

Benefit Fraud Inspectorate  
Best Value report

Ashford Borough Council

**Benefits Service**

December 2001



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## Best Value

The Government has placed a duty of best value on local authorities (LAs) to deliver services to clear standards – of cost and quality – by the most economic, efficient and effective means available. Best value is a challenging new performance framework that requires authorities to publish annual best value performance plans and review all their services every five years.

From 1st April 2000, best value authorities are conducting best value reviews for all their functions over a five-year cycle. The Benefit Fraud Inspectorate (BFI) has the responsibility for inspecting all reviews of benefit services to determine whether authorities have complied with the requirements of the best value legislation and associated guidance.

Authorities must show that they have applied the 4Cs of best value to every review:

- ♦ challenging – why and how a service is being provided;
- ♦ comparing – their performance with others' (including organisations in the private and voluntary sectors);
- ♦ competition – embracing fair competition as a means of securing efficient and effective services; and
- ♦ consulting – with local taxpayers, customers and the wider business community.

Authorities must demonstrate to local people that they are achieving continuous improvement in all of their services. The Government has decided that each authority should be scrutinised by an independent inspectorate, so that the public will know whether best value is being achieved. The purpose of the inspection and of this report is to:

- ♦ enable the public to see whether best value is being delivered;
- ♦ enable the inspected body to see how well it is doing;
- ♦ enable the Government to see how well its policies are working on the ground;
- ♦ identify failing services where remedial action may be necessary; and
- ♦ identify and disseminate best practice.



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## Summary and recommendations

### Summary

1 Ashford Borough Council (Ashford) is a district council in Kent. It has a gross revenue budget of £48.134 million. Ashford spends £19.28 million on benefits, which is 40% of its gross revenue budget. The main population centre is Ashford, although there is a substantial rural population as well. Ashford has good transport links with London and, from Ashford international station, with Paris and Brussels. There are 49 councillors, and the current party composition is Conservative 24, Lib Dem 9, Labour 9, Others 5, Independent 2.

### Benefits services

2 Ashford benefits service (ABS) is responsible for administering Housing Benefit (HB) and Council Tax Benefit (CTB). ABS is part of the central services department which also covers revenues, financial services, legal and ICT services, as well as administration and Human Resources. ABS is managed with revenues, and Ashford proposes to bring financial services into the division from December 2001.

3 ABS employs 27 staff and had an administration budget of £986,220 in 2000/01. The Best Value Review (BVR), including counter-fraud work, was carried out between summer 1999 and February 2001. BFI's detailed and rigorous best value inspection aimed to answer two questions:

- ◆ How good is the service?
- ◆ Will the service improve?

4 We consider that ABS is a one star service overall, which is probably going to improve. Our judgements are based on the evidence we found during our inspection which is outlined below. The service's aims are clear. While benefit claim processing times are close to the top 25% as measured by reported best value performance indicators, ABS as a whole does not consistently perform at or close to this level, notably in terms of cost per claim and overpayment recovery. Nevertheless there are features of the service that other authorities could learn from. The quality of counter-fraud work needs to improve and ABS should develop management checks to help improvement.

5 At the time of our inspection, we concluded that Ashford is probably going to improve because the future direction and vision of the service is now clear and the improvement plan sets targets for the next five years. Nevertheless Ashford needs to develop its action plan further and in particular resource the delivery of the plan. We also have concerns about Ashford's corporate ability to manage change.

### **How good is the service?**

6 ABS has a number of strengths and good practices:

- ◆ Aims are clear and link with corporate priorities, and targets have been set for the next five years.
- ◆ Verification Framework (VF) has been in place since 1999.
- ◆ Processing times are close to the upper quartile.
- ◆ Good progress has been made in reducing a work backlog.
- ◆ Customer and partner satisfaction rates are high and claimant and partner feedback is highly complimentary.
- ◆ There are performance management statistics for benefits administration.
- ◆ Counter-fraud work is reported to be meeting current targets, and well exceeding WBS targets.
- ◆ Prosecutions are being applied.
- ◆ An innovative memorandum of understanding has been developed with Weald police.
- ◆ There has been investment in new IT systems.

7 However, there are some areas for development:

- ◆ Publicity, leaflets and posters should be improved to raise ABS's profile.
- ◆ The service's costs remain high although Ashford plans to address this in the short and medium term.
- ◆ We have concerns about subsidy issues, and the recent qualification of the subsidy claim by External Audit (EA).
- ◆ Overpayment recovery performance and processes are poor.

- ◆ Financial management information, particularly on subsidy, is relatively limited. Ashford are introducing an integrated computer system that will enhance management information.
- ◆ Management checks, particularly on counter-fraud work, need to be improved.
- ◆ There were some significant weaknesses in the investigation process for the counter-fraud cases we sampled.
- ◆ Ashford needs to be able to take forward prosecutions either in-house, or through outsourcing.

### **Will the service improve?**

8 We conclude that ABS is probably going to improve. Stakeholders have been extensively consulted. Members, management and stakeholders are committed to improving ABS. Ashford has undertaken a thorough BVR, linked to corporate objectives and has developed (and is implementing) an action plan with clear targets. And, since our on-site inspection, officers have formalised a vision for ABS.

9 However, we have some reservations about Ashford's ability to make step change improvements in performance:

- ◆ The BVR was lengthy and issues around challenge and competition were addressed late in the review. Some issues were being determined during our on-site inspection.
- ◆ The action plan needs further development to:
  - clarify expected outcomes and set priorities;
  - ensure definitive results rather than further reviews;
  - clearly specify any resource implications; and
  - detail further activities, particularly for overpayments and counter-fraud work.
- ◆ Ashford has had some difficulties corporately in managing change. There are uncertainties about how impending corporate and service restructures will affect the delivery of improvements in the BVR action plan.

## Recommendations

- 10 We recommend that Ashford:
- ◆ develops publicity material for ABS and improves customer reception facilities. For example, by making more use of private interview facilities;
  - ◆ strengthens and fully documents management checks on benefit assessment, particularly for counter-fraud work;
  - ◆ reviews individual staff targets to make sure they are linked to overall objectives;
  - ◆ continues to address EA concerns on the subsidy claim and improve management and financial information for ABS;
  - ◆ urgently strengthens overpayment recovery processes, including a wider use of recovery options and better management information;
  - ◆ develops counter-fraud work, strengthening investigative processes (particularly its ability to undertake prosecutions in-house). The current generic investigator policy should be reviewed;
  - ◆ undertakes further comparative exercises as more information becomes available, focusing more explicitly on the top 25% of LAs; and
  - ◆ refines its action plan to:
    - identify resources;
    - set priorities for actions; and
    - develop the sections on counter-fraud and overpayments.

## Acknowledgements

11 We thank Ashford officers and Members for their help and co-operation throughout our inspection. Ashford reacted very positively both to our inspection and emerging issues.

12 This report has been prepared following an inspection by BFI under section 139A of the Social Security Administration Act 1992. The report has been made to the Secretary of State for Work and Pensions and he has issued it.

# 1 Profiling Ashford Borough Council

## Background

13 The Kent borough of Ashford contains the town of Ashford and many outlying smaller towns and villages. It has a population of approximately 93,000. Ashford is 20 miles from Dover, and has its own international railway, connecting it with Paris in 2 hours and Brussels in 1 hour and 40 minutes.

14 Ashford recognises its position as a tourist centre with its proximity to the coast, Canterbury, Maidstone and London. A major freight clearance depot for the Channel Tunnel has been built in Ashford, and there are several business parks in the borough. There is a growing retail sector, which is notable for the award-winning designer outlet on the outskirts of the town, next to the international railway.

## The Benefits Service in Ashford Borough Council

15 Ashford administers HB, including fraud investigation and overpayment recovery, from its offices in the Civic Centre in Ashford. HB administration, reception and counter-fraud work is part of the Revenues and Benefits Service. Revenues and Benefits Services is part of Central Services, which also consists of Financial Services, ICT, Legal Administration and Human Resources. Rent Allowance overpayments are recovered by Financial Services, and Rent Rebate overpayments are recovered by Ashford Weald Housing Services (Ashford's in-house housing department).

16 The Revenues and Benefits Services manager reports to the Director of Central Services, one of three directorates in Ashford – the other two are Community Services and Development Services.

17 The Service Plan states that ABS's aims are to:

- ◆ develop an active community focused service;
- ◆ have quality efficient organisational policies, processes and planning arrangements;
- ◆ invest in and develop our people;
- ◆ maintain effective management of our finances; and
- ◆ maintain secure accurate services.

