

Report by the Benefit Fraud
Inspectorate

Bedford Borough Council

January 2005

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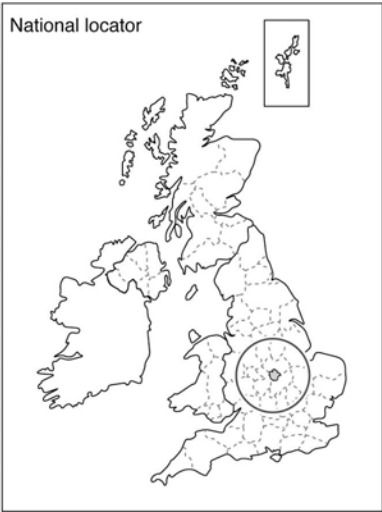
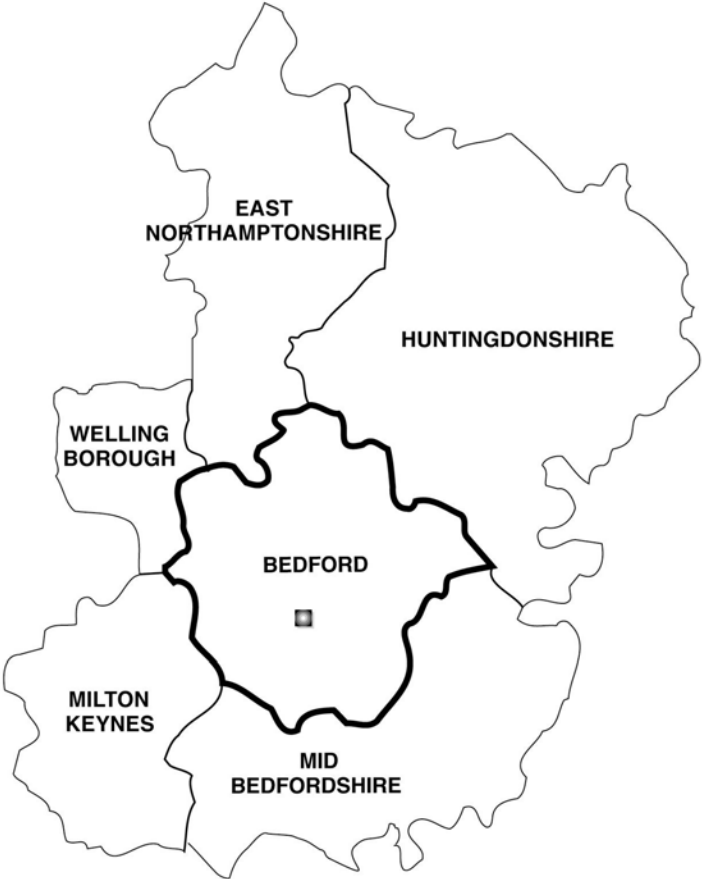
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The maps on this page show the area covered by Bedford Borough Council in relation to neighbouring authorities, and its geographical location in the country.

- Administrative centre
- Local Authority boundary
- Other Authority boundaries
- Council Control boundaries



Abbreviations

All abbreviations used in this report are written in full when they are first used. For easy reference the more commonly used abbreviations are listed below.

BFI	Benefit Fraud Inspectorate
CTB	Council Tax Benefit
the Department	Department for Work and Pensions
HB	Housing Benefit

Preface

I believe the provision of high performing Benefits Services should be a key objective for all councils. Unlike some other council services Benefits are generally there for people who financially need most help within our local communities. This may be long term or temporary help, depending on individual circumstances. Therefore, it is vital that individuals and families receive what they are entitled to as quickly as possible. In terms of context, Bedford has a large and very diverse urban population making these difficulties and the resultant problems more prevalent in Bedford than the average district council.

Following the introduction of the Verification Framework and a new computer system, it is true to say that performance dropped to levels the Bedford Borough Council felt was unacceptable in this crucial service area. I decided, in conjunction with Members, that in these circumstances only the quickest and most sustainable methods of service improvement would be acceptable. As Chief Executive I agreed to set a very tough and challenging target of 6 months to improve the service from bottom quartile to top quartile performance and to put procedures in place to sustain that performance in the medium to longer term.

The management and staff responded magnificently to the challenge and some difficult issues did arise, particularly around staffing. The target of moving to upper quartile performance was, however, achieved. It is worth mentioning there was no rocket science involved. Improvements were made through the introduction of sound business and process practices particularly those around the area of performance management. As well as achieving this step change in performance a new structure was put in place, temporary agency staff were replaced and savings of over £100,000 per annum were made.

The improvements achieved have been remarkable. As a result of what was achieved in the Benefits Service, I reviewed the whole of the Bedford Borough Council's performance management system. The whole process was captured and used as an internal beacon for driving forward rapid improvement across other Bedford Borough Council services.

There has been a tremendous effort by all those involved in delivering the Benefits Service in Bedford Borough Council and I would like to place on record my thanks to all those involved.

Bedford Borough Council is very pleased to be recognised as the first authority to be rated as Excellent as a result of an inspection. May I also take this opportunity to thank the Benefit Fraud Inspectorate staff for their professionalism in undertaking, what can only be described as, a thorough inspection of our Benefits Service.

Preface

I hope that other authorities will read this report in full. It clearly shows how a Benefits Service can be turned around in respect of the national performance indicators in very short timescales and, as a result of improved performance, it is possible to achieve significant ongoing financial savings.

Bedford Borough Council is keen, with the BFI, to share our experiences with authorities so that other councils wishing to improve this vital service area have a tried, tested and portable model available to them.

