emails.
23. At the time of our previous visit in 2008, the Revenues and Benefits Manager was responsible for the benefits service reception area and had developed a database to collate and provide customer service management information which was summarised monthly. This database provided management with useful customer service data. For example:
 - number of customers seen
 - average waiting time
 - average interview time
 - reason for visit.
24. Since then, the council has opened a corporate customer service centre in Greenock which has been fully operational since October 2009, and is managed by the Customer Services Manager. The customer service centre deals with general face-to-face, telephone, email and internet enquiries, and the Revenues and Benefits Manager meets with the Customer Services Manager monthly to discuss performance, any issues arising, and opportunities for future development.
25. Although the customer service centre is the first point of contact for the majority of the benefit service's customers, at the time of the on-site visit in January 2012, there was no SLA in place setting out the roles and responsibilities, performance targets, or monitoring and reporting arrangements for each service. The council told us that discussions had taken place regarding this, and that it is anticipated that an SLA would be in place by April 2012.
26. In addition to the customer service centre, the council has another office in Port Glasgow where customers can access benefits staff for information, advice and guidance, and assistance with form completion and submission.
27. The council has recently implemented an 'e-forms' facility which has been rolled out to its housing associations and allows housing association staff to assist their customers in completing an online claim form or change of circumstances form which can be submitted electronically, along with any supporting documentation, to the council for processing. The council told us that, due to the success of this project, it plans to extend this functionality to

internal stakeholders by June 2012, and to customers via the council website by December 2012.

28. The benefits service has close working relationships with a number of internal and external stakeholders to aid the provision of an effective and supportive benefits service. These include:

- Homelessness service - by providing a benefits officer to work exclusively on claims for customers who are in temporary accommodation
- Grand Central Savings - a charity which provides a "basic transactional" service for people who are unable, or unwilling to obtain a normal bank account
- regular meetings with the Corporate Financial Inclusion Group
- attending the corporate landlord forum
- liaising with Money Matters Inverclyde - a free, confidential and impartial service that helps customers who are in debt
- participating in the DWP's Joint Operational Board meetings.

29. While it is clear that the council is committed to providing good customer service, and has effective working relationships with internal and external stakeholders, it does not have a customer service strategy. However, it is acknowledged that there is an action within the Organisational Improvement and Resources Directorate plan 2011/12 to develop a customer service strategy by June 2012.

Risks to continuous improvement

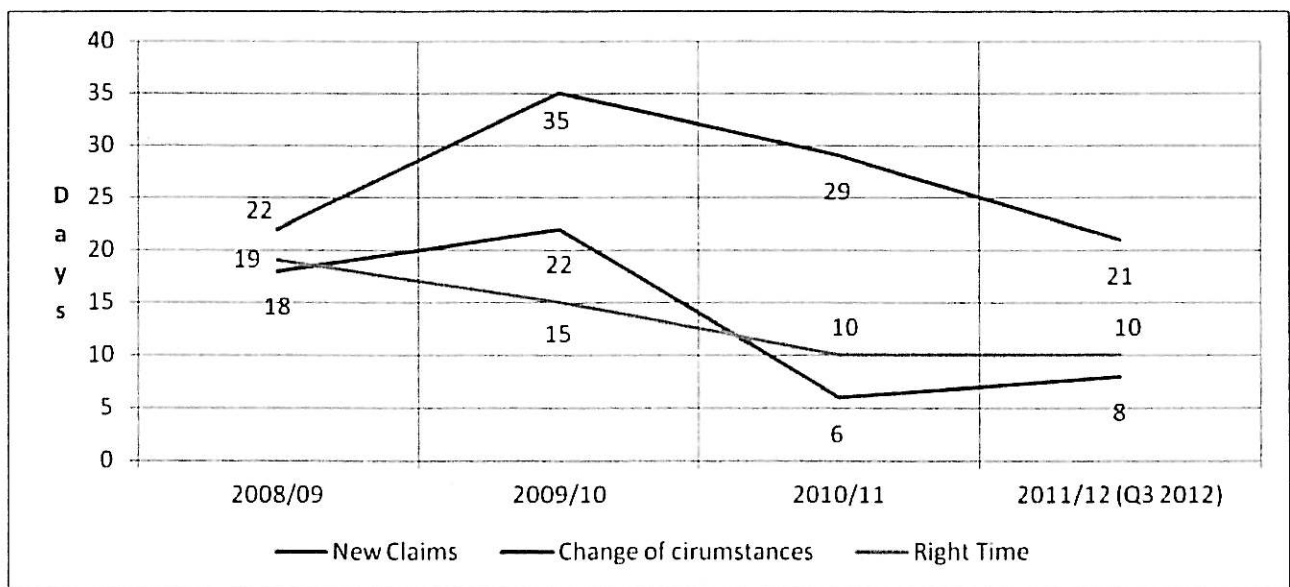
3	Although the council has previously engaged with landlords and benefits customers, in order to obtain meaningful feedback on the quality of service provided, and identify areas for improvements, surveys need to be targeted at, and focussed on, the experience of landlords and customers when dealing with the benefits service.
4	There is no service level agreement between the customer service centre and the benefits service setting out the roles and responsibilities of each service and detailing performance targets, monitoring, and reporting arrangements.
5	Although the council has previously carried out benefit take-up initiatives, there is no formal benefit take up strategy setting out the council's approach to engaging with potential benefits customers, or those from under-represented groups.
6	The council does not have a customer service strategy and, as there are only limited customer service targets, there is limited reporting of customer service performance.