18 There are 27 staff administering £19.283 million in benefits to 11,915 benefit claimants (see table, below). There are also 5 staff responsible for counter-fraud activities, although 4 of these work generically. By this we mean they all cover a range of different tasks that would be more usually undertaken by a number of specialists including VF visits, welfare visits, Council Tax and Business Rates inspections and benefit fraud investigations. Therefore they may only spend about 25 per cent of their time on investigation duties.

<b>Expenditure on benefits by type (£000)</b>				
<b>Benefit type</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>
Rent Allowance	5,430	5,279	5,294	5,290
Rent Rebate	10,417	9,961	9,933	9,691
CTB	4,347	4,126	4,546	4,302
Total	20,194	19,366	19,774	19,283

Source: Ashford

19 The table below shows Ashford's share of the national target for fraud Weekly Benefit Savings (WBS) for the last four years. The table shows that Ashford has consistently claimed more than twice its share of the national target (or 'threshold'). This is impressive in the context of a tightening regime.

<b>Fraud WBS claimed</b>				
	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>
WBS threshold	180,870	182,348	185,705	167,321
WBS achieved	621,298	423,599	449,704	395,189
Percentage	344	232	242	236

Source: Ashford

## 2 Findings – How good are the services?

20 A best value inspection checks that an LA has agreed the key aims for the service being inspected, how clear those aims are to the people who receive the service and whether those aims relate to the LA's corporate aims.

21 Best value requires LAs to show why they are providing the service under review and whether alternative ways of providing the service have been examined. The challenge element of Best value is an important part of the performance improvement requirement. Part of the task for benefits is to show that both corporate and community aims are being met.

### **Are the aims clear and challenging?**

22 From our inspection interviews it was clear that Ashford's Members and senior officers are committed to improvement. Ashford's corporate aims are set out in its corporate plan which has 6 main themes:

- ♦ community participation;
- ♦ cross-cutting issues (issues covering a range of different services);
- ♦ economic development;
- ♦ developing partnerships;
- ♦ health; and
- ♦ environment.

23 A key corporate aim is to develop partnerships by a range of means.

24 Ashford's BVR approach requires BVR's to identify strategic aims and objectives. Officers and Members are keen to deliver against corporate priorities. It is a strength of Ashford's service planning that corporate aims are translated into measurable outcomes and targets. For example, the *Shortened form of service delivery plan* for Revenues and Benefits has a chapter specifying its contribution to the corporate strategy, including areas such as youth, crime and disorder and the environment. Revenues and Benefits is committed to developing an anti-poverty strategy and so contribute to the corporate objective of reducing crime and disorder.

25 Targets in the service plan focus on the next five years. This is in keeping with the Best value requirement for all services to meet the current performance of the top quartile in five years. Targets cover all the set Best Value Performance Indicators (BVPs), and provide for continuous improvement in performance levels.

26 ABS's contribution to corporate objectives is covered in the service plan as well as in the BVR. It was not immediately clear that ABS priorities changed during the BVR to meet Ashford's changing aims and objectives, but Ashford told us that increased emphasis was put on community consultation.

27 The link with corporate objectives is carried forward into the action plan. This covers ABS's contribution to youth, environment and crime issues. There is also a strong emphasis in the plan on developing working relationships with external partners. This is very much in keeping with corporate plan objectives. The BVR is now challenging, albeit belatedly, whether corporate aims and objectives could be delivered more effectively, for example if Ashford adopted alternative approaches to providing a benefit service.

28 The views of local people on ABS are expressed through consultation, congratulations, complaints or referrals to the local government ombudsman. Ashford has had relatively few complaints about ABS – only six in 2001, of which two involved the local government ombudsman. We also examined Ashford's complaints and congratulations file for 2000/01. Complaints received related to such issues as the perceived behaviour of investigators, delays in liaison with Ashford Weald and appeals issues. We also saw examples of congratulations and thanks to the service during the inspection.

29 The BVR involved extensive consultation with internal and external stakeholders. Ashford also has a user forum to represent local people's views. Users are forthright and have expressed their views, on the future direction of the service as well as the future targets set for the service. This means Ashford is in a good position to understand customer expectations and priorities.

## Does the service meet the aims?

30 Having considered the aims of the service, inspectors then make an assessment of how well Ashford is performing in meeting those aims. This includes an assessment of performance against specific standards and targets, and Ashford's approach to measuring whether it is actually delivering what it set out to do.

## Customer services

31 Customer services at Ashford are initially dealt with in the reception area, or customers can phone direct to the assessment section. There is no call centre at present, although Ashford is considering this.

32 The user forum, Citizens Advice Bureau (CAB) and social landlords were positive about the standard of service provided. In particular, they told us that it was easy to reach ABS by phone and that queries that previously meant visiting the Civic Centre can now be resolved by phone.

33 Ashford's customer services were sound. Further details appear at Appendix B. Claimants gave us favourable feedback and staff were highly professional. But we had some concerns:

- ♦ the limited use made of private interviewing facilities for claimants being interviewed at Ashford although service user forum representatives do not see this as a problem;
- ♦ there are no locally produced leaflets on HB issues; and
- ♦ there is some potential for confusion about signposting and queuing arrangements.

34 Ashford knows that it needs to improve its customer interface further:

- ♦ Notices of determination will be revised once the service moves over to a new computer system.
- ♦ The claim form needs redesigning in the light of recent BFI guidance.
- ♦ ABS needs to develop its publicity through leaflets and posters to help maximise its profile and improve take-up.

## Claim turnaround performance

35 In 1999, Ashford was one of the first authorities in Kent to implement the VF. Initially this caused some problems in the speedy processing of claims but these have been addressed. As part of our reality checks we looked at a small sample of benefit files. We noted that Ashford were conscientious in collecting evidence to verify claims, and evidence was held on file. However, files are loose leaf and we recommend that Ashford ensures that files are tagged to improve controls.

36 Ashford has made considerable progress over the past year in reducing the volume of work outstanding. In mid July 2000 this stood at 1,105 items. By 8 July 2001, at the time of our on-site inspection, this had fallen to 386 items. This has been achieved by a variety of methods including Saturday working. Interviews and workshops with staff confirm that this progress has had a positive effect on morale and motivation.

37 Performance on the new claim processing BVPI in 2000/01 reached a cumulative average of 32 days, and 9 days was the average processing time for changes of circumstances. Some 88% of renewal claims were processed on time, and 89% of all claims were processed within 14 days. During our on-site inspection, performance levels for the 3 months to June 2001 were:

- ♦ 32 days for new claims;
- ♦ 7 days for changes of circumstances;
- ♦ 95% of renewal claims processed on time; and
- ♦ 91% of all benefit claims processed within 14 days.

38 All this is very encouraging and suggests ABS is well on course to meet its service plan targets. This is particularly impressive when considering the context of the service's performance in 1999, and we commend Ashford for this and the progress it has made in this period.

39 Ashford has a relatively high volume of reviews and further reviews, with 362 requests for officer review in 2000/01. Of these, 121 were completed in 14 days and 169 led to a change in the original determination. This may reflect the publicity Ashford gives to appeals and reviews. We found one case in our sampling where a claimant appeared to have been denied appeal rights against the recovery of an overpayment. Although the claimant had not pursued the issue and although not material we agree with the concerns

raised by the benefit manager when the case was checked recently. From 2 July 2001, responsibility for appeals at Ashford has passed to the appeals service.

### **Performance monitoring**

40 Ashford has set ABS some achievable targets in its service plan, including to assess new claims in 26 days by 31 March 2005. Ashford has good performance reporting arrangements in the Revenues and Benefit service, including extensive spreadsheet analyses showing performance month by month and a comparison with previous years.

41 ABS is generally meeting its targets set, but the 100% customer satisfaction target could be unrealistic. We recognise that this is a corporate standard, however and not a target set by ABS. Our main concern is that the District Auditor has reported, in his opinion on Ashford's 2001/02 best value performance plan, that due to a resourcing difficulty Ashford stopped corporate monitoring of progress on BVPIs for a period. We recognise that benefits services continued to forward its data for corporate monitoring in this period, and continued to monitor its own performance. The corporate issue is being addressed.

42 After some discussion with officers, we found that individual targets were set for benefits processing staff. However, there was no explicit link between individual targets and the overall targets for ABS in the service plan. An impressive feature of Ashford's arrangements is the information that is collected monthly on individual performance which provides the basis for comparisons of performance and productivity. We commend these arrangements.

43 Staff reported that annual appraisals, or performance development discussions had been completed. Training was reported to be readily available but figures supplied by Ashford for the questionnaire indicated that 83 days of training had been provided for 27 members of staff, an average of 3 days each. There may be scope to improve training arrangements, through more formal ways of identifying training needs.