Shaun Field
Chief Executive
Bedford Borough Council

Introduction

I was very pleased that the Benefit Fraud Inspectorate was invited to inspect Bedford Borough Council, as Shaun Field, the Chief Executive, believed the authority was providing an excellent Benefits Service. It pleased me even more to be able to confirm it was.

This report not only validates Bedford Borough Council's self-assessment against Performance Standards, it also describes how the authority made some dramatic improvements in processing times very quickly. It also shows that these improvements have been sustained.

In addition to some new working practices, the report shows that clear leadership, staff involvement in agreeing goals and comprehensive planning and monitoring are the basic building blocks for success.

I very much hope that this report will prove helpful to other local authorities facing difficult challenges. If that is the case please let me know. Equally if you find the report is not helpful please contact me. It is important to us that we meet the needs of those who work on housing benefits and counter-fraud in local authorities.

I'm very grateful to the Chief Executive and Members of Bedford Borough Council for their participation in this inspection. But most of all I recognise the commitment and innovation of those working in Bedford Borough Council's Benefits Service.

Chris Bull
Director
Benefit Fraud Inspectorate

Executive summary

Background

1.1 The role of the Benefit Fraud Inspectorate (BFI) is to inspect benefit administration and counter-fraud activity within local authorities, the Department for Work and Pensions (the Department) and its agencies. The findings from our inspections are reported to the Secretary of State.

1.2 Housing Benefit (HB) and Council Tax Benefit (CTB) are important contributions to many household budgets. Just under 4 million people receive HB, including many pensioners and families with children. It helps one in 6 households meet the cost of their housing at an annual cost of £12.1 billion. There are over 4.6 million people in receipt of CTB, at a cost of over £2.8 billion.

1.3 In its response to the *Housing Green Paper* of November 2000, the Department agreed to develop a performance framework for HB. BFI played a major role and the HB and CTB Performance Standards were launched and published in April 2002. They are standards the Department expects local authorities to aspire to and achieve in time. Every local authority has received a copy of the Standards and receives amendments when changes are introduced. Local authorities are encouraged to complete a self-assessment against them.

1.4 The Performance Standards allow local authorities to make a comprehensive self-assessment of whether they deliver benefit effectively and securely. The Department has chosen to consider the full picture of what constitutes an effective and secure Benefits service, that meets wider strategic objectives, rather than focusing solely on speed and accuracy of processing claims and security.

1.5 How quickly local authorities meet these Standards will depend on the circumstances they face. These include current levels of performance and the level of local and national resources, as well as the effectiveness of change management within the authority itself. The Department has therefore not set a timescale for local authorities to meet Performance Standards.

1.6 This report assesses Bedford Borough Council's administration of HB and CTB against the Performance Standards. The findings in this report should be read in conjunction with the Performance Standards pack, which can be downloaded from the Department's website, <http://www.dwp.gov.uk/housingbenefit/publications/perf-stands/index.asp>.

1.7 We are grateful to Bedford Borough Council for its help and co-operation throughout this inspection.

Overall performance

1.8 Bedford Borough Council assessed itself against Performance Standards in January 2004 and reassessed its compliance in July 2004. Our inspection was based on the validation of Bedford Borough Council's self-assessment against the 7 functional areas.

1.9 Following its initial self-assessment exercise, Bedford Borough Council developed a Performance Standards Action Plan to address areas not at Standard. In August 2004 Bedford Borough Council reported that it had reached Standard in all 7 functional areas and was above Standard in 2 areas, Internal Security and Overpayments. We confirmed this assessment during our inspection in September 2004.

1.10 Overall we found that Bedford Borough Council was performing to an **Excellent** standard in its HB and CTB administration and counter-fraud activities.

1.11 We found a great deal of commitment and professionalism in Bedford Borough Council's efforts to administer HB and CTB and counter-fraud work, together with a determination throughout the authority to maintain the high level of performance achieved.

1.12 Bedford Borough Council had comprehensive strategies and policies, including an HB vision that was clearly linked to strategic corporate objectives. These strategies and policies were supported by clear operational plans and quality guidance for staff.

1.13 Bedford Borough Council was awarded the Customer Services Charter Mark in 2002 for excellence in the provision of customer advisory services and specialist benefit promotion services. Regular customer surveys confirmed that Bedford Borough Council provided a good service to its customers, particularly those with special needs. A survey of key ethnic minority groups in January 2004 revealed that 80% of customers found it easy to obtain forms and leaflets in other languages.

1.14 We found Bedford Borough Council's verification of claims and changes of circumstances was excellent. Its quality and level of management checking provided assurance on accuracy and security issues. Bedford Borough Council's reported performance for accuracy was 97% in 2003/04 and improved to 99% from April to August 2004.

1.15 Our sampling of fraud investigations revealed that Bedford Borough Council focused investigations to make best use of the resources available and investigated each case thoroughly. The Senior Fraud Investigation Officer carried out regular management checks and provided useful advice to Fraud Investigation Officers on how to progress investigations. Fraud investigations had resulted in 3 cautions, 4 administrative penalties and 8 successful prosecutions in 2003/04.

1.16 Bedford Borough Council revised its post opening procedures in January 2004 to provide a more secure service and comply with the requirements of Performance Standards.

1.17 Bedford Borough Council dealt efficiently with overpayments. At the time of the inspection changes of circumstances were being processed and overpayments calculated, on average, within 6 days. All methods of overpayment recovery were utilised and a checklist was used to ensure all methods were considered. Bedford Borough Council reported that it recovered 72% of the total overpayments identified in 2003/04 and overpayments not recovered from previous years.

