

Aberdeenshire Council

Performance audit of housing and council tax benefits-progress report

Report by the Controller of Audit



Prepared for the Accounts Commission
August 2012

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.

Contents

Commission findings	4
Introduction	5
Conclusions	6
Progress in improving the benefits service	7
Action taken to address risks identified	7
Scrutiny	7
Performance monitoring by senior management	8
Sustainability of improvements	9
Business planning and self-awareness	9
Delivering outcomes.....	10
Welfare reform	13
Appendix A	15
Appendix B	19

Commission findings

1. This is a report which the Accounts Commission requested that the Controller of Audit undertake in relation to the progress of Aberdeenshire Council against the findings of a previous Controller of Audit report on the performance of the council's housing and council tax benefits service.
2. In considering the Controller of Audit's previous report, the Commission expressed concern about the council's delay in implementing agreed actions. The Commission subsequently met with representatives of the authority to convey this concern.
3. The Commission accepts the Controller of Audit's report of progress. The Commission acknowledges the progress made by the council against the risks and improvement actions identified. It is particularly encouraged by the improvements to elected member scrutiny of the service. The Commission also welcomes the council's demonstration of awareness of areas requiring action. It urges the council to continue this positive momentum to help further improve performance.

Introduction

1. The Accounts Commission assumed the Department for Work and Pensions' (DWP's) Benefit Fraud Inspectorate's responsibility for reporting on the performance of housing and council tax benefit services in Scotland in 2008.
2. The benefits audit work is carried out in two phases. The first risk assessment phase consists of a risk assessment of benefit services in Scotland based on self-assessments carried out by the authority and reviewed by Audit Scotland. Risks to the continuous improvement of services are identified and councils are given the opportunity to address these risks themselves. Risk assessment reports and authorities' responses to them are copied to the DWP for information.
3. Second phase focused audits, which result in a Controller of Audit report under section 102 of the Local Government (Scotland) Act, are only carried out if authorities are unable or unwilling to reduce these risks to an acceptable level.
4. I presented a section 102 report to the Accounts Commission in July 2011 on the performance of Aberdeenshire Council's housing and council tax benefits service. The report resulted from the council's delay in implementing agreed actions to address risks identified in a risk assessment of the benefits service carried out by Audit Scotland in 2008, and a decision by the council to defer preparing an improvement strategy following its 2010 risk assessment. The Commission required a report on the position of the service in 12 months time. This report provides an update on progress made by the council in addressing the Commission findings and against its benefits action plan.
5. My previous report described a service that had made limited progress in implementing agreed actions to address identified risks. Although the council had made progress with business planning, performance reporting and the speed of processing new claims, further improvement was needed in the service, particularly with intervention activities.
6. In its findings, the Commission expressed concern about the council's delay in implementing agreed action and said senior managers needed to do more to ensure action was taken within agreed timescales. Elected members needed to ensure better information was received on service performance and to use that information to scrutinise performance, and hold senior managers to account. The Commission also noted that the service needed to improve its self-awareness and to instil a culture of continuous improvement.

Conclusions

7. Aberdeenshire Council responded to the 2010 risk assessment and my statutory report to the Accounts Commission in July 2011 by agreeing an improvement action plan as part of the 2011-14 benefits service plan.
8. Actions taken to date have resulted in remedial action for 20 of the 21 risks identified in the 2010 risk assessment report being fully completed. This is a significant improvement on the position reported in my previous report.
9. Scrutiny of performance has improved over the last year. Progress and performance reports are presented to each scrutiny and audit committee where managers are questioned on performance. The quality of information provided to elected members has significantly improved allowing members to focus their questioning on the appropriate areas and make well informed decisions, for example, on resource allocations.
10. Progress has been made in addressing the one remaining risk relating to the service's intervention activity, although not sufficiently to improve performance for 2011/12. A six month review of intervention activity was undertaken between October 2011 and March 2012. An analysis of benefit overpayments has also been undertaken and the council has used the results from both reviews to help inform its future intervention strategy. The service now acknowledges that resources may have been directed to low risk areas in the past rather than concentrating mainly on higher risk areas. The council recently agreed a risk-based intervention strategy, for implementation from the second half of 2012, to ensure intervention activity is as efficient and effective as possible.
11. As well as addressing the risks identified by Audit Scotland in 2010, the council demonstrates an awareness of the areas requiring action or improvement. These include:
 - welfare reform and planning for the impact this will have on local services, council staff, customers and stakeholders
 - further improving its appeals and reconsideration performance
 - reviewing the method by which it obtains feedback from its benefits customers.

