

West Dunbartonshire Council

Audit of housing and council tax benefit

Risk assessment report



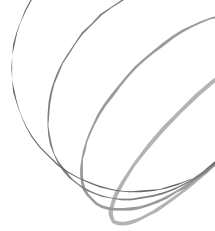
Audit Strategy

January 2009



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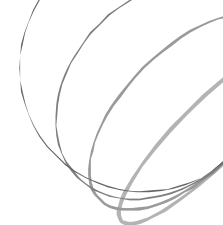


Introduction

1. This risk assessment has been undertaken as part of Audit Scotland's housing benefit/council tax benefit (HB/CTB) audit risk assessment programme and does not represent a full audit of West Dunbartonshire 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 it considers the effectiveness of the benefits service in meeting the needs of the community and its users, delivering outcomes and providing value for money.
4. Information for this risk assessment was gathered from a range of sources including:
 - the self-assessment and evidence provided by the council
 - performance measures and statutory performance indicators
 - discussions with the appointed auditors
 - scrutiny of internal and external audit reports
 - discussions with senior officers in the council during our on-site visit in December 2008.

Executive Summary

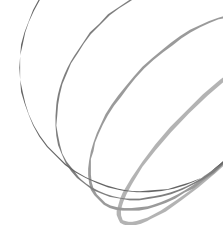
5. West Dunbartonshire Council clearly demonstrates an awareness of what constitutes an effective, efficient and secure benefits service and has much in place to support local and national objectives. The council:
 - delivered continuous improvement in its claims processing performance by reducing the number of days to process new claims from 28 days in 2006/07 to 22 days in 2007/08, and for changes of circumstances from 15 days to eight days over the same period
 - supports its benefits staff in training for the Institute of Revenues, Rating and Valuation (IRRV) qualifications and has trained its counter-fraud staff to Professionalism in Security (PINS) standard, which is a recognised counter-fraud qualification
 - increased its in-year overpayment recovery rate from 48% in 2006/07 to 63% in 2007/08
 - identified £152,883 of fraudulent overpayments in 2007/08 and had recovered £88,774 by 31 March 2008



- achieved 15 sanctions during 2007/08 which included ten successful prosecutions
 - has effective working partnerships with internal and external stakeholders.
6. The council anticipates that the recent loss of three experienced benefits processing staff will have an adverse effect on the benefits services performance in 2008/09. Although the benefits service has set speed of processing targets for 2008/09 which it considers to be realistic and achievable in the light of these staff losses, the anticipated reduction in processing performance will not represent continuous improvement.
7. Although the benefits service performed well in 2007/08, it is not supported by key strategic plans and policies which demonstrate how it will deliver against national and local objectives. For example the service does not have:
- a benefits service business plan
 - a benefits specific overpayments policy
 - an overarching training strategy.
8. In addition, the Corporate Plan 2008 – 2012 and the Anti-Poverty Strategy which are key strategic documents, lack a clear focus on what the benefits service should deliver each year against national and local objectives, and the Corporate Debt Policy which sets out the general principles to be applied in relation to debt management across all council services has still to be approved by Members.
9. Although the council achieved ten successful prosecutions in 2007/08, there was limited publicity of these cases and the Benefits Investigation Team in general has a low profile. The council website has basic details on benefit fraud but no facility to complete an online fraud referral and there is a need for more detailed target setting and reporting of counter-fraud performance to senior management and Members.

Aims of the service

10. The council has a range of strategic and operational plans to facilitate the delivery of continuous improvement. These include:
- Community Plan 2007 – 2017
 - Corporate Plan 2008 – 2012
 - Anti-Poverty Strategy
 - Homelessness Strategy 2008 - 2013
 - Equality and Diversity Strategy 2005 – 2009



- Corporate Debt Policy (Draft)
- Housing Benefit and Council Tax Benefit Fraud Strategy
- Benefits Investigation Team Business Plan 2008 – 2009.