1.18 We were particularly impressed with Bedford Borough Council's progress from relatively low performance in the last quarter of 2002/03, in relation to the main processing performance indicators, to upper quartile performance within 6 months.

1.19 In preparation for a Comprehensive Performance Assessment, the Chief Executive requested an independent management check of Best Value performance indicators in February 2003. As a result, poor performance in 2 service areas came to light, the Benefits Service and Planning.

1.20 Bedford Borough Council's reported performance for processing new claims and changes of circumstances from January to March 2003 was 68 and 18 days respectively against Performance Standards of 36 and 9 days.

1.21 The Chief Executive and his Benefits Service management team took immediate and wide-ranging action to improve the performance of the Benefits service. This resulted in processing performance indicators reaching upper quartile by September 2003, with performance sustained since that time.

1.22 Bedford Borough Council's success can be attributed to the following factors:

- the commitment and personal involvement of the Chief Executive to improve the Benefits Service's performance
- the development of a new Performance Management Framework, designed to provide early identification of problem areas
- being explicit about what was expected of staff
- the energy and hard work of the managers and staff in the Benefits Service
- good communication channels between managers and staff throughout the improvement process
- involving staff in both the identification and resolution of problems
- providing staff with up-to-date procedures
- requesting staff to identify their training needs
- providing support and assistance for staff to reach their full potential
- taking inefficiency action in appropriate cases
- introducing a corporate-wide Service Improvement Team to analyse problems and present plans for resolution
- requesting and receiving assistance from the Department's Help Team.

1.23 In addition to the achievements realised by the Benefits Service, Bedford Borough Council introduced some aspects of the methodology used to bring about these improvements to other areas of the authority. For example, the new Performance Management Framework was introduced corporately.

Bedford Borough Council

1.24 Bedford is situated 50 miles north of London and comprises the urban areas of Bedford and Kempston and 43 rural parishes. The majority of the population resides in the urban area, which faces many of the difficulties identified in large cities. For example, the borough has 450 houses in multiple occupation.

1.25 At the time of the inspection, the borough as a whole was the 14th largest in population terms of all district councils. Unemployment was just below the national average, 2.4% in January 2004 compared to the regional and national levels of 3.0% and 2.6% respectively. One ward in the town of Bedford was among the 10% most disadvantaged in England.

1.26 The borough had a population of 149,200 and a minority ethnic population of 11% compared to 6% nationally. Of the total population, 10% was black or Asian with Indians constituting the largest minority at 4.3%. In Bedford town, 15% of the population was black or Asian and 10% Italian.

1.27 Bedford Borough Council had a directly elected Mayor. Conservatives held 16 of the 54 seats, Labour held 15 seats, Liberal Democrats held 13 seats and the remaining 10 were Independent. Bedford Borough Council had a cabinet structure in line with the Local Government Act 2000.

Benefit expenditure and caseload

1.28 Figures 1.1 and 1.2 show Bedford Borough Council's HB and CTB expenditure and caseload.

Fig. 1.1: HB and CTB expenditure as a percentage of gross revenue expenditure

Year	Total gross revenue expenditure (£ million)	HB/CTB expenditure (£ million)	HB/CTB expenditure as % of gross revenue expenditure
2002/03	68	35	51
2003/04	71	37	52

Source: Bedford Borough Council

1.29 Bedford Borough Council transferred its housing stock to Bedford Pilgrims Housing Association in 1990. At the time of our inspection Bedford Pilgrims Housing Association was the single largest landlord in the borough with over 8,000 tenants.

1.30 Bedford Borough Council's HB and CTB caseload had increased over the last 2 years as shown in Figure 1.2.

Fig. 1.2: Caseload from 2002/03 – 2003/04

Case type	2002/03	2003/04
Combined HB and CTB	7,841	8,072
CTB only	1,773	1,959
Total	9,614	10,031

Source: Bedford Borough Council

BFI findings

Strategic management

2.1 Benefit administration has to be set within the much broader context of a local authority's overall strategies and responsibilities towards, for example, neighbourhood regeneration, alleviating poverty, preventing homelessness, helping people into work and enhancing consumer choice.

2.2 Bedford Borough Council was composed of an independent directly elected Mayor and 54 Members. The Cabinet, known as the Executive, comprised 9 Members and was chaired by the Mayor. It was responsible for approving all day-to-day decisions at Member level. All 9 Members were portfolio holders for key services, including the Benefits Service, which was included in the Housing and Anti-Poverty portfolio.

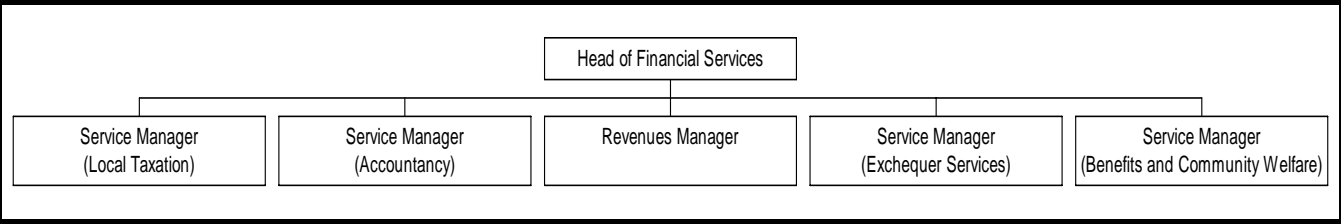
2.3 In April 2004 the council realigned its structure. The strategic management team comprised:

- the Chief Executive and Director of Commercial Services
- 2 Strategic Directors:
 - the Director of Corporate Governance and Deputy Chief Executive (the Section 151 Officer)
 - the Director of Community Partnerships and Strategies
- 7 Heads of Service, covering the following service groups:
 - Corporate Administration
 - Economic Development and Regeneration
 - Planning and Housing Services
 - Financial Services
 - Personnel Services
 - Technical Services
 - Environment and On Street Services.