### **Management checks and procedures**

44 Management checks are important to assess standards and to identify training and development needs. Before April 2000, Ashford carried out accuracy checks through the benefits manager and independently through the client manager. Since then it carries out management checks as part of the compilation of the DWP Management Information Statistics 128 returns. And Ashford goes

beyond this. Other checks cover compliance with VF and subsection 1(1A) and (1B) of the Social Security Administration Act 1992.

45 Ashford's management checking is carried out by the benefits manager. It is some way below the 10% level recommended by the Audit Commission and BFI's *Good Practice Guide*. Ashford considers it does not need to undertake this extent of checking in view of its high reported accuracy rates. However, it is setting up a subsidy and control section from September 2001 which could facilitate a higher level of checking.

46 It is also important that management checks are documented, for example on a review sheet. Some LAs (for example Gloucester City Council) have made good use of this sort of documentation. Although the benefits manager notes issues arising on the computer print from which checks are selected there is scope for a more structured approach, as set out in the BFI *Good Practice Guide*. We consider that this would improve performance management.

47 It is also important that management checks are backed up by clear and consistent procedures. Ashford has no up-to-date procedures manual in place at present. However, it plans to develop one as part of its move to the new IT system.

48 Ashford has some strong features in its management of assessment performance, although areas such as individual target setting, training and management checks could be further developed.

## **Subsidy**

49 Subsidy is a key issue for Ashford, in common with other LAs. This is also important to our best value assessment since subsidy issues can significantly affect the cost effectiveness of the service. Ashford has had some difficulties with its subsidy claim for the past two years and it has been qualified and amended by EA.

50 The 1999/2000 claim was qualified on the basis of:

- ◆ overstatement of claimant error overpayments by technical overpayments which had not been corrected by assessment staff; and
- ◆ WBS claims did not meet the criteria, particularly 100% claims.

51 Other minor errors were also found and the overall impact on subsidy was a reduction of nearly £27,000. We recognise that the sums involved are relatively small compared with the amount claimed.

52 We noted that at the time of our on-site inspection there had been no full Internal Audit (IA) review of the HB system. IA involvement had been limited, although there had been coverage of subsidy issues in response to the critical EA report. IA also played a key role in the EFQM work which formed part of the BVR. However, IA plans to undertake a full systems review in partnership with EA once the new FIRST IT system is implemented.

### **Management information**

53 Management information is an essential tool for effective delivery of a well-run benefits service. Ashford has some strong management information tools on service performance on both BVPIs and locally determined indicators.

54 However, we confirmed the BVR finding that monitoring of financial information on subsidy, in particular the percentage of costs of the service recovered from subsidy, was not done in Revenues and Benefits. Ashford plans to bring together the Revenues and Benefits and Financial Services business units to improve communication and co-ordination. A particular area of weakness is overpayments, which we discuss below and at Appendix D.

### **Overpayments**

55 We examined the overpayment recovery process at Ashford and had serious concerns about the overall management of the process. Further details appear at Appendix D. There is no overall control of the management of the recovery process. Responsibilities for Rent Allowance overpayment recovery are split between Financial Services and Revenues and Benefits, although this is planned to change from September 2001, when Revenues and Benefits will assume responsibility. Ashford Weald is responsible for recovering Rent Rebate overpayments.

56 Management information on overpayments is a particular problem for Ashford. Ashford could not provide accurate and reliable information to support the BVPI on overpayment recovery. We were told that the recovery figure is based on an estimate. Similarly information is not readily available on levels of debt outstanding and recoveries made.

57 We also found that Ashford does not use all available means of overpayment recovery. In particular, it does not recover overpayments through registering them at the county court. Policy and procedural guidance to financial services staff is not available, although a document has been prepared for benefits staff in readiness for the restructure in September 2001.

58 We also found serious weaknesses in the performance management arrangements for overpayments including an absence of monitoring and management checks in this important area of benefits administration which concerns us.

## **How does performance compare?**

### **Cost per claim**

59 The average cost of processing benefit claims in Ashford was £103.61 in 1999/2000, which is significantly above the average processing costs of the top 25% (£84.02). It is also above the average.

60 Ashford attributes the high cost per claim to high IT costs and management overheads. IT costs are not expected to fall significantly in the short-term as ABS moves to a new software system. In the longer-term, IT costs may fall when the IT mainframe contract is reviewed in 2003/04. Management overheads are being addressed, for example through the merger of the Revenues and Benefits and Financial services business units. In the past year, Ashford has lost the client manager post and the senior client officer post is being deleted. Accommodation costs are also expected to fall from 2002/03.

61 At the time of our on-site inspection, Ashford was demonstrating, through engagement with the private sector, that current arrangements were cost effective and securing best value or, if not, identifying where the private sector could make a contribution to increased efficiency. The recently developed vision statement states that partnership arrangements, probably in a support capacity, will be the way that this is taken forward.

### **Speed of benefit claim clearance**

62 A new set of Audit Commission performance indicators was introduced in 1999/2000 analysing the average processing time for each type of benefit claim. These show that the average new claim processing times at Ashford for all benefit types are just outside the top quartile. And this is good performance. Comparative information is not yet available for 2000/01.

63 Ashford recorded an average processing time of 33 days in 1999/2000 for new claims for CTB. Top quartile district authorities were processing such claims within 30 days (average 46 days).

64 Ashford recorded an average processing time of 35 days for new claims for HB from LA tenants. Top quartile district authorities were processing claims within 28 days (average 41 days).

65 Ashford recorded an average processing time of 40 days for new claims for Rent Allowance from private sector housing claimants. Top quartile district authorities were processing claims within 33 days (average 46 days).

### **Overpayment recovery performance**

66 In 1999/2000, Ashford recovered 53% of recoverable overpayments. Top quartile performers recorded 80% and the average was 67%. Performance for this indicator has reduced to 40% in 2000/01. This is of concern and is discussed at Appendix D.

### **Benefit customer satisfaction**

67 Results of customer satisfaction ratings in 1999/2000 were 70%, which was below average. Many improvements have since been made in this rating since then. For example in the DTLR customer satisfaction survey for 2001, 82% were satisfied with the overall service provided in the office and a very high 86% were satisfied with the staff in the office. Indeed Ashford was the best in Kent on 4 of the 6 ratings.

### 3 Findings: How good is Ashford's counter-fraud service?

68 Inspectors look to see how a council has agreed the key aims for the service being inspected, how clear these aims are to the people that receive the service and whether these reflect the corporate aims of the organisation as a whole.

#### **Are the aims clear and challenging?**

69 Ashford's aims in addressing benefit fraud are defined in its policy and strategy document for the Visiting Officer Team (VOT). This is supported by its prosecution policy, initiatives document, and business plan.

70 The corporate objective to reduce crime and disorder has been reflected in ABS's commitment to pursuing sanctions against benefit fraudsters.

71 Partnership working, another corporate priority, is exemplified by VOT's liaison with Weald Police. Ashford's approach to deterrence and its work with Weald Police are highlighted under *Sanctions and liaison with the police*.

72 Ashford's corporate aim to reduce crime and disorder, although not explicitly referred to, is dealt with in Ashford's *Counter-Fraud Strategic Plan*. This states that 'the Council is committed to deterring, preventing and detecting benefit fraud and to taking appropriate action against those who commit benefit fraud'.

73 The strategic plan for the fraud service refers to Ashford's counter-fraud initiatives:

- ◆ VF.
- ◆ Royal Mail's *Do Not Redirect* service.
- ◆ The Housing Benefit Matching Service (HBMS).
- ◆ A national service level agreement (SLA) with BA.
- ◆ An agreement with BA for fraud investigators to work together and share information to prevent and detect benefit fraud.
- ◆ A benefit fraud hotline.

74 The strategic plan also deals with the way Ashford will pursue benefit fraudsters through:

- ♦ prosecutions, by passing appropriate cases to Weald Police or BFIS;
- ♦ cautions, by Ashford's own counter-fraud staff; and
- ♦ administrative penalties, also by Ashford officers.

75 The BVR process led Ashford to focus on working with others to prosecute benefit fraudsters. We saw several documents that detail the changes in Ashford's approach to prosecutions over the course of the review.

76 We were satisfied that Ashford's counter-fraud service had clear documented aims. Ashford's move to strengthen its position on prosecutions suggests that it has made a self-critical assessment of whether the service meets its aims.

77 Although we commend this change, we feel that the scope of change proposed could potentially have been widened to include an explicit commitment to training, quality investigations and professionalism of counter-fraud staff.

78 An information report for the Service Review team (consisting of Members and external service users, as well as a number of Ashford staff) refers to the 'challenge' aspect of the review. The report, produced in February 2000, refers to the possibility of outsourcing or joint arrangements to work with other LAs or organisations to secure efficiency gains.