11. The vision of the council as set out in the Corporate Plan 2008 – 2012 is to reduce poverty and exclusion, deliver better services and continue to improve the quality of life for everyone living in West Dunbartonshire.

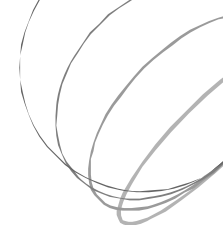
Risk to continuous improvement

- There is no business plan for the benefits service and no clear links between the council's key strategic documents to demonstrate how the benefits service will contribute towards corporate, national and wider community strategic objectives.
- There is no benefits-specific overpayment policy and the Corporate Debt Policy is still to be approved by Members.
- Although there is a training plan for new benefits staff, there is no training plan for existing staff and no overarching training strategy for the benefits service.
- As a result of a change in the council's performance development system, no staff performance appraisals have been carried out in the last year.

Meeting the needs of the customer and the community

12. The council has taken positive steps to meet the needs of its customers and the wider community: These include:

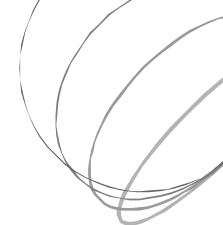
- an Equality and Diversity Strategy which provides a statement of the council's commitment to promote equality of opportunity and access to its services for all citizens, service users and employees
- subscribing to 'Language Line' a 24 hour telephone translation for customers whose first language is not English
- Corporate Customer Service standards which set out the level of service that customers can expect to receive when contacting the council



- issuing a benefits customer satisfaction survey every 2 months to approximately 250 benefits customers, evaluating the responses and taking appropriate action to improve the service
- working in partnership with officers from the Rent Arrears section and The Pensions Service to carry out welfare visits to customers
- Money Advice and Welfare Benefits Services which help customers by:
 - checking for benefit and tax credit entitlements
 - suggesting ways to reduce unnecessary expenditure
 - giving advice on all forms of debt recovery, including court action
- implementing a 'Vulnerability Policy' to protect customers and the interests of landlords following the introduction of the local housing allowance.

Risk to continuous improvement

- The council website could be improved to help raise the profile of the benefits service, provide detailed information on the service, and improve the customer experience. For example there is:
 - no facility to download a Housing Benefit and Council Tax Benefit application form, or to complete an electronic claim form online
 - scope to improve the information available to provide customers with advice and guidance on the benefits service. For example, there is no information on the Money Advice and Welfare Rights Services
 - limited information on the work of the Benefits Investigation Team and no facility to complete an online fraud referral.
- There is no monitoring or reporting of the performance of the benefits service against the Customer Service Standards.
- There is no benefits-specific take-up policy.
- No survey of registered social landlords has been carried out since 2006.



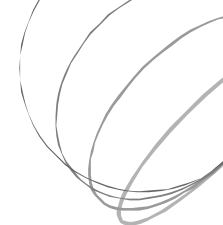
Delivering outcomes

Performance reporting

13. Clear direction, supported by effective operational processes and IT systems, are required to promote a culture of sound performance and continuous improvement in service delivery. The council has a number of management processes in place to support this. These include:
 - a Document Image Processing (DIP) and Workflow system which:
 - provides management control over the prioritisation of work
 - reduces staff time required for filing and case management
 - improves management information
 - allows for work to be reallocated between offices with minimal disruption.
14. A weekly report of work outstanding is provided to the Section Head (Revenues and Benefits) and benefits performance is reported quarterly to the Corporate and Efficient Governance Committee. This report includes performance against targets for:
 - new claims
 - changes of circumstances
 - accuracy
 - overpayments.
15. In addition, the council has a comprehensive management checking regime which includes a 100% pre-payment check of the work of new staff and a daily system-generated 10% accuracy check for all other assessors.

Risk to continuous improvement

- The results of management checks are not analysed to identify trends, patterns and opportunities for learning and are not routinely reported to the senior management and Members.
- Although the quarterly report to Members on the performance of the benefits service is extensive, there is no reporting of appeals and reconsiderations or counter-fraud performance.