2.4 Each Head of Service had operational and strategic responsibility for service delivery. The Benefits Service was part of the Benefits and Community Welfare Service which was part of Financial Services.

2.5 Bedford Borough Council provided us with organisation charts to illustrate the roles and responsibilities of the Benefits Service staff. Figure 2.1 details the high level organisational structure for Financial Services.

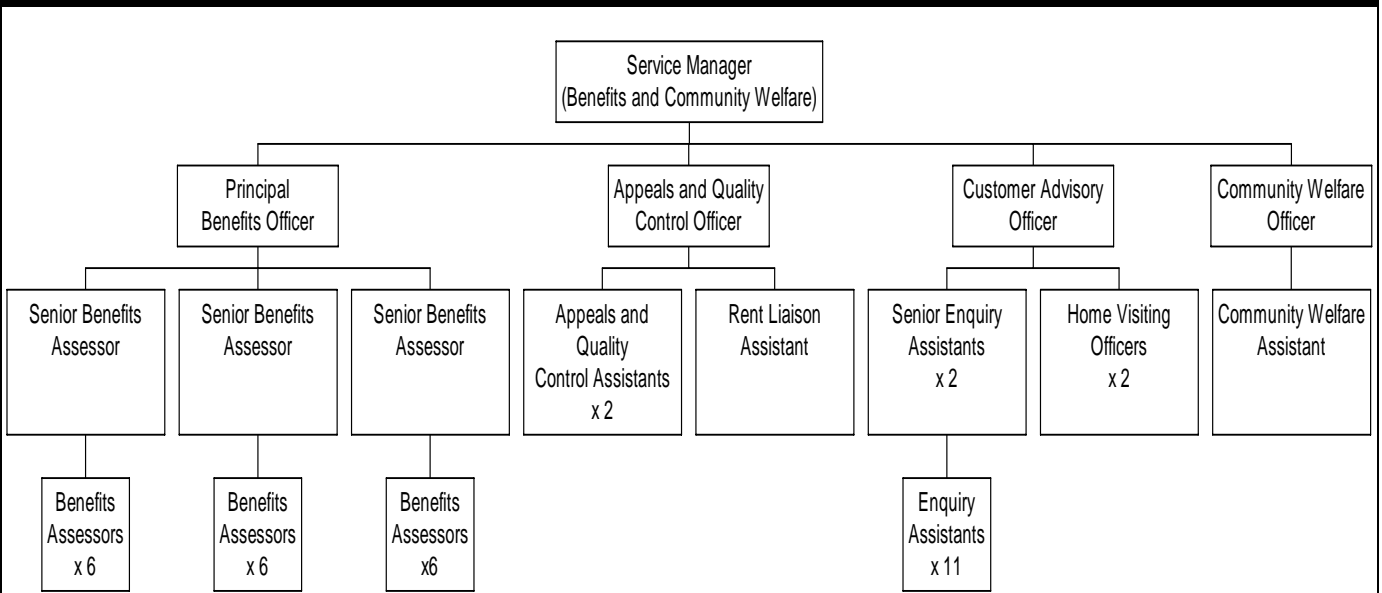
Fig. 2.1: Bedford Borough Council's high level organisational structure for Financial Services



Source: Bedford Borough Council

2.6 The Benefits Service was part of the Benefits and Community Welfare Service. Figure 2.2 shows the organisational structure for the Benefits and Community Welfare Service.

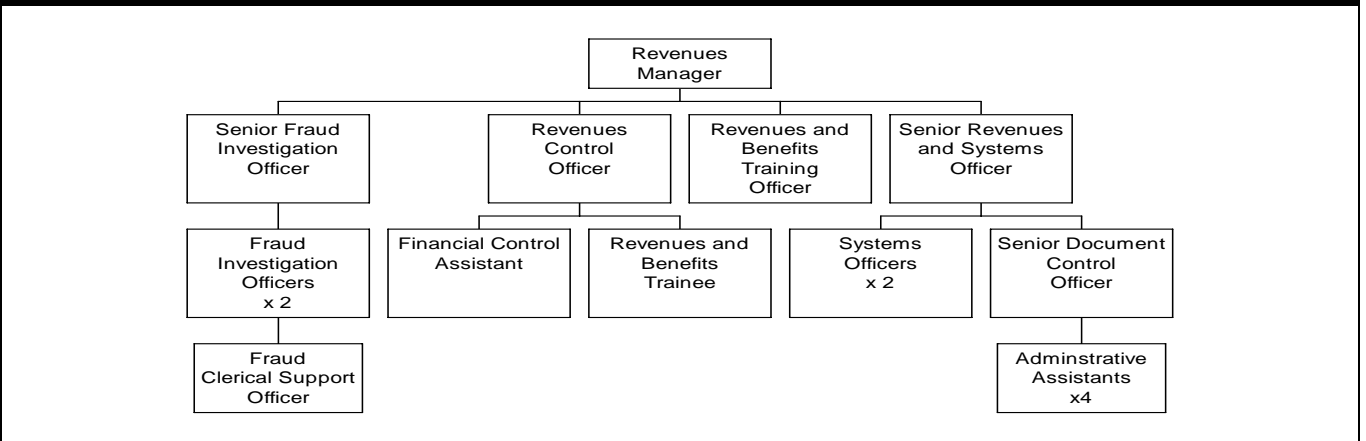
Fig. 2.2: Bedford Borough Council's organisational structure for the Benefits and Community Welfare Service