79 Ashford wrote to its neighbouring LAs inviting partnership arrangements. The idea, piloted in East Scotland, was to have a single fraud investigation unit covering all or part of Kent. One LA in Kent responded positively, but two other LAs in Kent have already contracted out their counter-fraud service, making partnership working with Ashford less likely.

80 Ashford had to abandon this form of partnership working due to the lack of interest shown by neighbouring authorities. We are encouraged that Ashford appears to have challenged the service, and although we would have liked to have seen greater changes proposed, we believe that the service has changed to reflect corporate aims.

## Does the service meet these aims?

81 Having considered the aims the council has set for the service, Inspectors make an assessment of how well the service is performing in meeting these aims. This involves an assessment of performance against specific standards and targets as well as assessing Ashford's approach to measuring whether it is actually achieving what it sets out to do.

## Organisation of fraud work

82 The VOT is part of the Revenues and Benefits service. The senior investigations officer (SIO) manages four visiting officers (VOs) and one administration clerk. The SIO reports to the contracts manager who is the deputy to the Revenues and Benefits Services manager. The SIO is also responsible for Council Tax and benefits reception staff, as well as the staff member who schedules VF visits.

83 As well as fraud investigations, VOT undertakes VF visits, inspections to Council Tax and business rates properties and welfare visits. The VOs spend about 25% of their time on fraud investigations. The SIO spends about 90% on investigative work and 10% managing the section.

84 The SIO was recruited from BFIS in 1994. Under a restructure due in September 2001 his post will be renamed the visiting and customer care manager and he will gain responsibility for cashiering services.

## Managing investigations

85 Ashford has satisfied the requirement of BVPI76 to have 'a written and proactive strategy for combating fraud and error that embraces specified initiatives including those sponsored by the DWP and which is communicated regularly to all staff.' However, the following points recommended by the BFI *Good Practice Guide* are not included in the document:

- ♦ spelling out the roles and responsibilities of individuals, IA and EA;
- ♦ details of a whistleblowing policy and procedure;
- ♦ a statement of steps to be taken when an irregularity is identified;
- ♦ senior officers to regularly review and refer outcomes to Members; and

- ♦ specific reference to other strategies, the role of publicity and codes of conduct.

86 Ashford consider that inclusion of matters such as roles and responsibilities and procedures for dealing with irregularities are not strategic but operational matters.

87 Ashford makes extensive use of performance statistics. These are reported monthly from the FIMS case management system. We were pleased to note that these reports are used to compile data that compares performance with the previous year, and provides cumulative information.

88 Monthly statistics show the:

- ♦ number of referrals from benefits processing staff received;
- ♦ number from above that were successful in identifying fraud;
- ♦ percentage of above referrals that were successful;
- ♦ number of above referrals as a percentage of benefit claims made in the year;
- ♦ number of investigations in month;
- ♦ number investigated in month that led to proved fraud;
- ♦ number of prosecutions, cautions (in-house), cautions (Weald Police), and administrative penalties;
- ♦ number and values of fraud overpayments (analysed by benefit type and compared with previous three years); and
- ♦ the percentage of time spent by VOs on cheque deliveries, investigations, VF visits and customer care visits.

89 This is a valuable group of statistics. The extensive use of cumulative and comparative data allows Ashford to use statistics meaningfully.

### **Generic working**

90 Ashford told us that it avoids staff specialising in counter-fraud as a distinct discipline since a specialist would have to cover the whole borough whereas the four generalist staff can split the borough between them, saving travelling time and expenses. Ashford's view is that this maximises productivity.

91 Our view is that the VOT's working practice could potentially compromise ABS meeting the corporate aim of reducing crime and disorder, and that it hinders ABS from accomplishing its aim of 'detering, preventing and detecting benefit fraud'. Indeed, VOT staff expressed the opinion that they would never achieve excellence 'because of generic working.' Ashford told us it proposes to review generic working in mid 2002 when the whole of the merged Financial Services and Revenues and Benefits services structure is reviewed.

92 Maximum effectiveness in counter-fraud work requires specialist knowledge and experience of benefit regulations, legislation, professional standards and good practice. If an officer is only able to devote 25% of their time to counter-fraud work, this knowledge and experience will, at best, be gained more slowly than if an officer is working full-time. We saw evidence to support our view: an open caseload exceeding 350 cases, and poor quality investigative work. This is discussed below.

### **Quality of investigations**

93 Good quality investigations are important because they:

- ◆ establish whether fraud exists and to what extent;
- ◆ support an LA's counter-fraud policy and demonstrate its commitment to stamping out fraud;
- ◆ support prosecution, cautions or administrative penalties;
- ◆ provide sufficient evidence to accurately re-determine claims, raise overpayments and fulfil the WBS criteria;
- ◆ maximise overpayment recovery and subsidy; and
- ◆ maintain the credibility of the investigation team.

94 To help us assess the quality of Ashford's work, we randomly selected ten cases referred for investigation, where the investigation was closed between 1 April 2000 and 2 July 2001. WBS was claimed in seven of the cases selected and Weald Police successfully prosecuted one case.

95 The sample covered the work of all VOT staff, including the SIO. The sample showed that:

- ◆ three of the seven claims for WBS were invalid;
- ◆ one of the files closed as 'no fraud' should not have been opened in the first place;

- ♦ two of the ten cases were ‘living together’ and had not been investigated properly (although we did confirm the WBS claimed);
- ♦ it was not clear where the investigation had originated from on three of the cases; and
- ♦ one of the cases where fraud had not been established had been referred to the police for prosecution.

96 All cases closed by an officer with a status of ‘fraud proven’ are passed for the verification of WBS to the review and development support officer. We were pleased to see this internal control mechanism. All seven of the cases in our sample had their WBS verified and claimed at the time of our inspection, and three of these were invalid.

97 Although the sample was small, the SIO confirmed that the issues raised exist more generally. Other issues emerged from our sampling and staff interviews. For example:

- ♦ ‘Living together’ investigations are done without reference to the partner’s income. Claims are being cancelled as a result, but there may be entitlement to benefit. In the two cases above, we confirmed WBS. However, Ashford is not routinely checking such cases, and may therefore be routinely overstating its WBS figures.
- ♦ Observations are not always carried out during investigations. The VOT, due to resourcing difficulties, does not have sufficient time to undertake every surveillance case it would wish to.
- ♦ Records detailing documentation and actions taken on cases are incomplete. This made it difficult to fully assess the quality of officers’ work. This also raises serious doubts about the integrity of evidence held and may compromise prosecutions. We refer Ashford to the requirements of the Police and Criminal Evidence Act 1996.
- ♦ The administration clerk for VOT was routinely suspending benefit on the system and issuing determination letters relating to suspension to claimants. This blurring of roles can damage the objectivity of both the investigation team and the benefits service. It is important that benefits staff alone are responsible for making formal decisions about eligibility to benefit, and that investigators restrict themselves to their independent role of investigation and reporting. Ashford told us that it would stop this practice immediately.

## Management checks

98 The SIO follows up a random sample of visits with telephone calls to claimants. He phones to find out if the VO introduced himself, whether they were courteous throughout the interview, and whether they presented information clearly. We were pleased to see evidence of these checks. The SIO told us that claimants responded positively to this kind of checking.

99 In the past, all investigation cases were passed to the SIO for formal closure. This could be viewed as a 100% management check. But this process had changed by the time of our visit, leaving the telephone checking as the only management check undertaken by the SIO.

100 We recommend that the SIO undertakes to sample ten per cent of closed cases each month to check, as a minimum, for the quality of decision making, level of understanding, and depth of investigation.

## Sanctions and liaison with the police

101 During its BVR Ashford sought to strengthen its commitment to taking prosecutions against benefit offenders, working with Weald Police and CPS. It demonstrated this commitment by:

- ◆ setting annual targets for the number of prosecutions, administration penalties and cautions;
- ◆ fostering close links with Weald Police and BA;
- ◆ forming a memorandum of understanding with Weald Police that commits the police to act on prosecution and caution referrals;
- ◆ training its staff in how to undertake interviews under caution;
- ◆ amending its prosecution policy to bring it in line with current DWP guidance; and
- ◆ undertaking its own administrative penalties and cautions, as well as taking steps to undertake in-house prosecutions in the future.

102 We commend Ashford for these actions. Prosecutions and other penalties act as a deterrent to potential fraudsters. This sanctions policy supports Ashford's corporate aim of reducing crime and disorder.

103 We consider Ashford's five-year target setting to be commendable. However, we have concerns about whether Ashford

can achieve its prosecutions targets. We consider that the VOT has not had enough input to the setting of prosecutions targets.