Progress in improving the benefits service

Action taken to address risks identified

An action plan was agreed with Audit Scotland and has been put in place, to address the risks to continuous improvement identified in the benefits service. To date, 20 of the 21 risks identified in the 2010 risk assessment have been addressed.

12. The Head of Finance and the Benefits Manager presented a report to the council's policy and resources committee in June 2011 discussing Audit Scotland's findings and the council's response to the risks identified. At this meeting, an action plan, included as part of the benefits service plan, was agreed to further improve the service and address risks identified in the Audit Scotland review. Some improvements actions had already been put in place by June 2011. Improvement actions were clearly identifiable in the service plan along with target dates for completion and responsible officers. In addition, performance measures and related targets were agreed covering all key areas of the service.
13. As detailed in Appendix A, actions taken to date to address risks identified in the benefit service's 2010 risk assessment report have resulted in action on all but one of the 21 identified risks being completed. Action to address the remaining risk is currently underway. This is a substantial improvement on the position reported to the Accounts Commission in July 2011.

Scrutiny

Scrutiny of benefits performance has developed well. The quality of performance information provided to members has significantly improved.

14. Audit Scotland's 2010 risk assessment report was issued in October 2010 but not presented to the council's policy and resources committee until June 2011. This time lag prevented elected members from having the opportunity to scrutinise the service within the operational context which existed at the time the report was prepared.
15. The policy and resources committee agreed at their meeting in June 2011 that the council's scrutiny and audit committee would monitor progress against all improvement actions as well as the benefits service performance indicators. Prior to this, the only performance reporting to elected members was a quarterly corporate performance management report to the policy and resources committee containing three high level benefits performance indicators.

16. The first benefits progress report was presented to the scrutiny and audit committee in September 2011 where the committee agreed that performance reports were to be submitted to every scrutiny and audit committee meeting.
17. To date, there have been three further scrutiny and audit committee meetings since September 2011. A progress and performance report has been presented to each meeting by the Head of Finance. Senior finance officers including the Benefits Manager attend to address questions from elected members. There is evidence of a substantial amount of questioning, challenge and scrutiny by elected members of performance and the detail included in the progress reports. There is an increased awareness and focus by elected members on the benefits service and the issues it faces.
18. The quality of performance information provided to elected members has significantly improved. The scrutiny and audit committee progress reports provide a comprehensive update on progress made with improvement plan actions and performance information including comparison against targets, prior year and other Scottish local authorities. The reports also clearly show whether or not continuous improvement has been achieved. Elected members have indicated to officers their satisfaction with the quality of information provided.
19. Elected members agreed at the March 2012 scrutiny and audit committee that they were happy with progress made to date within the benefits service and that another performance and action plan progress report was not required until November 2012.

Performance monitoring by senior management

Senior officers monitor progress against the improvement plan and report to elected members. Staff are challenged on their performance by management.

20. In addition to regular progress reports to the scrutiny and audit committee, senior management have adopted various processes through which the performance and progress of the benefits service is monitored and challenged.
21. Officers within the service monitor progress against performance targets and improvement actions. Bi-monthly reports continue to be presented to the benefits management team (BMT) and quarterly reports are presented to the benefits policy board (BPB) on workload and performance information. In addition, the Benefits Manager reports regularly to the finance management team on progress against improvement actions and performance. Papers have also been presented to the strategic management team, comprising the Chief Executive and Directors of the council, on welfare reforms and the implications for the council.
22. Monthly meetings are held between the Head of Finance and the Benefits Manager and between the Benefits Manager and each of the principal benefits officers to discuss

progress made against targets and improvement actions, to challenge performance and to agree any additional actions required.