Delivering outcomes

30. Effective operational processes and IT systems, along with skilled staff, help benefit services deliver sound performance and continuous improvement.

Speed of processing

31. In April 2008, DWP introduced the 'Right Time' national performance indicator to measure the average time taken by councils to process all new benefits claims and change events from the date of receipt to the date of decision.
32. At the time of our previous visit in May 2008, the council had delivered an improved performance in processing new claims and changes of circumstances in 2007/08 to an average of 24 days, and an average of 8 days respectively.
33. However, since then, performance has fluctuated considerably from an average of 35 days for new claims and an average of 22 days for changes of circumstances in 2009/10, to the current and significantly improved performance of an average of 21 days for new claims and an average of 8 days for changes of circumstances, at December 2011.
34. Exhibit 1 below details current and historic performance.



Source: DWP & Inverclyde Council

35. In 2009 the council purchased a new document imaging system which was designed to reduce the time spent managing documents and improve productivity by making content easier to find. However, the implementation of the document imaging system in May 2009 had a significant impact on benefits processing performance as a result of:
- significant downtime
 - delays in allocating work to processors

- delays in scanning and indexing.
36. In July 2009, the head of the DWP's Performance Team contacted the council's Chief Executive to express concerns about its claims processing performance. In response, the council detailed the main reasons for the decline as follows:
- significant issues following the implementation of a new document imaging system in May 2009
 - loan of three experienced benefits assessors to the customer service centre to provide support to less experienced staff
 - significant level of staff turnover, including the loss of a team leader, a part-time senior benefit assessor, and two benefit assessors
 - a 4.6% increase in the volume of new claims and changes of circumstances
 - higher than normal staff sickness levels.
37. Consequently, the document imaging system was not considered to be fully operational until September 2010, approximately 16 months later. Although this was clearly an extremely difficult period for the council, which also included issues with the integration of the customer management system and the document imaging system, it is highly commendable that performance improved considerably once these issues were fully resolved.
38. To put this improvement into context, the DWP's published performance data for new claims and changes of circumstances at June 2011, placed the council 4th and 2nd respectively out of 32 Scottish councils, compared to 20th and 12th respectively in 2009/10.

