

Aberdeenshire Council

Performance audit of housing and council tax benefit

Section 102(1) report SR/2011/2

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Introduction

1. In Scotland, one in five households receive financial support to help pay for their rent or council tax in the form of means tested housing and council tax benefits (HB). Local authorities have devolved responsibility to administer HB services. Scottish councils collectively paid out £2 billion to 600,000 claimants in 2009/10. The Department of Works and Pension (DWP) paid councils £59 million administration grant for delivering these services.
2. Aberdeenshire Council is predominantly rural covering 8% of Scotland's total land area with a resident population of 240,000. Its benefits caseload is around 14,300 and its annual subsidy claim for 2009/10 was £41 million making it 16th in terms of monetary value in Scotland.
3. The Accounts Commission assumed the DWP's Benefit Fraud Inspectorate's responsibility for reporting on the performance of HB services in Scotland in 2008. This work forms part of the local audit. This work is a performance assessment of benefits services, looking at the quality of those services and the outcomes for service users.
4. The key drivers for HB performance audit work are:
 - Best Value – which places a legislative duty on councils to secure continuous performance improvement, having regard to economy, efficiency, effectiveness and equality
 - Crerar –which recommends that external scrutiny should provide assurance that a service is well managed, safe and fit for purpose and that public money is being properly used
5. Audit Scotland also liaises closely with DWP on the performance of Scottish HB services. DWP main interests are linked to the need to ensure that the right benefit goes to the right claimant at the right time.
6. Whilst HB services face the same budget stresses as other council services they face additional pressures arising from the expected introduction of Universal Credit. From 2017, HB services will form part of Universal Credit. Between now and this date working age benefit claimants, including HB elements, will migrate across to Universal Credit.
7. Key issues for councils arising from this migration include:
 - budget uncertainty aligned to reducing centralised funding
 - systems disinvestment
 - claimant uncertainty
 - staff morale issues.



8. Well-managed HB services will address these challenges through sound service planning and regular performance monitoring, aligned with timely decision-making that is informed by regular, validated analysis of operational activities.
9. HB performance audit work is carried out in two stages. The first stage consists of a risk assessment based on a council's own self-assessment that is reviewed by Audit Scotland. Risks to the continuous improvement are identified and councils are given the opportunity to address these risks themselves by producing an improvement plan containing actions with completion dates. Risk assessment reports and council responses are copied to the DWP for information.
10. Second stage focused audits, which result in a S102(1) Controller of Audit Report, are only carried out if authorities are unable or unwilling to reduce these risks to an acceptable level.
11. Since 2008, all Scottish councils have had a first stage risk assessment. Audit Scotland identified 350 risks to continuous improvement and reported these to Chief Executives. 32 improvement plans were prepared and returned within a month of our reports.
12. A second round of risk assessments commenced in April 2010. First round baseline data, DWP performance indicators and the work of local auditors informed this risk assessment programme, which concentrated on high risk councils first with Aberdeenshire Council being one of these.

Summary

13. Aberdeenshire Council has had two HB Performance risk assessments. The first was reported in September 2008 and the second in October 2010. The 2010 risk assessment identified that the council had a number of areas of good performance relating to customer service including:
 - changes to the benefits service's web pages to make them more accessible, adding a web calculator to allow customers to check potential benefit entitlement, and providing forms which customers can download
 - two benefit take-up campaigns over the previous twelve months which resulted in additional income for the customers involved
 - an information pack which includes a comprehensive range of information about the services, help and support that is available to those experiencing redundancy or financial difficulties.
14. The 2010 risk assessment also showed that that the service had improved its accuracy and benefit fraud sanction performance.
15. However, following the second risk assessment Audit Scotland found that the council had not:



- fully implemented 75% (9/12) of the agreed actions planned to address the risks from the 2008 report
 - improved its speed of processing new claims, which remained one of the poorest in Great Britain
 - held service performance to account through open scrutiny and challenge at member level
 - demonstrated good service management and understanding, in particular business planning and interventions.
16. In addition, the second self-assessment did not demonstrate strong self-awareness. In providing assurances it gave the same general response to the questions on assurance for all aspects of the service rather than providing responses that were specific to each business area.
17. Further, the council did not prepare an improvement plan to address the 21 risks identified in Audit Scotland's 2010 report in accordance with the normal timeframe. Improvement actions have taken place between October 2010 and June 2011 including:
- a revised business plan and performance reporting measures
 - improved speed of processing new claims performance
 - plans to review its interventions activities.
18. Outstanding risks need to be addressed going forward, particularly in light of the fundamental changes and risks highlighted in the coming years for HB services.