Sustainability of improvements

Elected members have agreed to maintain staffing levels in the service. Potential issues are identified and any training needs are addressed.

23. In order to help sustain improvements made to date, the council has agreed to continue to allow the benefits service to retain its current staffing levels. This is a significant commitment by the council at a time of financial constraints and funding reductions which has seen most other benefits services in Scotland reducing their staffing levels.
24. Potential problem areas are identified through review of information from a variety of sources including the certification by auditors of the annual subsidy claim and accuracy-checking results. Management ensure that officers receive relevant training in areas of identified weakness. We have been advised that training provided to date has started to deliver improved performance.
25. Officers have advised that, in addition to management monitoring of the benefits service's performance results and progress against the improvement plan, benefits officers are regularly provided with feedback on key issues such as performance results, elected member comments and welfare reform implications. The Benefits Manager also advised that recognition of the professional attitude of the benefits team from senior management and elected members has helped achieve a commitment from officers and is helping towards delivering improvement activities.

Business planning and self-awareness

The council is demonstrating an improved self-awareness of its performance and of areas requiring improvement.

The benefits service plan was revised from 2011/12 to take account of risks identified and is in the process of being further revised to take account of progress, performance results for 2011/12 and emerging issues.

26. The council revised the benefits service plan and action plan from 2011/12 to take account of risks identified in the service. The service plan and accompanying action plan are currently being revised to take account of progress made to date and to update performance targets and improvement actions. The updated service plan from 2012/13 was discussed at the benefits policy board in May 2012 and it is expected that the updated service plan will be presented to, and approved by, the policy and resources committee in September 2012.

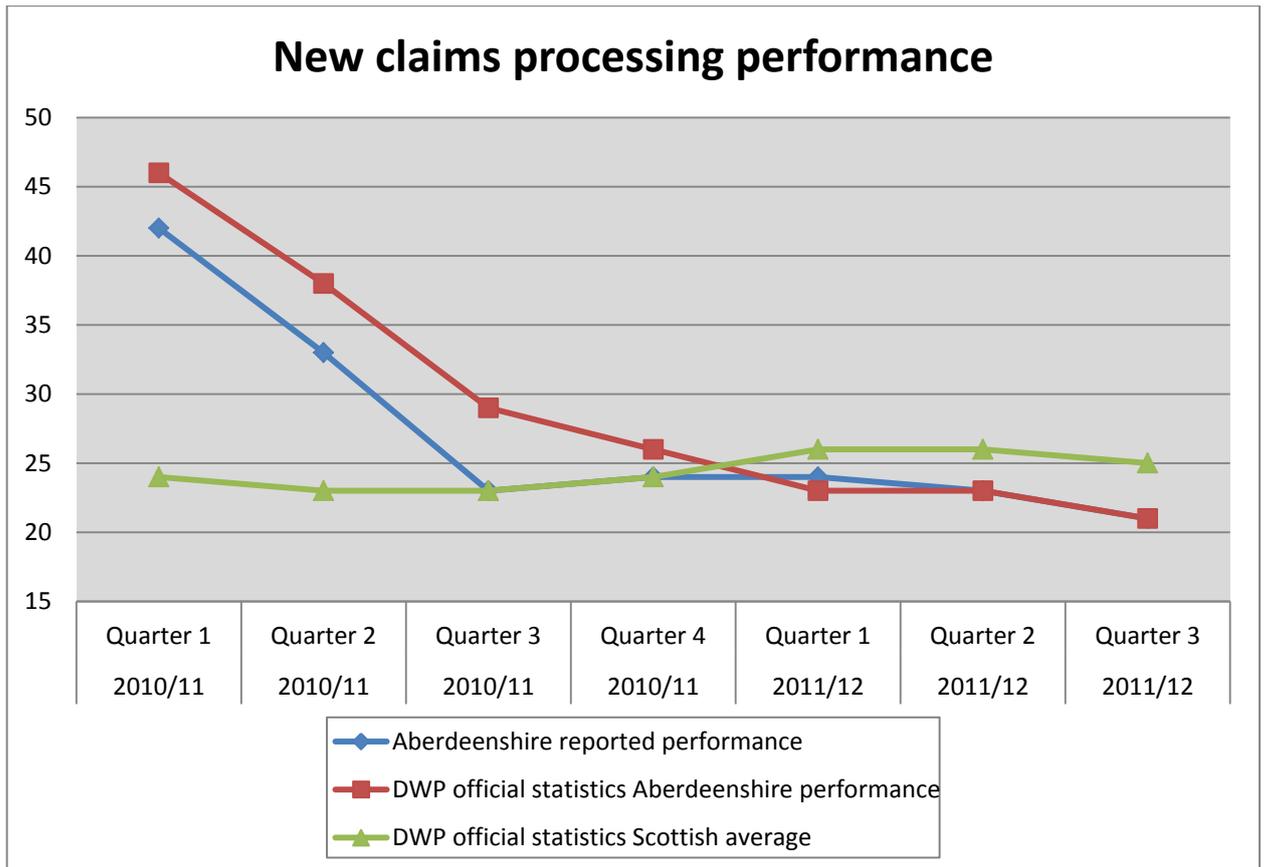
27. As shown in Appendix B, performance has improved in a number of areas over the last year. In addition, there is awareness within the service and management that further improvement and development activity is needed. This is reflected in the recent annual redrafting of the service plan and associated action plan.
28. The council has been using the "How Good is your Service" self-assessment framework to help identify areas for improvement. To date this has been carried out at directorate level with the results currently being discussed by senior management. Officers have advised that the council plan to use this self-assessment tool at service level, including benefits, over the next year in order to help identify further improvement areas.
29. The council has also been in discussion with benefits services in other councils which report better performance. Officers have identified areas for future exploration which may help deliver service improvements.
30. Officers and elected members are aware of the need to continue to monitor progress and performance results to ensure improvements are sustained.