Accuracy

39. The accurate and secure administration of HB/CTB should be a key priority for every council and, to support this, it should have a robust quality assurance framework in place.
40. The council places significant importance on quality and accuracy, and has a dedicated quality monitoring team of three full-time officers who are responsible for carrying out daily pre-payment management checks on the work of the benefits service, and an additional 500 post payment checks each year.
41. Officers advised that a full pre-payment check is carried out on a minimum of 20 cases per month for each assessor, and that a 100% check is carried out on the work of new staff, staff that are under-performing, and claims where the payment is in excess of £500. The results of these pre-payment management checks are recorded electronically and analysed to help identify staff training and development requirements.
42. The benefits service has accuracy targets for financial and non-financial errors, and performance is reported monthly to the Revenues and Benefits Manager as part of the performance management framework.

43. In 2009/10, the council reported its financial and non financial accuracy rates at 82% and 81% respectively, and has delivered continuous improvement in 2011/12 by reporting performance as 87% and 82%, at September 2011.
44. Since our previous visit, the council has also continued to record an excellent level of performance in its post payment accuracy rate. Exhibit 2 below details current and historic performance.

Exhibit 2: Accuracy performance		
Year	Target	Achieved
2009/10	99%	98%
2010/11	98%	99%
2011/12 (Dec 2011)	98%	99%

Source: Inverclyde Council

Interventions

45. To minimise error in the caseload, councils must encourage customers to report changes of circumstances on time and have a robust intervention programme to identify changes and take appropriate corrective action.
46. Since our previous visit, the council has addressed one of the risks identified by setting a target to meet the DWP's 'Right Benefit' national performance indicator.
47. Historically, the council made use of the DWP's risk disk to select suitable cases for intervention activity. However, in April 2010, a detailed review of interventions activity was carried out to establish the effectiveness of its approach. This review concluded that the number of changes identified from the cases selected from the risk disk was very low in comparison to the time and resource expended.
48. Consequently, from May 2010, the council developed local risk criteria and a programme of intervention activity which detailed the frequency and type of key tasks to be carried out. For example:
- no change to self employed earnings in previous 12 months - annually
 - statutory maternity pay (SMP), nine months after SMP commences - monthly
 - statutory sick pay (SSP), nine months after SSP commences - monthly.
49. In March 2011, this approach was reviewed again, and a decision made to significantly reduce the number of interventions visits carried out and focus on postal reviews using an updated programme of intervention activity. This decision has proved to be very successful with the number of changes identified increasing from approximately 20% under the old regime, to an average of 58% for the period July 2011 to December 2011.

50. Although the outcomes from interventions are recorded on the benefits IT system, the information recorded is basic as the interventions module only records whether a change of circumstances has resulted in an increase, decrease, or no change to the amount of benefit paid.

Risk to continuous improvement

7	<p>There is limited recording of interventions outcomes, and analysis of interventions activity is not sufficiently detailed to enable the council to make informed decisions on the effectiveness of its approach, or help it to identify service improvements. For example:</p> <ul style="list-style-type: none"> the type of intervention that is most successful in identifying an un-notified change of circumstances the type of un-notified changes that are most prevalent.
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Overpayments

51. To protect public funds, councils should take appropriate steps to ensure that overpayments are minimised and that, when they do occur, they are correctly classified and rigorously recovered.
52. The council's HB Debt Recovery Strategy and Corporate Debt Policy set out its approach to managing and recovering debt. In particular, the benefits debt recovery strategy details the actions to be taken when recovery from on-going benefit is not an option. This includes:
- using the DWP's Customer Information System and Debt Management Unit
 - the arrestment of wages
 - referring difficult to recover debt to the council's external debt recovery partner
 - writing off debt that meets the council's criteria.
53. In order to minimise overpayments, the council has a number of systems in place to ensure that outstanding work levels are monitored, and cases where an overpayment could occur are identified and prioritised for action. In addition, the customer management system has a facility that automatically suspends benefit payments when a customer notifies the council of a change of address, and the benefits IT system has an interface with the system used by its largest registered social landlord which automatically stops benefit payments when a tenancy ends.
54. A daily system report detailing all overpayments created the previous day is produced and each entry is checked by the Finance and Subsidy team to ensure the correct classification and recovery method is being used. These checks, and the checks carried out by the quality monitoring team, have contributed to a reduction in the level of local authority error overpayments from 7.7% in 2008/09 to 3% at December 2011.