Response to previous audit reports

Action taken to address risks in 2008 report

19. Audit Scotland reported on Aberdeenshire Council first round audit in October 2008. There were 14 risks identified to continuous improvement. The council submitted an improvement plan in November 2008 to address 12 of these risks. Audit Scotland accepted this as being satisfactory, if implemented. These were due for completion by March 2009.
20. In autumn 2010, Audit Scotland completed its second risk assessment. Audit Scotland identified that the council had not fully implemented nine out of the 12 agreed actions to address the first round risks. The council considers that it had made progress and had completed eight of the agreed actions. Audit Scotland considers that five of these had only been partially implemented and, therefore, the council had not fully mitigated the original risk identified and that risks remained.



Action taken to address risks in 2010 report

21. In addition to these nine unactioned risks, 12 additional risks to continuous improvement were identified during the 2010 risk assessment. An improvement plan was not prepared in accordance with the usual timetable. The council stated in its response to the report on the 4 November 2010 that it would:

'defer any decision on a strategy for dealing with the risks to continuous improvement until January 2011 when council is able to formulate its spending priorities with a greater degree of certainty.'

22. Whilst a strategy was not provided by January 2011, improvement actions were undertaken by the council between October 2010 and March 2011, the date of our focussed audit. The council maintained the benefits service budget for 2011/12.

23. Improvement actions put in place include:

- a revised business plan and performance reporting measures
- improved speed of processing new claims performance
- plans to review its interventions activities.

Scrutiny

24. The 2008 report was not taken to a council committee. The October 2010 report went to the Policy and Resources Committee on 9 June 2011 as an appendix to a report prepared by the Head of Finance. Members did not have the opportunity to scrutinise the service on its performance within the operational context which existed at the time the report was prepared. Following consideration at the Policy and Resources Committee in June 2010 it was agreed that the Benefits Service action plan, progress thereon and performance data will be reported to the Council's Scrutiny and Audit Committee on a quarterly basis.

25. A key issue has been the failure to report the council's relative performance against key DWP performance indicators and national averages. The council has instead chosen to focus on internal targets when measuring and reporting its performance, indicating that these gave a more accurate picture of current performance.

26. Whilst measuring internal performance provides important trend analysis over time, it is also important that the council be aware how it is performing compared to its peers. If the service had reported its relative new claims performance then this would have provided members the opportunity to challenge performance and to target improvements. The June 2011 report prepared by the Head of Finance includes some relative performance information and this improvement is welcomed.



Managing the HB service

27. In the ever-changing environment of a benefit service, an effective business planning cycle facilitates the planning and management of change and delivering continuous improvement across all aspects of the service. Accurate and regular reports should be used to monitor the delivery of plans and performance targets.
28. The Benefits Service has a three-year service plan that is developed and reviewed annually by the Benefits Management Team (BMT), and reviewed and approved by the Benefits Policy Board (BPB). The associated action plan, detailing the improvement activities the service will carry out, should be monitored and regularly updated by BMT.
29. Audit Scotland reported in October 2008 that the service's business planning cycle was weak. The planned activities to deliver continuous improvement were not actioned. In October 2010, Audit Scotland reported that significant risks in this area remained in that the service could not demonstrate that its plans were effective in delivering improved performance and outcomes for its customers.
30. Following Audit Scotland's second report the service has amended its service plan format and the draft 2011/14 service plan and monitoring process addresses some of the risks previously identified.