Delivering outcomes

Speed of processing

The benefits service's performance has improved significantly since the Audit Scotland visit in July 2010.

31. New claims performance has improved from an all-time low for the council of 42 days in quarter one of 2010/11 to 22 days in quarter 4 of 2011/12. Similarly, change of circumstances performance has improved from an all-time low of 14 days in quarter two of 2010/11 to six days for quarter four of 2011/12.
32. In previous reports, Audit Scotland highlighted that the service's reported new claims performance:
 - had been consistently below the national average
 - differed significantly to that reported by the DWP.
33. The following graph illustrates the positive direction of travel and the improvement the service has made for those customers claiming benefits.



34. This shows that from April 2011:

- the service's reported new claims processing figures mirror that reported nationally by the DWP. This coincides with the council having cleared the backlog of new claims during quarter 3 of 2010/11
- performance was, and continues to be, better than the Scottish average.

35. To help maintain and improve its speed of processing performance, the service analyses on a monthly basis all cases that are not processed within 50 days. In addition, it carried out a wider analysis on a selection of cases that were processed in September 2011. The outcome of this analysis was presented to BMT at its meeting in January 2012. Remedial action that the service has taken in light of both sources of intelligence, include:

- more effective workflow management, specifically ensuring that work does not remain in individual work trays for staff who work part time or who are on sick leave
- staff are more rigorous in declaring claims defective where the customer has failed to provide the required information within one month of the initial request.

36. Further plans to aid optimum efficiency include benchmarking with two other Scottish councils who are reporting better performance, considering the implementation of risk-based verification and an electronic claim form.

Interventions

The BMT agreed a risk based intervention strategy in June 2012.