Source: Bedford Borough Council

2.7 Figure 2.3 shows the organisational structure for the Revenues Service.

Fig. 2.3: Bedford Borough Council's organisational structure for the Revenues Service



Source: Bedford Borough Council

The Benefits Service strategic vision

2.8 A statement expressing the strategic vision for the Benefits Service enables Members, managers and staff to have a clear sense of direction, purpose and focus for their work. It also allows the public to understand where the key priorities for the Service lie and how these fit into the overall vision and strategic objectives of the council.

2.9 Bedford Borough Council was at Standard in this element. It had 6 high level strategic plans underpinning its policy objectives and linking the different service areas:

- Community Plan 2001-2004
- Best Value Performance Plan 2004/05
- Corporate Plan 2004-2007
- Benefits and Community Welfare Service Plan 2004-2007
- Benefits Service Medium to Long Term Plan 2004-2007
- Benefits Strategic Policies document.

2.10 Bedford Borough Council's Community Plan 2001-2004 was produced in conjunction with a Local Strategic Partnership in 2001 and contained Bedford Borough Council's vision for delivering services to its residents. The Local Strategic Partnership was made up of a wide range of public, private and voluntary sector organisations to inform strategic planning locally. A revised Community Plan for the period 2004 to 2010 was in draft form at the time of our inspection.

2.11 The Best Value Performance Plan 2004/05 also served as the council-wide strategic plan and included the commitment to efficiently administer HB and CTB. This commitment was supported by a Statement of Intent for the Benefits Service, which was contained in the Community Plan 2001-2004 and the Benefits Service Medium to Long Term Plan 2004-2007. It was approved by the Benefits Service's portfolio holder and set out the aims as follows:

ensure that performance management is key to making the service meet upper quartile performance with regard to Best Value Performance Indicators

ensure a joined up service is provided covering all aspects of the benefit cycle from reception through to processing of payment and hence ensuring that the service is customer focused, modern and efficient

make every effort to pay the correct benefit by ensuring accuracy and minimising the risk of error. Ensure benefit is awarded in accordance with legislative requirements at all stages

make every effort to pay entitlement promptly

ensure every effort is made to recover overpaid benefit promptly

ensure that benefit fraud is not accepted and consider proportional activities to be undertaken to minimise the abuse of the Benefits Service by effective deterrents, investigating allegations and taking legal proceedings where appropriate, through the committed resources

ensure adequate resources are provided to deliver the intended service, provided within afforded Council budget and to continually review its policies and procedures so as to ensure a high quality cost effective service is maintained

ensure that benefit entitlement is promoted, ensuring the service is accessible to all borough residents and that those in need receive that to which they are entitled

minimise any barriers to work as a result of the benefit system.

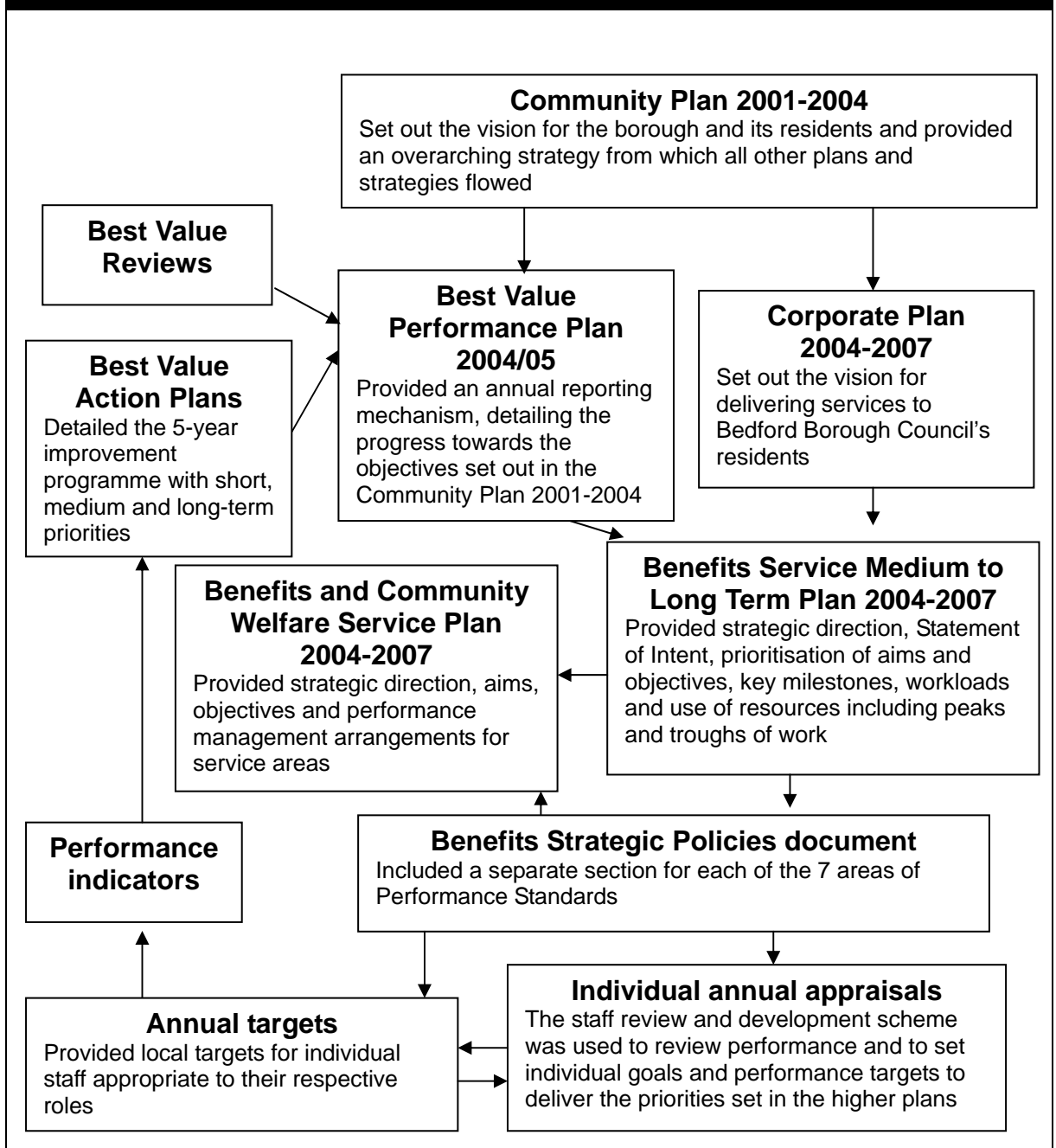
Staff and managers were aware of the Benefits Service's vision.