104 Prosecutions are a resource strain on Ashford as well as the police. It is important therefore that targets are realistic, that there is ownership of targets by Ashford staff and the police, and that sufficient resources are put in place.

105 [REDACTED]

[REDACTED]

106 Ashford has recognised that its memorandum of understanding with Weald Police is a short-term answer to its need to take forward effective prosecutions and learn about the processes involved in prosecutions and cautions. It is also an excellent example of partnership working and so supports another of Ashford's corporate aims.

## Training of fraud investigators

107 We were encouraged to note that three members of the VOT (including the SIO) began DWP sponsored Professionalism in Security (PINS) training during our on-site inspection. This training will help improve their knowledge of the legislative background to the prosecutions programme Ashford is pursuing. PINS training also covers observation techniques. It should also provide the necessary skills to improve the quality of investigations.

108 Staff commented that when training issues were identified in their personal development discussion, this training was always forthcoming. Staff have training logs, although there is no explicit training strategy to link personal development to ABS's priorities. We discuss training issues further in Appendix C.

## Liaison with BFIS

109 The SIO's background with BA and BFIS has helped working relations with these organisations. SLAs are signed annually by Ashford and BFIS. VOT representatives attend quarterly liaison meetings with BFIS.

110 Ashford recognises that joint working can provide mutual benefits, such as:

- ◆ learning from each other;
- ◆ economies of scale; and
- ◆ reducing the amount of fraud and error.

## How does performance compare?

111 To judge the quality of a service it is important to compare the performance of that service against other suppliers across a range of sectors. The aim is not to make an exact comparison, but to explore how similar services (or elements of services) perform, in order to identify significant differences, the reasons for them, and the extent to which improvements are required.

112 We saw no evidence that Ashford had formally compared its counter-fraud performance with other providers. There was an intention to compare practices with the BFI *Good Practice Guide*. But evidence showed that a questionnaire had been created for this task in January, but had not been completed at the time of our inspection in July. Ashford told us that this exercise was delayed by staff changes. The target date for completion of this task has been extended to October 2001.

113 VOT representatives attend meetings of the Kent Investigation Officers Group, but we would also expect to see a commitment to seeking out best practice nationally.

114 We also seek to establish whether an LA has demonstrated cost-effectiveness. Ashford's costs are comparatively high, as mentioned previously. We did not see explicit costing of the VOT so cannot comment further on this. Ashford has not demonstrated cost-effectiveness by subjecting ABS to external competition or by making sound comparisons which provide evidence that ABS is providing value for money. But we are aware that Ashford is now consulting external suppliers and has set a completion date for external competition of 2003.

## 4 Findings: Is the service going to improve?

### Does the service drive improvement?

#### Ashford's approach to best value and the HB best value review

115 Ashford's corporate approach to BVRs is set out in the corporate best value service review toolkit. In addition, the service review team set its terms of reference and project plan. Corporately emphasis was and is placed on using the EFQM model as a basis for BVRs, although Ashford recognises that this model needs development for BVR purposes, particularly in the areas of challenge and competition. Ashford also recognise that corporate support for the benefits review was perhaps more limited than would have been ideal, particularly in such a high profile service.

116 We were pleased to note the commitment shown by officers and Members to achieving best value. The District Auditor commented in his report on the 2001/02 best value performance plan that Members were not closely involved in some BVRs at Ashford, but this was not the case for the benefits review. Members were part of the service review team from the outset and part of the BVR so the HB service benefited from close Member involvement. Members showed commitment to developing new approaches and contributing to a thorough BVR process, for example by participating in review team meetings, workshops and visits.

117 At officer level the review was led by the Revenues and Benefits Services manager. This reflected Ashford's policy at the time of ensuring service reviews are led by service managers. (In future Ashford may wish to consider "peer-led reviews" in its BVR programme). The permanent team also involved the Contracts manager, a representative from Corporate Planning and Review and two peer managers, the Environmental Health manager and the Property Services manager. A benefits officer, representing staff, was a member of the team from the beginning. This is good practice.

118 During the review, other officers joined the review team, including the Director of Central Services and the Unison representative. The review team also included external stakeholders, such as BA, Weald Police, Ashford Weald and social landlords. We discuss this further under *Consultation*.

119 The review started as a pilot in the summer of 1999, and culminated in a report to Policy and Resources Committee in February 2001. However, a number of actions arising from the review were in progress at the time of our on-site inspection in July 2001. This included taking forward the challenge aspects of the review, particularly engaging with the private sector. Although the review process was relatively lengthy and did not always fully resolve issues, it was linked with Ashford's corporate objectives, particularly in the areas of crime and disorder. We commend this linked approach, which we understand was not always followed in Ashford's BVRs. The review was also very thorough, considering 20 areas in detail and undertaking an EFQM assessment which raised 186 issues.

120 The review also included input from an external consultant. We commend this element of external scrutiny and consider that the consultant greatly helped the challenge process, particularly on the involvement of the private sector and improvements in customer service. We also commend:

- ◆ the fact that the consultant's work was well integrated with the service review team and the work provided a clear direction for the review team; and
- ◆ the clarity and cogency of the final report.

## **Challenge**

121 We found that challenge to the service had been relatively belated during the benefits review. In 1999 the service review team decided to challenge the service initially by looking to neighbouring authorities to develop partnership arrangements to change the way the service was delivered. If this was not successful then ABS would look to other public sector bodies to develop similar partnerships, then to the voluntary sector and finally to the private sector. In the meantime the team would review the service in detail, with a view to continuous improvement.

122 In the summer of 2000 the review team recognised that this approach needed to be re-examined. A consultant was engaged to examine thoroughly and critically Ashford's policy and challenge and recommend a more appropriate approach.

123 The consultant's report of October 2000 identified the need to:

- ◆ consult with the private sector with a view either to outsourcing or partnership arrangements;
- ◆ consider partnerships with other LAs;
- ◆ consider partnerships with BA;
- ◆ set performance and quality targets against which the service could be measured; and
- ◆ consider implementing an electronic document management system and call centre technology.

124 At the time of our on-site inspection in July 2001, we found that challenge at Ashford was still developing. Ashford was still considering alternative methods of working, whether through outsourcing or partnership with other agencies, the private sector and other LAs. Ashford had changed working practices at an early stage in its review when it introduced the 'one team' concept to ABS. Ashford was also proposing to restructure ABS from September 2001 which it hoped would address some of the resourcing issues in the service. However, at the time of our on-site inspection, much remained undecided, notably the future vision and shape of ABS. This was particularly because Ashford was taking forward the challenge process and defining the involvement of the private sector. We raised this matter in our initial findings discussions.

125 Soon after the on-site inspection, Ashford prepared a vision statement which complements the "Benefits services at a glance" statement and the best value action plan. The vision sets out more clearly where Ashford will achieve strategic development of the benefits service. It addresses:

- ◆ developing Ashford's customer interface by introducing a customer care centre;
- ◆ developing document management and workflow systems;
- ◆ exploring working practices;
- ◆ developing an anti-poverty strategy;
- ◆ improving financial control by the merger of Revenues and benefits;
- ◆ reducing costs through accommodation and IT savings; and

- ♦ involving the private sector, probably in a support capacity.

126 Members were closely involved during the challenge process, through their membership of the service review team, and their input helped strengthen the outward looking focus of the service. Members were closely involved in the visits undertaken to Kettering, which explored the use of the 'one stop shop' concept, and to Medway to look at partnership with the private sector to deliver benefits services.

## Competition

127 A robust competition assessment is a fundamental part of demonstrating best value. The Department of Local Government, Transport and the Regions has consistently placed a strong emphasis on the importance of competition in best value.

128 Ashford has a draft corporate procurement policy which, carefully maintaining a balance between in-house and external provision, sets out the advantages and disadvantages in different circumstances of a range of procurement options ranging from outsourcing to public/private partnership.

129 In Ashford's case, the competition part of the BVR was considered relatively late in the review. Following the consultant's report in October 2000, Ashford wrote to 13 private sector organisations seeking partnership arrangements with a view to improving the service further. At that point the vision for the service was still developing.

130 Ashford held discussions with five of the private sector organisations, and considered proposals ranging from outsourcing to private sector partnership. The service review team and the visioning panel considered that outsourcing did not provide the best way forward in the light of ABS's performance improvements. However, Ashford is looking at developing partnerships, probably focusing on document management and workflow software. The visit to Medway, an authority with such arrangements in place, in July 2001 was important to crystallise the review team's thinking.

131 During and after the review Ashford has considered partnerships with other Kent LAs. However, other LAs have not expressed much interest in the idea. Most recently, Ashford's vision statement rejected the idea of links with Shepway because of concerns over Shepway's performance. We commend Ashford's consideration of partnership arrangements and agree that it could be an option for parts of the service in the future.