Performance monitoring and reporting

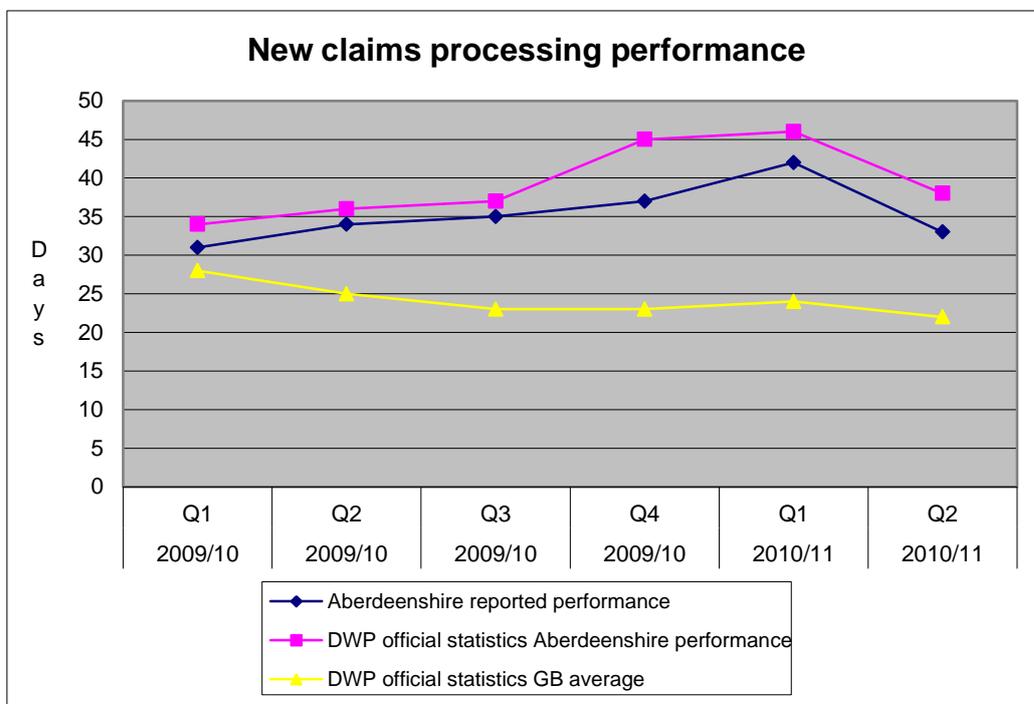
31. The benefits manager on a monthly basis monitors performance and also reports to the BMT every two months and the BPB each quarter. In addition, the service presents an annual report to Members.
32. Audit Scotland identified risks to continuous improvement in October 2008 in that the regular performance reports did not detail performance against targets and therefore lacked the necessary context. In addition, there were some performance targets that were not monitored or reported against. In October 2010, Audit Scotland reported that this latter risk remained.
33. Since then a full range of performance measures has been identified for every team within the service. Performance against these targets is collated and presented in monthly and quarterly reports, which should help make clearer the areas where performance needs to improve.



Delivering outcomes

Speed of processing

- 34. DWP main interests are linked to the need to ensure that the right benefit goes to the right people at the right time. The DWP's Right Time national indicator measures speed of new claims and changes of circumstances and is a key, nationally reported indicator.
- 35. For new claims, the councils performance has been consistently below the national averages. In addition, the council has reported internally its performance for each quarter that is significantly different to that reported by the DWP. The following graph illustrates:



- 36. At the time of the focussed audit, the council had still not undertaken any validation work to understand reasons for anomalies as it was prioritising the improvement of the service generally. Audit Scotland also identified inconsistencies in terms of claim numbers and the time taken to process new claims.
- 37. The council needs to carry out further interrogation of its claims processing data to establish the reasons why there are differing levels of performance. The council cannot be certain about its actual performance until it identifies and resolves the data anomalies.



New claims processing performance

38. Audit Scotland undertook further audit analysis of the council reports provided by the council from April 2010 to December 2010. This showed that for new claims received:
- average officer processing times was 40 days
 - 9% of new claims were processed under Scottish average of 23 days
 - 11% of new claims were processed under council target of 26 days.
39. Audit Scotland held workshops with processing staff and undertook substantive testing of new claims received in January 2011 that took over 50 days to process to help inform reasons for poor performance. Findings identified that may contribute to poor new claims performance include that it took an average of seven days to make an initial request of information after claim had been received and that it took on average two days for new claims to be scanned into the system to enable processing to start.