2.12 Staff and managers were aware of the Benefits Service's vision. It was issued to all Benefits Service staff in January 2004 and, at the time of the inspection, had just been reissued to staff as it had been reaffirmed by the new portfolio holder. A copy of the vision appeared in the Benefits Office Guidance

manual, which was held on Bedford Borough Council's intranet.

2.13 Figure 2.4 details Bedford Borough Council's hierarchy of high level plans.

Fig. 2.4: Bedford Borough Council's hierarchy of high level plans



Source: Bedford Borough Council

Policy objectives

2.14 Authorities should support the strategic vision with high level policies and clear objectives for the Benefits Service. Together these should:

- eliminate the need for senior managers to make recurring or routine decisions
- provide a systematic way of delegating operational decisions in a manner that sustains consistency of approach and equity of service
- be linked to its high level strategic and business plans.

2.15 Bedford Borough Council was at Standard in this element as it had explicit policies and objectives for its Benefits Service which:

- were endorsed by Members
- were reviewed annually
- underpinned its Benefits Service's strategic vision statement
- were designed to bridge the gap between the Benefits Service's strategic vision and the current position
- included objectives to meet, by 2005, the full range of Performance Standards.

Bedford Borough Council's Benefits Strategic Policies document included a separate section for each of the 7 areas of Performance Standards and was available on its website and intranet.

2.16 Bedford Borough Council's Benefits Strategic Policies document included a separate section for each of the 7 areas of Performance Standards and was available on its website and intranet. It was also included in the Benefits Office Guidance manual.

2.17 Following its initial self-assessment exercise, Bedford Borough Council developed a Performance Standards Action Plan in December 2003. This plan addressed areas not at Standard. Bedford Borough Council reported that it reached Standard in all 7 functional areas and was above Standard in 2 areas in

August 2004. We confirmed this during our inspection in September 2004.

Service delivery planning

2.18 Service delivery planning ensures that resources are effectively managed and monitored to deliver service standards and performance targets.

2.19 A service delivery plan for administering HB and CTB translates the strategic vision, policies and objectives into practical ways of providing a service. Effective service delivery plans will allow any changes that are required to improve the HB and CTB service to be managed.

2.20 Bedford Borough Council was at Standard in this element.

2.21 Project managers were appointed to implement major changes. For example, the Head of Financial Services was appointed as project manager for the implementation of the new Benefits IT system.

2.22 The Benefits Service Medium to Long Term Plan 2004-2007 considered the impact on stakeholders and was circulated to all interested parties. Progress was monitored through the Best Value performance indicators and reported and reviewed at weekly meetings between the Head of Financial Services, the Service Manager (Benefits and Community Welfare) and the portfolio holder for the Benefits service.

2.23 Bedford Borough Council provided a £40,000 contingency to meet peak service needs. This was reflected in the Benefits Service Medium to Long Term Plan 2004-2007.

2.24 Bedford Borough Council assessed the risk on performance of all operational and change plans and planned contingencies for identified risks. A risk management review of each service area was carried out in September and October 2003 and a further review of the Benefits and Community Welfare Risk Management Plan was performed in August 2004.

2.25 The risk management process was based on the following factors:

- identification of risk
- effect of the risk
- likelihood of occurrence
- impact
- risk value (the likelihood score multiplied by the impact score)
- action to mitigate.

2.26 Each service area had prepared a Business Continuity Plan. These plans outlined the resources required in the event of defined disruptions and included the IT contingency arrangements, which provided for a duplicate system to be held off-site. The Service Manager (Benefits and Community Welfare) tested the Benefits Service's plan annually to ensure that staff were aware of their roles.

Service delivery targets

2.27 Service delivery targets support policy objectives and service standards. They give staff a clear view of the desired outcome, and management clear accountability for providing effective and secure administration.

2.28 Bedford Borough Council was at Standard in this element as it set delivery targets for the Benefits Service which:

- covered all areas
- included all relevant national Best Value performance indicators
- were stretching and provided for year-on-year improvement
- provided a baseline of current performance from which progress could be measured.