55. To monitor performance in the recovery of sundry debts, the council set a cash target for 2011/12 to recover in excess of £5,000 per month. Performance against this target is reported monthly to the Revenues and Benefits Manager as part of the performance management framework and, during the six month period from July 2011 to December 2011, the council delivered an excellent level of performance by recovering in excess of an average of £11,500 per month.
56. Although the council records its performance in recovering in-year debt, and all debt, as detailed in exhibit 3 below, this information is not being routinely reported to senior management or elected Members.

Exhibit 3: Overpayment recovery performance				
Performance measure	2008/09	2009/10	2010/11	2011/12 (Q2)
Total overpayments carried forward	£1,511,732	£1,298,475	£827,588	£1,204,539
Overpayments raised in-year	£873,422	£993,407	£781,605	£259,222
HB debt recovered in-year	£721,114	£686,256	£643,443	£160,308
% of in-year debt recovered	83%	69%	82%	62%
% of total HB debt recovered	30%	30%	40%	11%

Source: Inverclyde Council

Risks to continuous improvement	
8	Although the council has set a target and reports performance in recovering sundry benefits debt, there are no targets in the performance management framework for in-year debt recovery, or all debt recovery, and therefore this performance is not being routinely reported to senior management or elected Members.
9	The council's cash collection target of more than £5,000 per month is not sufficiently challenging when compared to current performance.

Appeals and Reconsiderations

57. Customers who disagree with the council's decision on the manner in which their benefit application is processed have a right to request the claim to be reconsidered, and to appeal against the decision.
58. During our previous visit, we identified two risks in this area which remain outstanding as follows:

- there is limited management information on the number of, and reasons for, requests for reconsideration
 - there is no reporting of appeals and reconsiderations performance to elected Members.
59. Officers advised that requests for reconsideration are initially dealt with by a senior benefit officer, while the appeals process is managed by a benefit supervisor who reports directly to the Principal Benefits Officer.
60. All requests for reconsideration and appeals received are logged electronically and progress is monitored to capture performance data, which is reported monthly to the Revenues and Benefits Manager on the performance management framework.
61. Historically, this is an area of work that the council has under-performed as detailed in exhibit 4 below.

Exhibit 4: Performance in dealing with appeals and request for reconsideration		
	% of requests for reconsideration actioned and notified within four weeks.	% of appeals submitted to the Tribunals Service within four weeks.
2008/09	57%	29%
2009/10	38%	46%
2010/11	40%	30%
2011/12 (Q2)	59%	20%

62. Although the council has routinely failed to achieve its targets, it has seen a considerable increase in the number of requests for reconsideration and appeals. In 2008/09, the council received 227 requests for reconsiderations and 80 appeals. In 2010/11, this had increased to 313 requests for reconsideration and 165 appeals received, which represents an increase of approximately 37% and 106% respectively.
63. Despite a significant increase in the number of appeals received, it is clear that the majority of these are speculative, and that the council is committed to high standards of quality when submitting cases to the Tribunals Service. Of the 52 appeals cases submitted to the Tribunals Service up to 21 October 2011, it found in favour of the council's original decision in 48 cases (92%).
64. The council has acknowledged that this is an area where considerable improvement is required to ensure timescales are met when dealing with reconsiderations and appeals and, following discussions between the Revenues and Benefits Manager and the CFO, an additional resource has been provided to help deliver the required improvements.

Risks to continuous improvement

10	Although improving, the council's performance in dealing with requests for reconsideration and appeals is below local targets.
11	There are incomplete data fields in the appeals and reconsiderations spreadsheet, and the council needs to understand and address the reasons why approximately 60% of requests for reconsideration are being resolved in favour of the customer.
12	There is limited analysis of the outcomes of requests for reconsideration, and therefore the council is missing an opportunity to learn from this work by identifying areas for improvements.