Speed of processing

16. The council has delivered continuous improvement in its new claims and changes of circumstances performance from an average of 28 days and 15 days respectively in 2006/07 to an average of 22 days and eight days respectively in 2007/08.
17. In 2008/09 the council has set a local target to process new claims in an average of 23 days and changes of circumstances in an average of nine days. Although these targets do not demonstrate continuous improvement, the council told us that the targets were set to take account of the expected adverse impact on performance of losing three experienced benefits processors as a result of implementing the single status agreement.

Risk to continuous improvement

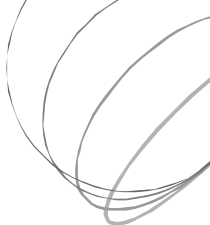
- The council is anticipating a decline in processing performance.

Interventions

18. To minimise error in the caseload, councils must encourage customers to report changes of circumstances on time and also have a robust intervention programme to identify changes and take appropriate corrective action.
19. The council uses postal interventions as a means of delivering its interventions programme and takes a proactive approach for new private tenant claims by:
 - hand delivering the first cheque
 - carrying out a visit after the first payment if the customer is receiving payment by the Banking Automated Clearing system (BACS).
20. The council also participates in the Department for Work and Pensions (DWP) Housing Benefit Matching Service (HBMS) and the National Fraud Initiative data matching exercises.

Risk to continuous improvement

- There is no analysis of the outcomes of interventions to identify opportunities for learning and improvement.
- The council should consider extending its interventions programme to include visit and telephone interventions.
- Due to resource issues, cases identified as high risk reviews are not routinely



receiving an intervention.

Appeals and reconsiderations

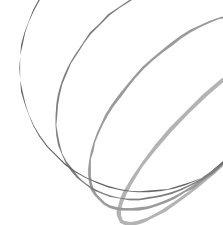
21. Customers who disagree with the council's decision on the manner in which their benefit application is processed have a right to request the claim to be reconsidered, and to appeal against the decision.
22. Benefits assessors deal with requests for reconsideration and appeals, and record these in an electronic format. In 2007/08, the council achieved an excellent level of performance by exceeding the three national targets for appeals and requests for reconsideration.

Risk to continuous improvement

- Appeals and requests for reconsideration outcomes are not analysed to establish reasons for requests and to identify trends and opportunities for learning.
- There are no documented local targets for dealing with appeals and requests for reconsideration and performance is not being recorded, monitored or reported to senior management or Members.

Overpayments

23. To protect public funds, councils should take appropriate steps to ensure that overpayments are correctly classified, official error overpayments are minimised, and all benefits overpayments are recovered wherever possible.
24. There is a clear and structured approach to recovering benefits overpayments and the council makes use of all available recovery options including:
 - deductions from ongoing benefit
 - sending an invoice to customers no longer in receipt of benefit
 - using the DWP Customer Information System (CIS) to trace debtors
 - recovery from other DWP benefits using the DWP's debt management system.
25. In addition, the council has tendered for a debt recovery partner to work on its behalf to pursue and recover debts when all other available recovery options have been exhausted.
26. In 2006/07, the council recovered 48% of benefits overpayments raised in-year and delivered significant improvement in 2007/08 by increasing its recovery rate to 63%. For 2008/09 the council has set a target to recover 60% of its in-year overpayments.

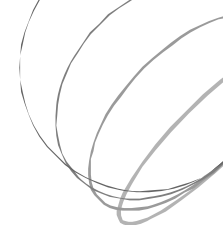


Risk to continuous improvement

- The council is anticipating a decline in the overpayment recovery rate for in-year overpayments.
- Performance of the benefits investigation team in identifying and recovering fraud overpayments is not routinely reported to senior management or Members.