37. To minimise error in the caseload, councils must encourage customers to report change of circumstances on time and also have a robust intervention programme to identify changes and take appropriate corrective action.
38. In all previous reports from 2008, Audit Scotland has concluded that the service's intervention approach and activity was not effective or efficient, and did not demonstrate value for money.
39. In the main, this was because visits were scheduled to fill visiting officers' diaries and were not focused on risk. In addition, the service had not explored other more cost effective methods of intervention such as postal, telephone or desk-based reviews.
40. In August 2011, the service ceased visiting those cases in receipt of Income Support, Jobseekers Allowances or Pensions Credit. In general, continuing entitlement to these DWP benefits ensures continuing entitlement to housing and council tax benefit and confirmation can be obtained electronically. However, this change alone was not sufficient to significantly improve the service's intervention results for 2011/12.
41. Importantly, in June 2011 following the focused review by Audit Scotland, the Head of Finance committed the service to a review of its interventions activity. Having agreed the methodology and scope, the review started in October and involved tracking intervention cases during a six month period up to and including March 2012. Each month a random sample of cases were selected for review. These were divided equally for visits, postal and telephone review.
42. The ambitious scope of this project is not just to compare the cost and number of changes identified using the three different methods, but also to measure the amount of re-work involved in each activity.
43. A progress report was presented to the BMT in June 2012 detailing the success rate in identifying changes and the length of time to gather the required information for each method. The following table illustrates the outcomes from each method used.

Latest results from intervention review			
Method used	Number completed	Number of changes	% of changes
Visit	301	81	16%
Postal	753	291	56%
Telephone	346	150	29%
Total	1,400	522	100%

Source: Aberdeenshire Council

44. This information shows that the most successful method in terms of the number and percentage of changes identified was postal reviews. However, the value of overpayments identified using any of the above methods can vary depending on individual case circumstances.
45. In addition, a survey of other Scottish councils on their intervention approach and results, along with a review of overpayments to identify trends in the types of cases and causes of overpayments, has also informed the intervention review.
46. A risk based intervention strategy setting out the types of cases to be reviewed and the preferred method (i.e. either visit, postal or telephone) for each type of case was agreed by the BMT in June 2012. The service plans to implement the strategy during the second half of 2011/12 and routinely monitor intervention results with a view to optimising effectiveness and efficiency for 2012/13.

Welfare reform

The council has taken a proactive approach to welfare reforms and the implications for staff and local residents.

47. The council has taken a proactive approach towards welfare reform. Welfare reform changes pose significant challenges not only for the benefits service but for all services in the council. The benefits service has taken a lead role for the council in reviewing the 2012 Welfare Reform Act and the implications for the council and its local residents.
48. A cross service group of officers, covering a wide range of council services, and led by the Benefits Manager was set up in January 2012 to review welfare reform implications for the council. A welfare reform risk register detailing the key risks facing services across the council has been prepared. A report is planned for the finance management team setting out the risks and the proposed actions to mitigate each risk. In addition, welfare reforms and the implications for the council has been included as a standing item on the agenda for all BMT meetings since August 2011.

49. Various council officers have been participating in working groups at a national level reviewing welfare reforms and their implications, for example, the COSLA Welfare Reform Group, the Benefits Software Suppliers Group, the Single Fraud and Investigation Service Group reviewing process maps and an officer is currently on secondment to DWP working on data sharing and discretionary housing payments.
50. Various presentations have been delivered locally to members, internal and external stakeholders, and both council and housing association tenants on the implications of welfare reforms. Officers advised that these presentations have been well received.
51. The council recognises that going forward; the benefits service will change under the universal credit regime. A review of options for the benefits service is being prepared for the finance management team. However, in recognition that the role of benefits officers will probably change significantly over the next few years, the council has started an extensive training programme to provide benefits officers with the skills to enable them to carry out different roles. Training options include Scottish vocational qualifications (SVQs) in areas such as customer service, management and degree courses delivered in partnership with the University of the Highland and Islands.

Appendix A

Progress against risks identified in October 2010 risk assessment report

Risk identified	Audit Scotland's consideration
1. As part of the annual business planning cycle, the service does not make clear the specific areas of its business that it needs to improve.	<p>Risks 1 to 5 addressed in full.</p> <p>The benefits service's revised business plans address this risk. The narrative plan makes clear the areas the service has identified for improvement, and cross- references these to the corresponding entry in the associated action plan.</p> <p>The monitoring of all improvement activities is greatly improved and an audit trail details the original and, where necessary, revised completion date along with regular updates.</p>
2. There is no obvious link between the few areas of future planning in the service plan and the activities listed in the associated action plan.	
3. The self-assessment shows that the action plan is monitored and regularly updated by the benefits management team. However, evidence provided by the council does not confirm this. An update for the 2009/12 action plan dated September 2009 showed that ten activities should not have been carried over to the 2009/12 action plan as they had actually been cleared before April 2009.	
4. Target completion dates are extended without any explanatory note in a high number of activities. There is no note kept of the original completion date which means that the delays in implementation are not as obvious as they might be and therefore cannot be so easily challenged.	
5. Some activities that were carried forward to the 2010/13 action plan have no target completion date at all and there is no audit trail documenting why some activities that were not completed had not been carried forward.	
6. The service has a number of performance targets in its service plan that are not monitored or reported against.	<p>Risk 6 addressed in full.</p> <p>The monthly and quarterly performance updates address this risk. These performance spread sheets record performance targets, monthly and/or quarterly as well as year to date performance. They provide a comprehensive audit trail of performance to enable early identification of any dips in performance and</p>