Counter-fraud

65. The prevention, detection and investigation of fraudulent claims are important aspects of a secure and effective benefits service. Counter-fraud activities help to protect public funds by ensuring that fraudulent claims are identified and sanctions are applied where appropriate.
66. Since our previous visit, the council has addressed all of the risks identified by:
 - developing the benefit control team business plan to be more outcome focussed, and setting more stretching targets for the work of the team
 - implementing an independent sanction decision making process with a clear and documented audit trail of decisions made, which is subject to scrutiny by internal audit
 - incorporating fraud awareness sessions into the council's staff induction process
 - improving the fraud section of the council website to include more detail on its approach to countering fraud, an online referral facility, and information on successful outcomes
 - analysing data from the fraud management system to identify areas for improvement.
67. In addition, the council has an excellent working relationship with the PF and, during the period April 2009 to October 2011, the council submitted 64 cases to the PF for consideration which were all accepted. This is highly commendable and testament to the quality of the investigative work, and the preparation and submission of prosecution files.
68. We were advised that the council remains committed to the NFI data matching exercise, and its commitment was recognised in the 2008/09 NFI report '*Making an Impact*' which stated that the council had achieved significant outcomes from its benefits investigations despite its size.
69. During our previous visit, we acknowledged a significant increase in the number of sanctions administered, from 19 in 2006/07 to 54 in 2007/08. The council has maintained this level of performance and is currently on schedule to meet its 2011/12 target of 75 sanctions.
70. Exhibit 5 below details the council's current and historic sanctions performance.

Exhibit 5: Sanctions performance				
Sanction type	2008/09	2009/10	2010/11	2011/12 (Jan 12)
Administrative Cautions	35	27	32	33
Administrative Penalties	20	18	14	19
Successful Prosecutions	12	23	7	13
Total	67	68	53	65

Source: Inverclyde Council

Appendix A

Exhibit 6: Progress against original action plan - at September 2011

Risk identified	Status
The council needs to consult more with its customers and the wider community on the level and type of service they need.	Outstanding
Customer service targets should be developed, publicised, monitored and reported against.	Partially completed
There is no Benefits Service Business Plan for 2008/09 to document the service's aims and objectives, performance indicators and key deliverables.	Completed
The results of the monthly pre-payment accuracy checks are not formally reported to Senior Management.	Completed
There are no targets for the pre-payment checks carried out by the Quality Team.	Completed
There are no local targets for the HRI team.	Partially completed
There is no management information on the number of ineffective visits, or analysis of outcomes to show the number and type of changes identified.	Partially completed
There is limited management information on the number of, and reasons for, requests for reconsideration.	Outstanding
There is no reporting of appeals and reconsiderations performance to elected Members.	Outstanding
The BCT Business Plan should be more focused on outcomes and include key objectives for the team.	Completed
To ensure a fair and consistent approach to the application of counter-fraud sanctions the council should introduce an independent review process.	Completed
Where the sanction offered differs from policy intent, there should be a clear audit trail of the reasons for the decision.	Completed
The council should review its counter-fraud management information and set stretching targets for the BCT.	Completed
Introducing fraud awareness as part of the corporate induction process would help raise the profile of the fraud team and generate referrals from other areas of the council.	Completed
The fraud section of the council's website could be improved to provide information on sanctions outcomes and an online fraud referral facility.	Completed

Exhibit 6: Progress against original action plan - at September 2011

There is limited analysis of the fraud management system's data to identify areas where improvements could be realised.	Completed
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APPENDIX 2