2.29 Bedford Borough Council set targets that exceeded the upper quartile performance figures for all local authorities, including the targets shown in Figure 2.5.

Fig. 2.5: Bedford Borough Council's local targets from 2004/05 – 2006/07

	Target 2004/05	Target 2005/06	Target 2006/07
New claims processing (days)	20	20	20
Changes of circumstances (days)	7	7	7
Recovery of overpayments (%)	72	74	76

	Target 2004/05	Target 2005/06	Target 2006/07
Number of customers visited per 1,000 caseload	320	340	360
Number of prosecutions and sanctions per 1,000 caseload	3	3	3

Source: Bedford Borough Council

2.30 Performance targets were communicated to stakeholders by:

- information on Bedford Borough Council's website
- circulation of the Best Value Performance Plan 2004/05, also available on its website
- annual publication in the *Bedford News*, a community newsletter delivered monthly to all residents
- circulation of the Benefits Service Medium to Long Term Plan 2004-2007.

2.31 Bedford Borough Council ensured that managers and staff were aware of key targets through:

- weekly publication of performance against the Benefits Service performance indicators to all staff
- the performance appraisal system
- individual targets contributing to overall delivery targets for the Benefits Service
- including Best Value performance indicators and local indicators in the Benefits Office Guidance manual, the Benefits and Community Welfare Plan 2004-2007 and the Benefits Service Medium to Long Term Plan 2004-2007.

2.32 Performance against targets was also communicated to staff and stakeholders by including achievements against targets in the Best Value Performance Plan 2004/05.

Performance monitoring

2.33 Performance monitoring provides assurance to Members and senior officers that HB and CTB administration is effective and secure. It is important that Members and senior officers receive reports on performance against the strategic vision, objectives and plans to make the accountability process clear. Performance monitoring can also encourage a culture of continuous improvement.

2.34 Bedford Borough Council was at Standard in this element.

2.35 Bedford Borough Council changed its performance management system in October 2003 to a new traffic light system. The system required managers to predict performance levels in advance and report against them using red, amber and green indicators. Managers were also required to explain the reasons when performance was falling below predicted targets.

2.36 The Service Manager (Benefits and Community Welfare) sent weekly performance indicator results to the portfolio holder, Chief Executive and the Head of Financial Services. Benefits Service staff were informed of performance at weekly team meetings. The Head of Financial Services and the Service Manager (Benefits and Community Welfare) met, at least monthly, with the portfolio holder to discuss the performance of the Benefits Service.

Organisational structure

2.37 Organisational structure plays an important part in the performance of a local authority administering HB and CTB. It is important that staff and other resources are structured in a manner that provides an effective Benefits service.

2.38 Bedford Borough Council was at Standard in this element because it:

- clearly defined roles and responsibilities
- allocated responsibilities in a clear and logical way
- controlled resources available to deliver the service
- had good communications channels within the Benefits Service
- had clear lines of communication, promoting effective working relationships across all parts of Financial Services. For example, the Head of Financial Services chaired monthly meetings comprising all the unit managers in the Financial Services Group.

Procedural guidance

2.39 HB and CTB are important components of the benefits system and it is important that staff and managers responsible for their administration are supported and guided by good procedures.

2.40 Bedford Borough Council was at Standard in this element.

2.41 Bedford Borough Council developed a comprehensive Benefits Office Guidance manual in October 2003. As well as local policies and procedures, it included reference to:

- HB regulations
- HB and CTB circulars
- the Department's guidance
- Performance Standards
- Audit Commission good practice
- its Benefits Strategic Policies document
- its Benefits and Community Welfare Service Plan 2004-2007.

The Benefits Office Guidance manual was distributed to all staff involved in the administration of HB and CTB. In addition, copies of guides to HB and CTB legislation were held in the office and were available on the intranet.

2.42 The Benefits Office Guidance manual was distributed to all staff involved in the administration of HB and CTB. In addition, copies of guides to HB and CTB legislation were held in the office and were available on the intranet.

2.43 Bedford Borough Council had:

- procedures that provided an accurate, up-to-date guide to local practices within the authority
- a mechanism to ensure staff and managers understood procedures
- a formal management control process for developing and changing local procedures
- reviewed its procedural guidance to ensure it was written in plain English.

Management assurance and local management information

2.44 Members and senior officers, who are accountable for the delivery of an effective and secure HB and CTB administration, need regular assurance that the Benefits Service and counter-fraud efforts are working as planned.

2.45 Management information provides a firm base to evaluate the effectiveness and security of the benefits system. It is a useful tool for management to make informed decisions on the day-to-day running of their sections and to keep Members informed of performance. It should not be used simply to generate a local authority's current set of performance indicators.

2.46 Bedford Borough Council was at Standard in this element.

2.47 Bedford Borough Council's Appeals and Quality Control Section was responsible for management checking. This section performed a minimum of 10% pre-notification management checks. Additional checks were made on:

- agency staff
- new staff
- payments over £800.

2.48 On a quarterly and annual basis the Appeals and Quality Control Section produced reports detailing, for each Benefits Assessor, results of accuracy checks. These reports were used to identify areas where individual or team training was required to improve performance and address areas of weakness.

2.49 The results of management checks were also reported to the Service Manager (Benefits and Community Welfare) and the Head of Financial Services on a weekly basis. Quarterly reports were submitted to the portfolio holder.

2.50 There was a Training Officer covering both the Revenues and Benefits Services, reporting to the Revenues Manager, who was informed if management checking indicated a training issue.