	also facilitate any comparison with historic and/or national performance.
7. Despite the commitment in its service plan, customer service performance is not evaluated.	<p>Risk 7 and 8 addressed in full.</p> <p>The service's preferred method of evaluating customer service on a quarterly basis, the few number of complaints it receives and its increased liaison with its landlord community allows it to evaluate, and gain assurance on, the quality of service that is being provided to its customers.</p>
8. Complaints are not analysed with a view to improving customer service.	
9. While the council has established partnerships with its stakeholders within the council, it has little liaison or partnership working with its external stakeholders. An example of this would be securing agreement with registered social landlords to verify claims made by their tenants, which could help improve the speed of processing of new claims.	<p>Risk 9 addressed in full.</p> <p>Since the 2010 risk assessment report there has been much more liaison with the landlord community in the form of a seminar and discussions to secure agreement to a service level agreement (SLA). This has led to a major registered social landlord (RSL) verifying their tenants' claims and an amended landlord mandate process for all RSLs, leading to improved speed of processing.</p>
10. The council has not consulted with its customers or the wider community, including its social and private landlords and the third sector on the level and type of benefits service they need.	<p>Risk 10 addressed in full.</p> <p>The increased liaison with its landlord community which includes the SLAs with RSLs, private landlord forums and emails notifying future changes allows the council to evaluate and gain assurance on the quality of service that is being provided to its customers and stakeholders.</p>
11. In trying to improve its performance, the service has analysed a number of new claims to identify where delays are occurring. However, the latest analysis included 226 claims processed in December 2009 which is now outdated. To ensure that the correct decisions are being made with regard to improving new claims performance, further and more routine analysis is required.	<p>Risk 11 addressed in full.</p> <p>The service now routinely reviews cases and uses the results to amend and improve working practices with a view to eliminating any inefficiency in the speed of processing.</p>
12. DWP funding to administer and process the additional benefit claims during 2009/10 and 2010/11, is being invested in mobile working technology with little analysis on what	<p>Risk 12 is historical.</p> <p>However the issue remains that the council did not use all the DWP funding for the purpose it</p>

<p>advantageous impact this will have on processing benefits claims during the period in question or longer term.</p>	<p>was intended during 2009/10 and 2010/11, a time when the council's processing performance was poor. The precise wording in the relevant DWP subsidy circulars was:</p> <p><i>This additional subsidy will be provided solely for the purpose of assisting LAs in their statutory duty to administer and process HB/CTB claims and directly related enquiries during the economic downturn.</i></p>
<p>13. The service has recently amended its accuracy checking approach and now all cases to be checked are selected from the electronic workflow management system rather than the benefits IT system. Selecting cases from the latter would assist the identification and deterrence of internal fraud and provide better assurance on security.</p>	<p>Risk 13 addressed in full.</p> <p>From April 2012, the service selects 40 cases each month, approximately 25% of its total monthly quality assurance checks, from the benefits IT system. Selecting cases from this source provides some assurance on security and helps deter internal fraud.</p>
<p>14. Cases are selected to ensure that all processing staff, and especially new staff, are included but there is no process in place to ensure that selection is also focused on higher risk cases, in order to improve performance and help minimise any potential losses.</p>	<p>Risk 14 addressed in full.</p> <p>The service's results for 2011/12 identified no particular trends in error. However although the service's annual accuracy performance was 98% there were a number of staff with individual performances under 95%. As a result the number of checks carried out on their work is to be doubled and individual performance will be monitored to determine the next appropriate action.</p> <p>In addition, particular attention will be paid to cases where the claim is defective, ineligible or where earnings are involved.</p>
<p>15. The council's Right Benefit target to achieve an average of 19 weekly changes per 1,000 caseload for 2010/11 does not appear to be sufficiently challenging when compared to its 2009/10 performance. Nor is it likely to improve the council's position within Group A.</p>	<p>Risk 15 is historical.</p> <p>The DWP no longer publish figures for Right Benefit.</p> <p>Following Audit Scotland's risk assessment visit in July 2010 the service started to measure its success in terms of the number of changes identified following an intervention visit.</p>
<p>16. The service does not measure the effectiveness of its visiting programme in terms of identifying changes in benefit entitlement promptly.</p>	<p>Risk 16 addressed in full.</p> <p>Following Audit Scotland's risk assessment visit in July 2010 the service started to measure its success in terms of the number of changes</p>