Inverclyde Council – Risk assessment- Action Plan March 2012

Risk Number	Description of risk	Action to be taken	Responsibility	List of task to be carried out to remove risks		Review date
				By when		
1	The Benefits Service and Counter Fraud Business Plans do not record key performance targets, monitoring or reporting arrangements.	Include key performance targets, monitoring and reporting arrangements in the service business plans	Lead officer Principal Benefits Officer	April 2012	Decide which of the service key performance targets are included in the business plans and describe the monitoring and reporting arrangements.	June 2012
2	Senior management and elected Members are not aware of the Benefit Service's administration of fraud sanctions and the recovery of benefit overpayment performance.	Report Counter Fraud activity and performance and Benefit Overpayment recovery performance to Senior management and give consideration to reporting to Elected Members.	Revenues & Benefits Manager	June 2012	Revenues and Benefits Manager to discuss the best methodology for reporting of these measures with the Chief Financial Officer and update the action plan accordingly.	August 2012
3	The Benefits service does not obtain meaningful feedback on the quality of service provided to identify areas for improvements.	Organise surveys to target, and focus on, the experience of landlords and customers.	Principal Benefits Officer	June 2012 for landlords.	Organise a survey with landlords and work with customer services to identify Benefit customers and design and issue a customer satisfaction survey.	August 2012
4	There is no service level agreement between the Customer Service Centre (CSC) and the Benefits Service setting out the roles and responsibilities of each service and detailing performance targets, monitoring, and reporting arrangements.	Agree a Service Level Agreement between Benefits and CSC	Revenues & Benefits Manager/Customer Service Manager.	October 2012 for customers.	The action is currently work in progress and noted on the Directorate Plan.	December 2012
5	There is no formal benefit take up strategy setting out the council's approach to engaging with potential benefits customers, or those from under-represented groups.	Formalise Benefit Take-Up strategy	Principal Benefits Officer	July 2012	Collate current take-up activity then write a Benefit Take-Up Strategy	September 2012
6	There is limited reporting of customer service performance.	The Service Level between Revs and Bens and CSC specify monitoring and reporting arrangements as well as targets.	Customer Service Manager	June 2012	Customer Service Manager to work with the Revenues and Benefits Manager to formalise targets and reporting mechanisms for inclusion in the SLA	September 2012

7	There is limited recording of intervention outcomes, and analysis of interventions activity to make informed decisions on the effectiveness of its approach, or help it to identify service improvements.	Introduce a method of manually recording and analysing Intervention outcomes	Principal Benefits Officer	Investigate Intervention outcome recording options; implement procedure to record outcomes; analyse and evaluate results; adjust Intervention strategy if required.	September 2012	December 2012
8	Cumulative in-year debt recovery or all debt recovery performance is not routinely reported to senior management or elected Members.	Set debt recovery targets and report to senior management and consideration given to reporting to Elected Members.	Revenue & Benefits Manager	Agree cash collection target and include in the MPMF* and Benefit Service Business Plan. Revenues and Benefits Manager to discuss the best methodology for reporting these measures with the Chief Financial Officer and update the action plan accordingly.	June 2012	August 2012
9	Cash collection target is not sufficiently challenging compared to current performance.	Review cash collection target.	Revenue & Benefits Manager	Agree with cash collection target and include in the MPMF* and Benefit Service Business Plan.	April 2012	June 2012
10	Reconsideration request and appeal performance is below local target.	Review reconsideration and appeal targets.	Revenue & Benefits Manager	Agree achievable reconsideration and appeal targets; amend targets set out on MPMF, monitor results and report within the MPMF and the Benefit Service Business Plan.	April 2012	June 2012
11	A high proportion of decisions are changed in favour of the claimant following their request for a decision to be reconsidered.	Introduce analysis of the outcomes of requests for reconsideration	Principal Benefits Officer	Agree reconsideration outcome categories, insert column on reconsideration tracker spreadsheet, monitor results and report within the Benefit Service Business Plan and MPMF.	June 2012	September 2012
12	There is limited analysis of the outcomes of requests for reconsideration.	Introduce analysis of the outcomes of requests for reconsideration	Principal Benefits Officer	Agree reconsideration outcome categories, insert column on reconsideration tracker spreadsheet, monitor results and report within the Benefit Service Business Plan and MPMF.	June 2012	September 2012