132 We support Ashford's constructive engagement with the private sector, although we recognise this is still at a relatively early

stage. The decision not to outsource the whole service was understandable and reasonable in view of improving in-house performance levels. Ashford recognised the changing nature of the market-place for revenues and benefits services and tailored its approach accordingly.

## Comparison

133 Ashford's comparative position in relation to other LAs is mixed. Although processing performance is close to the top quartile, even on comparisons using 1999/2000 data, the position on costs and overpayment recovery is less healthy.

134 The BVR undertook a number of comparison exercises, such as comparisons with Beacon Councils (New Forest), other Kent LAs and “nearest neighbours” in terms of demographic similarity. Ashford visited LAs such as Guildford which reported high levels of performance.

135 Comparative exercises covered issues such as:

- ♦ claim processing;
- ♦ costs; and
- ♦ overpayment recovery.

136 A commendable aspect of the comparison work was the detail of the process comparisons. The 1999 visit to Guildford made in-depth comparisons of systems and processes and provided a number of recommendations for improvement in administrative processes.

137 The senior client officer also read BFI inspection reports on Northampton, Derbyshire Dales and Barnet. Although these reports were all current at the time of the review, there could have been a stronger emphasis on authorities BFI considered were performing well. The senior client officer summarised the main messages arising from this exercise and the BFI *Good Practice Guide* for ABS. However, it was not clear what changes managers had made as a result of this. Ashford plans to take this work further forward.

138 Ashford's approach to comparison and learning from the top 25% of authorities was more limited. We recognise the difficulties of identifying these authorities before late 2000, and the limited response to the comparison requests. But some of the comparison exercises, particularly on overpayment recovery, were limited which lessened the challenge aspect of such comparisons. In addition, limited comparisons were made with the private sector.

139 A key issue for comparative analysis was costs. Comparisons with other LAs highlighted high support charges, management charges and IT costs as areas to be addressed. Comparison of costs proved difficult because of the differing ways in which comparator LAs recorded costs. This precluded a definitive explanation for Ashford's higher costs.

140 Ashford rightly made clear in its comparative exercises what it planned to change as a result. Further comparison also informs the action plan.

## Consultation

141 Consultation is an integral part of a BVR, particularly for benefits, because of the wide range of stakeholders involved. Ashford consulted very widely as part of its benefits BVR and carried those views forward. It consulted with:

- ◆ Members;
- ◆ staff;
- ◆ trade unions;
- ◆ external partners such as social landlords, landlords, police, CAB and BA;
- ◆ benefit claimants; and
- ◆ other Ashford service managers, especially Ashford Weald.

142 It was impressive to find that nearly all the stakeholders reported that they had had a good opportunity to raise issues, and had received extensive feedback from the review on results and action.

143 We were particularly pleased to see extensive contact with benefit claimants through the user forum. Members of the forum were consulted and given the chance to comment on a range of issues including Ashford's approaches to the private sector, the claim form and ABS's targets and aims. Claimants have also been surveyed as part of the DTLR requirements. The user forum was very positive in its comments to us about ABS and the progress it had made.

144 We also found that staff and trade union representatives were positive about the service and the consultation process. The partnership with the police is an innovative one, and Ashford was right to include Ashford Weald in the review since there are clear

links between benefits and housing, notably on Rent Rebate claims, processing and overpayment recovery.

145 There is much that other LAs could learn from Ashford's inclusive approach to consultation. This strongly reinforces Ashford's corporate priorities to build partnerships with external partners. And Ashford plans to undertake even more consultation in future.

## **How good is the improvement plan?**

146 A BVR should produce an action plan that sets out what needs to improve, why and how that improvement will be delivered. It should contain targets which are not only challenging but designed to demonstrate and ensure the continuous improvement required to put the service into the top 25% of all councils within five years.

147 The review report and improvement plan was presented to the policy and resources committee in February 2001. The plan contains elements linked with corporate objectives, notably in relation to developing partnerships, crime and disorder, youth and environment issues. The plan's elements also link in with service objectives, notably the emphasis in the service plan on a community focused service, and maintaining a secure and accurate service.

148 The plan gives details of the action needed to deliver improvements, although specific responsibilities are not detailed. These are set out in the 186 point action plan arising from the EFQM exercise which details individual responsibilities. The BVR action plan is organised around the themes of the 4C's and continuous improvement, and summarises issues arising from individual area reviews.

149 Although the plan is well presented and packaged, there are some areas for development:

- ♦ actions are not explicitly prioritised overall; and
- ♦ there is some duplication, especially around partnerships and the private sector.

150 There is a tendency in the plan to discuss areas that need further investigation and research rather than immediate improvement. For example the improvement plan states:

- ♦ "Consider setting quality accreditation..."
- ♦ "Undertaking further comparative exercises..."
- ♦ "Approach ... (other authorities) to commence subgroup work".

- ◆ “Reviewing anti-poverty strategy...”

151 Although actions are mostly clear and concise, there are some examples of lack of clarity and closure in the action plan:

- ◆ “streamlining all benefits processes”; and
- ◆ “exploring joint funding arrangements with key partners for the provision of mutually beneficial training”.

152 We consider that the areas for further investigation should have been carried out during the BVR to ensure that the review has clear outcomes and that Ashford has a clear idea of the improvements it wishes to make. The improvement plan would then be even more clearly focused on the delivery of agreed actions.

### **Scope of the improvement plan**

153 A strong feature of the improvement plan is that, in addition to specific improvements, it sets specific future targets for ABS over the next five years across all of the BVPIs and local indicators, including counter-fraud work and customer satisfaction. This is commendable, although we consider some of the targets will be difficult to achieve, particularly on customer satisfaction and counter-fraud work. But overall the aim is sufficient to reach the top 25% except on overpayment recovery where a target of 50% is not challenging enough.

154 We consider that many of the issues in the improvement plan are appropriate. The plan aims to:

- ◆ reduce errors by developing staff;
- ◆ improve processing times through restructuring; and
- ◆ address cost per claim and subsidy issues.

155 Performance management will be developed further in the context of the new IT system. These aims address external comments from users and Ashford’s own concerns.

156 But we have some concerns about whether the plan is sufficient to improve counter-fraud work. The plan is specific about mechanisms and targets for sanctions against fraudsters, but it does not cover issues such as training, professionalism, and the quality of investigations.

157 It is also unclear how the plan will improve overpayment recovery other than transferring internal responsibilities to Revenues and Benefits.

### **Will the authority deliver the improvements?**

158 We look for evidence that an authority will deliver on the improvements it has set for itself in the action plan. We look for a track record of managing change within the Council and within the service. The plan should also have sufficient support from Members, stakeholders and staff.

### **Commitment**

159 It is clear that Members and staff are committed to the improvement plan. We interviewed Members during the inspection and we were pleased to note their commitment to the plan and its implementation. Due to the lack of financial analysis in the plan it was not possible for Members to comment on the resource implications.

### **Resources**

160 It is not clear from the best value report or the action plan what resources may be required as a result of the best value action plan. We recognise Ashford's resourcing uncertainties, and this is particularly an issue in terms of:

- ◆ the revised staffing structure from September 2001;
- ◆ developing counter-fraud work;
- ◆ developing staff training; and
- ◆ partnerships with external stakeholders.

161 Ashford assumes that resources will have to be found within existing budgets and that it will have to prioritise accordingly. We recognise the funding pressures facing Ashford and it is unclear how much progress can be achieved without affecting performance. We are particularly concerned about whether resourcing is sufficient in the proposed restructure of ABS for the proposed subsidy and control section which, we were told, will cover overpayments, IT, subsidy and liaison with the appeals service with five staff.

162 The delivery of the improvement plan will also have significant opportunity costs, particularly for the Revenues and Benefits Service manager and staff. These costs have not been quantified and there is the additional uncertainty of the corporate restructure which will merge Revenues and Benefits and financial services. This will place

a burden on the current service manager and his successors and a formal scheme of delegation will be important to deliver the plan.

163 At present, therefore, we are uncertain about Ashford's capacity to take forward the full range of measures set out in the action plan.

## **Delivery**

164 Ashford has made plans to review progress in delivering the improvement plan both through the service review team and through the continuing involvement of the Director of Central services, Revenues and Benefits manager and other key managers within the service. This will need to bed down as service and corporate structures change.

165 Ashford has also made a promising start on addressing issues in the improvement plan. This has been most marked in:

- ♦ involving the private sector in partnership discussions;
- ♦ restructuring the service;
- ♦ developing the work in the EFQM action plan where 102 of the 186 issues are reported as completed or substantially addressed; and
- ♦ improving publicity for the Ashford counter-fraud security statement.