Council action to address new claims performance

40. Since Audit Scotland's October 2010 risk assessment, the service has cleared its backlog of new claims. This back log started to accumulate from January 2010, following the implementation of a pre-assessment team, set up to examine all new claims on receipt and request any additional information or evidence.
41. In May 2010, a decision was taken to ring fence the backlog and management information shows this was finally cleared in January 2011, with an average speed of processing of 68 days.
42. As a result of clearing this backlog and amending its process maps for new claims the service has improved its DWP reported speed of processing new claims to 29 days for quarter 3 2010/11 which is six days above the Scottish average and the fourth slowest in Scotland. However, as substantive testing of 2011 new claims showed, there is further opportunity for improvement and the council needs to be proactive in identifying and managing the reasons for delays if it is to continue to maintain or improve its performance going forward.

Interventions

43. 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.



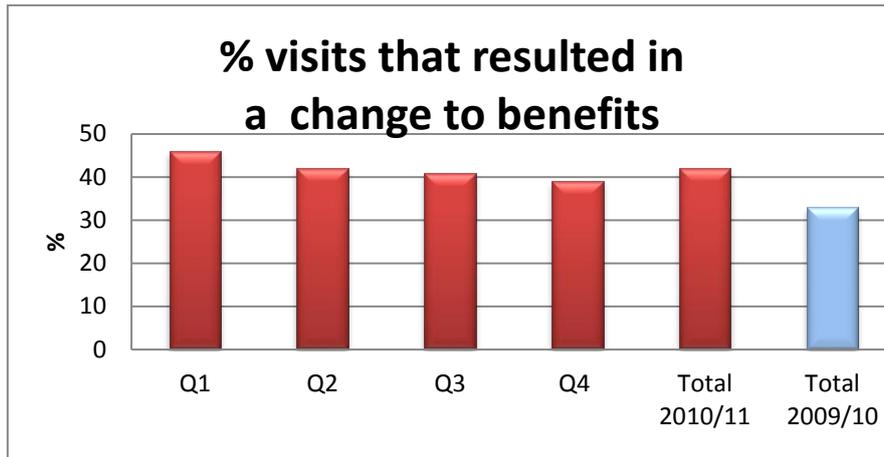
44. A proactive interventions policy will minimise overpayments and underpayments arising from error and fraud. It will focus scarce resources on high-risk areas to deliver value for money outcomes for the council.
45. Interventions are usually undertaken by the following methods:
 - by writing to claimants
 - by telephoning claimants
 - in person where council staff visit claimants at home.
46. The council decided that to improve customer service, and ensure that customers and council needs were dealt with at one visit, a single revenues visiting team was created in 2008. This team equates to 12% of the benefits service staffing complement and around 20% of visiting staff time is dedicated to non-benefit visits. There has been limited telephone or written intervention activity since our 2008 report.

Visiting selection criteria and analysis

47. It is important is that the council targets high-risk cases for visits that can deliver the best outcomes for the service. There are three sources for selecting visits:
 - DWP monthly risk report which prioritises cases by risk
 - diary events where expected changes are timetabled for visits
 - processing staff requests for visits.
48. The majority of planned visits derive from the monthly DWP risk reports. When Audit Scotland reviewed DWP cases selected for visits over the last year it found that visits included income support and pension credit cases. As these cases have already been pre-assessed by the DWP, they are unlikely to be high risk. Discussions with visiting staff revealed that low risk visits were selected to ensure that visiting officers had full diaries. Analysis of council 2010/11 records showed that, on average, 37% of planned visits were low risk cases.

Outcomes

49. The council defines a successful visit as where there is a change in benefit entitlement following a visit. The following graph summarises percentage of cases visited which resulted in a change to benefits entitlement:



50. For 2009/10, the council success rate for visits was 33% and for 2010/11, this had improved to around 41%. Other councils have achieved 60% changes in entitlement from postal interventions alone and others report 77% success from their visits. As the council do not analyse the results of visits, and use this to inform future intervention activity, this may further explain limited outcomes in terms of changes in benefit entitlement.
51. In June 2011, the Head of Finance committed the service to a review of its interventions activity.