	identified following an intervention visit.
17. The council has no effective processes in place to review the effectiveness and efficiency of its risk criteria to ensure its intervention activity is effectively and efficiently targeted.	<p>Risk 17 - action to address this risk is progressing.</p> <p>This is covered earlier in report. The service agreed a risk based intervention strategy in June 2012 for implementation later in the year.</p>
18. The service has no routine review process to analyse the reason for, and types of, overpayments that occur with a view to minimising future overpayments and ultimately the resultant losses for the council.	<p>Risk 18 addressed in full.</p> <p>Problems with overpayment reports from its system provider delayed action. The service has now analysed a selection of overpayment cases that occurred from April to December 2011. The findings from this analysis were presented to the BMT in March 2012 and will be used to inform the council's intervention strategy.</p> <p>The overpayment analysis will be repeated on a quarterly basis to ensure the service is targeting high risk cases.</p>
19. The service has carried out preliminary analysis on the recovery of fraud overpayment and administrative penalties. However, this only included cases from January 2009 and, while it shows the amount recovered, it does not include the percentage recovery rate to hopefully provide assurance that fraud overpayments are being correctly prioritised and rigorously recovered. To deter benefit fraud and to ensure that this income stream is maximised, more routine analysis is required.	<p>Risk 19 addressed in full.</p> <p>The service monitors and reports the recovery of fraud overpayments and administrative penalties every six months. Recovery rates (detailed at Appendix B) have improved.</p>
20. Performance relating to dealing with requests for reconsiderations is not routinely monitored for speed or quality to ensure that those customers making such requests are provided with an effective and efficient service and one that complies with legislation.	<p>Risks 20 and 21 addressed in full.</p> <p>This area of work is now monitored on a quarterly basis. While performance has improved (detailed at Appendix B) it has not improved as much as the service would have liked. Staff have received training to make sure they action all cases correctly before passing to the appeals officers. In addition, some appeals cases have been adversely affected by third party involvement.</p>
21. The service has set the same targets for reconsiderations and appeals for a number of years. However, it does not monitor performance against these targets, nor has it reviewed these and considered revising them to better measure success in this area.	

Appendix B

Operational area	2010/11 performance	2011/12 target	2011/12 performance	Continuous improvement
Speed of processing - average number of days to process new claims	31 days	24 days	23 days	Yes
Speed of processing - average number of days to process change of circumstance	10 days	10 days	8 days	Yes
Accuracy - cases checked where no financial error	96%	98%	98%	Yes
Overpayments - in-year recovery	N/A	76%	44%	N/A
Overpayments - total debt recovery	N/A	35%	16%	N/A
Overpayments - classified fraud recovery	25%	25%	33%	Yes
Overpayments - Administrative Penalties recovery	41%	40%	56%	Yes
Interventions - visits resulting in change in entitlement	42%	60%	38%	No
Reconsiderations - completed and notified within 4 weeks	48%	90%	50%	Yes
Appeals - submitted to Tribunal Service within 4 weeks	12%	30%	25%	Yes
Appeals - submitted to Tribunal Service within 3 months	38%	90%	55%	Yes