166 The involvement and evident goodwill of external stakeholders such as the Rent Service, social landlords and claimants is likely to stand Ashford in good stead in consultations about delivering further improvements.

167 Some issues have already slipped in 2001, for example the involvement of BA in any potential ONE project, and the involvement of other Kent LAs. But neither of these factors were wholly within Ashford's control. On counter-fraud work, developing prosecutions depends on skills and resources within the section, which is already stretched.

168 Although ABS had made progress in recent months, it was clear from the recent Improvement and Development Agency (IDeA) review and the recent District Auditor's qualified report on the 2001/2 BV performance plan that there are some concerns about Ashford's corporate ability to manage change.

169 Like us, the IDeA study commended Ashford's external partnership links and reputation and the commitment of Members to improve, modernise and change. It also noted that staff felt motivated to work for the council, with good terms and conditions. Ashford also has innovative IT plans, good consultative mechanisms and a good basis for performance monitoring.

170 But in our view, and in common with our findings on this inspection, the study was perceptive in highlighting, amongst other things:

- ◆ change management issues had posed problems for Ashford in the context of management restructures in the past and “skills in managing change needed to be improved”;
- ◆ opportunities to develop customer services for example opening civic reception before 09.00;
- ◆ a need for more corporate support for best value;
- ◆ a need to tighten up delivery of action under best value and more peer reviews;
- ◆ uncertainties about the link between corporate priorities and financial plans; and
- ◆ some out-dated financial processes which had only recently been changed.

171 We found that the benefits service had been affected by some of these issues, such as financial processes, nevertheless its overall record was better than the corporate one.

172 Ashford report that the timing of the IDeA's review in March 2001 coincided with the rejection by the full council of management's proposals to restructure Ashford's service management tier. This event had substantial influence over the findings of the review team and its conclusion that the authority had some difficulties in managing change. One of the weaknesses identified was around Members' involvement in change management and their relationships with senior management in taking forward significant proposals for change.

173 Since then Ashford told us that Members have been more involved in a number of ways and proposals to take forward Ashford's change agenda have been and are continuing to be worked through with active consultation taking place between Members management and staff. Members led on the development of new structural proposals, but engaged with senior management

and consulted staff extensively. Ashford's new political management arrangements see Members, managers and staff actively working together on developmental and practical issues before recommendations are considered more formally through the executive process. Although these were testing times for Ashford, circumstances have thus changed and continue to develop which provides more confidence for Ashford to effectively manage change in the future.

174 The District Auditor's report on the best value performance plan included a qualified opinion and made 17 recommendations. It highlighted the slippage on BVRs corporately, lapses in corporate performance reporting and weaknesses in Ashford's approach to challenge and competition in service review as well as weaknesses in the best value performance plan.

175 Ashford is addressing the issues identified by the District Auditor and is revising its approach to BVRs to be shorter, more challenging at the outset, and more strategic.

## Summary

176 We are concerned about the extent to which the BVR drove improvement, particularly the belated addressing of the issues of challenge and competition. In addition there are issues over the detailed targets and resources for delivering the action plan. We also note the concerns expressed by District Audit and IDeA about Ashford's corporate record in managing change.

177 But we recognise that:

- ◆ the improvement plan contains measures which will help improve performance;
- ◆ the service has made progress, particularly in developing a vision; and
- ◆ the improvement plan has strong support from Members and officers.

178 This leads us to conclude that the service will probably improve.



## Appendix A – Methodology

The purpose of a best value inspection is to make two judgements:

- ◆ How good is the service being inspected?
- ◆ How likely is it to improve?

We carried out a range of activities to enable us to reach our judgements.

### **Review and analysis of documentation**

Before going on site we reviewed a range of documents which Ashford provided in advance for us. These included:

- ◆ the best value performance plan;
- ◆ the BVR;
- ◆ the action plan; and
- ◆ further information provided by Ashford as part of the BFI best value standard data set.

### **Reality checks undertaken**

While on site we carried out a number of different checks, building on the work described above to get a full picture of how good the service is. These on-site “reality checks” were designed to gather evidence about what it is like to use the service and how well it works on the ground. We also followed up on issues relating to the management of the review and the improvements coming out from it. Our reality checks included:

- ◆ a visit to the reception area at the Civic Centre;
- ◆ a customer survey at the Civic Centre;
- ◆ documentation checks of claim forms, performance reports, complaints and procedure manuals;
- ◆ case checks of fraud investigation files; and
- ◆ case checks of management checks of benefit files.

## Interviews

We also met a range of people involved with the service and the service review team:

- ◆ Councillors
- ◆ Director of Central Services
- ◆ Corporate Planning and Review manager
- ◆ Revenues and Benefits Service manager
- ◆ Head of Internal Audit
- ◆ Property Services manager
- ◆ Environmental Health manager
- ◆ Housing Services manager
- ◆ Contracts manager
- ◆ Benefits manager
- ◆ Senior Investigations Officer
- ◆ Visiting officers
- ◆ Staff Focus Group
- ◆ Review and development support officer
- ◆ Senior client officer
- ◆ Staff representative
- ◆ Unison representative
- ◆ Service Accountant
- ◆ Other contacts:
  - ◆ District Audit
  - ◆ Citizen's Advice Bureau
  - ◆ Rent service
  - ◆ Weald Police

- ◆ Southern Housing Group
- ◆ British HA
- ◆ Sanctuary HA
- ◆ User Forum
- ◆ Visitors to the reception area at the Civic Centre.



## Appendix B – Customer services

### Introduction

The main customer reception point for HB and CTB at Ashford is in the Civic Centre. There is an outlying office at Tenterden, and a member of benefits staff goes there once a month to help with benefits queries.

### Ashford Civic Centre HB and CTB reception

The HB and CTB reception area is next to the Housing and Community services reception. It is also close to the main reception area at the entrance to the Civic Centre which also incorporates the cashiers' office.

XX  
XX  
XX  
XX

When customers enter the main reception area, they are supposed to take a ticket from a machine next to the main reception counter. This system does not provide information on the number of callers or waiting times.

Our initial impression was quite positive with a TV and children's play area and toys adding to a welcoming environment. Seating is available around the reception area, but faces the reception counter in a rather direct way. There are no locally produced leaflets available, although there are two racks of DWP leaflets covering a range of benefits. During our on-site inspection Ashford added copies of its new leaflet on appeal rights. It is possible to reach the reception area by wheelchair, but there are no induction loops at the reception for the hearing impaired.

There are no private interviewing facilities and it is not possible for callers to discuss their claim in private. There are interview "rooms" next to the main reception counter, but these are not closed off behind a door. Staff told us that it would be possible "at a push" to use the interview rooms in the Housing reception but this was viewed as exceptional. In addition a room was available where interviews under caution are conducted.

During our visit we observed some confusion over the queuing and ticketing system because there are no signs explaining the system. There is also scope to improve the arrangement of posters and signs at reception to make directions clearer. This is important because of the number of reception areas which are relatively close together.

Claimants can provide original documents and information in support of a claim direct to the main reception counter or through a letter box. Documents are verified

and certified as “original seen” and photocopies taken, before returning them to the claimant at the counter.

We interviewed seven claimants for their opinion of the service. All said that they were satisfied with the service provided. One in particular commended the receptionist, and another noted the improvements in the service in recent months. However, all were critical of the length of time they had to wait – some 20 minutes in the cases we interviewed. Ashford told us that such delays are not typical.

### **Conclusions**

In general our impressions were positive. Staff appeared professional in dealing with claimants. There is access for claimants with disabilities and facilities for handing in original documents.

However, the absence of private interviewing facilities is a concern which needs to be addressed. Leaflet provision and the signposting of the reception area could be improved.

## Appendix C – Counter-fraud measures and processes

### Introduction

This appendix looks at some of the counter-fraud processes and initiatives at Ashford during our inspection.

### Fraud referrals

Ashford uses a slightly amended version of the BFIS referral form. Benefits staff have a supply of these to complete and pass to the fraud section when they suspect fraud.

The SIO returns referrals to individuals in the benefits section if he thinks they do not warrant an investigation. However, the benefits section is not given formal feedback or training on the reasoning behind referral rejection. Formal feedback and training could help to improve referral success in the future. Greater success rates would encourage more referrals.

### Proactive work

Proactive counter-fraud work can help the security of the benefits system by:

finding fraud that might not otherwise have been detected; and

deterring potential fraudsters from attempting to defraud the benefit system.

Ashford refers to past proactive work in its 'initiatives' document. The business plan states Ashford's intention to carry out more proactive work.