Counter-fraud

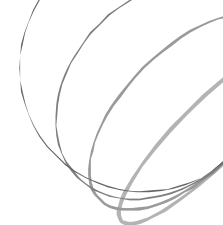
27. The prevention, detection and investigation of fraudulent claims are important aspects of a secure and effective benefits service. Counter-fraud activities help protect public funds by ensuring that fraudulent claims are identified and sanctions are applied where appropriate.
28. An online system is used to deliver the council's programme of fraud awareness. This is provided annually to all benefits staff and has been extended to other areas of the council and to external stakeholders. These include:
 - Tenancy Services
 - Homeless Section
 - Council Tax
 - Housing Associations.
29. In addition to the online training, since November 2007, the Fraud Manager has provided fraud awareness sessions twice a month to new staff as part of the council's induction process.
30. The Benefits Investigation Team is responsible for the investigation of suspected fraudulent benefit claims. To ensure that only good quality referrals are investigated, a comprehensive risk referral matrix is used and cases accepted for investigation are logged onto an in-house database.
31. Due to resource issues the Benefits Investigation Team is mainly investigating data matches provided as part of the DWP's HBMS data matching service. General referrals are being passed to the visiting officers who will visit the customer and, if fraud is suspected, refer the case back to the Benefits Investigation Team for investigation.
32. At the time of the on-site visit in December 2008, the council had purchased a dedicated fraud IT system. When fully implemented, this system will be used to track all referrals and progress on investigations and provide the Fraud Manager with the facility to produce detailed performance and management information reports.



33. The Benefits Investigation Team works closely with its DWP counterparts and in October 2008 signed a memorandum of understanding that allows for a Fraud Investigation Service (FIS) officer to be based at the council offices one day per week to investigate fraud referrals where the customer is in receipt of a national benefit, for example, income support.
34. There is a comprehensive management checking regime in place. The Fraud Manager carries out a 100% check of all closed cases, carries out regular checks on the progress of investigations, and provides advice and guidance to the investigators where appropriate.
35. Although the Fraud Manager makes a decision on the suitability of a sanction based on a recommendation from the investigator; the final decision is taken in conjunction with the taken in conjunction with the Section Head (Revenues & Benefits) taking account of the financial and other parameters in the Prosecution Policy.
36. As part of its annual audit of the benefits service, Internal Audit selects a sample of cases from the sanctions record and carries out checks to ensure that there is documentary evidence to support each sanction. During the last audit in 2007/08, Internal Audit confirmed that there was documentary evidence to support each case sampled.
37. Although the team failed to meet its target to administer 23 sanctions in 2007/08, of the 15 sanctions it achieved, ten were successful prosecutions.

Risk to continuous improvement

- At the time of our on-site visit in December 2008, each of the two investigators had a caseload in excess of 90 cases. This is excessive and is more than double the recommended DWP case holding of 40 cases.
- The Benefits Investigation Team has a low profile and the council needs to make better use of the options available to publicise the work of the team. For example, the council does not:
 - publish successful prosecutions on the council website and in local press and media
 - advertise the team more widely, for example by placing an advert in the Housing Association Newsletters
- There is a need to set targets for the Benefits Investigation Team with performance against these targets regularly reported to senior management and Members.



Providing value for money

38. The council aims to provide value for money and efficiency savings and has delivered continuous improvement by reducing its cost per claim over the last three years from £45.82 in 2005/06 to £37.41 in 2007/08, which is a decrease of 22%.
39. In addition, monthly budget monitoring statements are scrutinised by the Section Head (Revenues), Manager of Exchequer Services and Head of Service to ensure that expenditure does not exceed the budget allocation.
40. The council has also established effective joint working with its key stakeholders. These include:
- providing training to Welfare Rights staff on the Local Housing allowance.
 - delivering an overview of benefits to Pensions Service staff.
 - agreeing a memorandum of understanding with the DWP FIS which allows for a member of FIS staff to be located at the council's offices.
 - working with the DWPs FIS to secure sanctions.
 - working with Jobcentre Plus and Her Majesty's Revenues and Customs on the 'In and Out of Work' project which is specifically addressing opportunities for employment in the West Dunbartonshire area.

Risk to continuous improvement
▪ There is no local target for the cost per claim in 2008/09.