Ashford has undertaken joint fraud drives with the police and BFIS. Members spoke to us about their wish to see Ashford undertake more proactive work on its own. We recommend that Ashford develops a proactive counter-fraud strategy. This might include reference to the number of proposed proactive exercises in a year, measures of success, and a commitment to evaluating the results of each exercise.

### Fraud hotline

Ashford runs its own freephone hotline for fraud referrals from the public. The SIO reported that numbers of calls to the hotline were so few that he added them to figures for public calls to his own direct line. In 2000/01, the combined figure was 15, representing just 6% of the 247 successful referrals that year.

We would expect this percentage to be higher and have doubts about the effectiveness of Ashford's publicity for its fraud work in general and its hotline in particular. We recommend that Ashford develops its publicity campaign, and that it experiments with different approaches to analyse the effect these have on referrals from the public.



Ashford uses standard reports from the FIMS system to contribute to the Benefits Service monthly performance statistics.

This information was being used to monitor team performance. Our inspection also revealed that although FIMS has a reporting tool, nobody in Ashford is able to use it to produce specified reports.

We recommend that Ashford assesses individual performance and uses its data to generate ideas for improvement and to tackle areas of under-performance. We also recommend that (at least) the SIO is trained how to use the reporting tool in First Software's fraud system (which is due to go live at Ashford in August 2001).

### **Training**

Following the publication of the Green Paper *BEATING FRAUD IS EVERYONE'S BUSINESS: securing the future*, BA and LAs were encouraged to establish teams of highly skilled specialist investigators, working within a professional framework to the highest standards of performance and integrity.

To support this, a PINS project was established to provide specialist training for investigators.

Ashford has secured three places on the second round of PINS training for the investigation manager and two VOs. The training started while we were on site. We were encouraged by this commitment to training and by the SIO's wish to seek funding for another VO.



## Appendix D – Overpayment recovery

### Introduction

Ashford's recovery rates for both Rent Rebate and Rent Allowance overpayments are poor. Recovery of these overpayments is undertaken by two distinct sections within Ashford, which are separate and distinct from ABS.

### Rent Rebate recovery

Ashford Weald recovers Rent Rebate overpayments. An overpayment is raised on the HBIS system by benefits staff and is then transferred to Ashford Weald's rent system as a separate sub-account to the rent account.

If an overpaid tenant also has rent arrears, or garage arrears, or has costs from court cases relating to those debts, any payment they make will automatically go towards paying off those arrears, rather than the overpayment. Any subsequent payments made will continue to pay off these other debts until they are cleared. Payments will only go to pay off Rent Rebate overpayments when housing or garage related payments have been cleared.

This confusing position means that overpayment recovery work on Rent Rebate overpayments often results in payment to the wrong debt. The contracts manager told us that the overpayment recovery BVPI (BVPI79b) is based on an estimate, because recovery of Rent Rebate overpayments cannot be accurately quantified. Ashford told us that there was no separate provision for Rent Rebate bad debt, but that this was included in the rent arrears provision.

This practice also suggests Rent Rebate overpayments are a low priority for Ashford, which was confirmed by the Housing Services manager. The system has no way of prioritising fraudulent overpayment recovery. The BFI *Good Practice Guide* states that inadequate recovery procedures mean 'losing the deterrent effect that rigorous recovery of overpayments has on those who accidentally or deliberately provide inaccurate information, or who fail to disclose a change of circumstances'.

### Rent Allowance recovery

If HB remains in payment after an overpayment has been raised, deductions are made from ongoing benefit. If HB is no longer in payment then Rent Allowance overpayments are recovered by Financial Services. An overpayment is raised on the HBIS system and transferred to Finance's debtor system, which is part of Ashford's financial management system, Cedar E-Financial. Before debts were recovered using the Radius debtors system.

One person in Financial Services is responsible for the recovery of all sundry debts including Rent Allowance overpayments. Financial Services has experienced staff

shortages over the last two years and gaps caused by staff absences have not been filled. This has meant that existing resources have been stretched. This is one of the reasons for the poor performance in this area. Other key reasons are detailed below.

### Recovery options

LAs have various options for recovering HB overpayments, as described below. We have indicated which methods Ashford uses:

<b>Recovery methods for HB overpayments</b>	
<b>Recovery method</b>	<b>Used by Ashford?</b>
Deductions from arrears of HB owed to the claimant	Yes
Deductions from HB awarded to a claimant (the best form of recovery is through ongoing benefit)	Yes
Deductions from other social security benefits	Yes
Deductions from future payments to the claimant's partner	No
Deductions from future payments made direct to the landlord in respect of other tenants	No
LAs can make arrangements between themselves, so that overpaid HB owed to one is recovered from HB paid by another	No
LAs can register a determined and notified overpayment as a debt in the county court	No
Rent Rebate overpayments can be transferred to the tenant's rent account if the account is in credit. If this method is used, there must be clear procedures to ensure that the overpayment is not treated as rent arrears.	Yes
Use of debtor tracing and debt collection agencies	Yes

When judgement has been obtained, an LA can also seek enforcement of the debt through the courts if payment is still outstanding.

It is clear that Ashford is not pursuing all available avenues to overpayment recovery.

## Debt management

Financial Services does not have a recovery policy document to state the aims of the LA and show how these are reflected at a service level. Ashford has an anti-poverty policy, but this should be associated with a service-specific policy document.

Financial Services has no procedures document. Such a document might set out how debts are to be recovered, what distinguishes one type of debt from another, the processes involved, how different stages of recovery are to be dealt with, and the different enforcement options available.

The BFI *Good Practice Guide* states that an overpayment recovery policy should distinguish between overpayments caused by error and those caused by fraud, and which provides guidance to benefit processing and overpayment recovery officers on:

- ◆ how to identify an overpayment;
- ◆ how to classify it;
- ◆ whether it is recoverable;
- ◆ who to recover from; and
- ◆ recovery rates and methods to be used.

We were pleased to note that a procedural document has been produced for benefit staff who will undertake Rent Allowance overpayment recovery under a proposed restructure which is due to take place in September 2001. However, neither the current nor proposed systems for HB overpayments prioritises the recovery of overpayments caused by fraud.

Financial Services has no write-off policy or procedures document. This could be used to highlight financial regulations, financial principles of write-offs, different reasons for writing off, when and how to write-off, aspects of computer system security and interface. A policy document could be used to spell out the responsibilities of service centre managers in relation to bad debt provision, budgeting and write-offs.

We were pleased to note that Ashford does appear to follow financial regulations when proposing and writing off bad debt, but the need for written policy and procedure documents has been highlighted by the long-term absence of the individual responsible for recovery.

Debt management further depends on useful case-level and management information from the debtors system. We asked for information about overpayments in a questionnaire before our inspection. These are some examples of the information Ashford was unable to provide:

- ◆ total Rent Rebate debt outstanding at 1 April 1998, 1999 and 2000;
- ◆ total Rent Allowance and Rent Rebate debt identified in financial years 1998/99, 1999/2000 and 2000/01;
- ◆ write-offs for 1998/99, 1999/2000 and 2000/01 – a figure given for Rent Allowance write-offs in 2000/01 of £304 was later presented as £38,077;
- ◆ the number of cases where recovery was completed in the three years above;
- ◆ the value of any technical overpayments for Rent Allowance or Rent Rebate; and
- ◆ combined monthly or quarterly figures for BVPI79b.

Some of this information was provided by the Service Accountant responsible for debtors during our inspection. But the fact that this information was not provided earlier raises doubts over the communication between the Benefits and Financial services, or the ability of the latter to interrogate systems it is responsible for managing.

### **Performance management**

In a proper performance framework we would have expected to see documented standards, measures and targets for individual and team performance. We would expect to see monitoring arrangements in place, and regular management checks. As a minimum these checks would scrutinise the quality of decision-making, speed of processing and whether or not policy and procedures were being followed.

None of the fundamentals of performance management are in place for the recovery of overpayments at Ashford.

## **Conclusions**

Rates of recovery for both Rent Rebate and Rent Allowance at Ashford are poor. The confusing manner by which Rent Rebate overpayments are recovered meant that Ashford can only estimate how much of what it receives is intended to repay an overpayment. The way Rent Rebate overpayments are recovered ensures that they are kept as a low priority, and Ashford has no plans in place to change this situation.

We found debt management by Financial Services to be lacking. Rent Allowance overpayments are recovered without the existence of policy or procedural documentation on recovery, bad debt provision or write-offs. However, a procedural document has been produced for future recovery of Rent Allowance overpayments by benefits staff when the new system goes live.

Information from the debtors system is not being interrogated to help drive performance. There are no monitoring arrangements in place and no management checks are undertaken. Financial Services staff appear to be over-stretched and this has been compounded by long-term staff absences.