2.51 Where errors were found they were referred back to the Benefits Assessor to correct or comment on. This system was designed to assist Benefits Assessors' training and development and prevent similar errors in the future. Management checking issues were also considered at the Senior Benefits Assessors' monthly meetings.

2.52 The results of management checks also fed directly to staff through the performance appraisal system as all Benefits Assessors and Senior Benefits Assessors had a 98% accuracy target.

2.53 The Senior Revenues and Systems Officer also checked a sample of new claims, changes of circumstances and overpayments on a 6-monthly basis to ensure the integrity of the Best Value performance indicators.

The Service Manager (Benefits and Community Welfare) received a daily breakdown of the outstanding documents for each of the 3 assessment teams. A weekly workload report detailed the number of assessments per productive hour for each Benefits Assessor.

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2.55 The Service Manager (Benefits and Community Welfare) reviewed performance against the key national indicators and outstanding workload statistics for each Benefits Assessor and team daily. Work priorities and resources were then adjusted accordingly.

Training and development

2.56 Effective and secure delivery of HB and CTB depends on the performance of all staff. The administration of these benefits is complex, and staff retention and recruitment are major issues for managers. Local authorities should offer training that is effective, and career and personal development opportunities for all staff.

2.57 Bedford Borough Council was at Standard in this element.

2.58 Bedford Borough Council received Investor in People accreditation in July 1997, July 2000 and July 2003. It also attained Investor in People, Recruitment and Selection accreditation in December 2003.

2.59 The training needs of all Benefits Service staff were identified in the:

- Benefits Service Training Strategy 2004/05, which outlined the corporate and specific training necessary for each job role
- Benefits and Community Welfare Training Record Schedule 2004/05, which documented all training arranged and undertaken.

2.60 Bedford Borough Council's new entrant training programme followed a similar format to the Department's recommended minimum training plan. It included Equal Opportunities and Customer Care.

2.61 Local training sessions were carried out following receipt of the Department's guidance, for example, Pension Credit training was delivered in October 2003.

2.62 Bedford Borough Council was a member of the Chartered Institute of Public Finance and Accountancy Benefits Consortium. It distributed the circulars received from the Institute and included them in the Benefits Office Guidance manual.

2.63 Each trainee completed a course evaluation form. The trainer evaluated the feedback and completed a form to identify necessary revisions to the training programme. The trainer had the discretion to revise the programme to meet trainees' needs.

2.64 Specialist training was provided where necessary, for example, the Head of Financial Services received project management training to support his project manager role in the implementation of the new Benefits IT system. He also had Chartered Institute of Public Finance and Accountancy and Institute of Revenues, Rating and Valuation qualifications and attended a leadership programme in March 2004.

2.65 The Benefits Service Medium to Long Term Plan 2004-2007 included a target to have at least one qualified member of the Institute of Revenues, Rating and Valuation and at least 4 technician members in the Benefits Service by April 2007.

2.66 All Benefits Services staff had job descriptions, which included sections covering the main purpose of their job and associated targets, clearly reflecting specific roles. Targets were specific, measurable, achievable, relevant and time-bound.

2.67 Appraisals were carried out annually and interim reviews took place 6 months into the appraisal year. During these reviews, performance against set targets and other key indicators was discussed. Staff had personal training and development plans. Identified training needs were fed into the corporate training programme prepared by Personnel Services annually.

2.68 Technical support was provided to staff through line management and on-line access to the Benefits Office Guidance manual. Where necessary specialist advice was sought from relevant bodies. For example, the Department and the Chartered Institute of Public Finance and Accountancy Benefits Consortium.

Training for the new Benefits IT system was delivered during a period when work was up-to-date, but prior to implementation, to minimise the impact. This approach ensured staff had the opportunity to become familiar with the system before implementation in December 2002.

2.69 Training for the new Benefits IT system was delivered during a period when work was up-to-date, but prior to implementation, to minimise the impact. This approach ensured staff had the opportunity to become familiar with the system before implementation in December 2002.

Information technology

2.70 Every local authority should make the most of available IT to support an effective and secure HB and CTB administration, and the technology used should help the local authority make progress against the *e-government* agenda.

2.71 Automation of processes should improve efficiency. Reliable and timely management information should be used to monitor performance and inform management decisions.

2.72 Bedford Borough Council was at Standard in this element.

2.73 Bedford Borough Council implemented a new Benefits IT system in December 2002. It included a fully integrated benefits debtors module which was linked to its Corporate Debt Management system.

2.74 Access to the Benefits IT system required a unique user identification and password which was encrypted. Where passwords required resetting, the user e-mailed the Systems Officers to maintain a formal record of the change. All transactions were recorded showing the user and date.

2.75 Separation of duties was enforced through the system security configuration. Separate user access groups were set up for each Benefits Service job function.

2.76 User profiles were subject to ongoing reviews. Only Systems Officers could make changes to user profiles through written requests from the Service Manager (Benefits and Community Welfare). A control spreadsheet was maintained to log all user security changes. We saw evidence that user profiles were appropriate to job roles.

2.77 System faults were reported to the Systems Officers. Faults were investigated and, if appropriate, logged with the software supplier and progress monitored.

2.78 New software releases were tested and the results fully documented before going live.

2.79 Bedford Borough Council had an IT Disaster Recovery Plan, which was tested annually. Its Computer User Security Policy had been issued to all staff and compliance tested annually by internal audit as part of its audit programme.

Internal audit

2.80 Internal audit provides assurance to Members and senior officers about the effectiveness and security of HB and CTB administration.

2.81 Bedford Borough Council was at Standard in this element.

2.82 The Director of Corporate Governance and Deputy Chief Executive oversaw the work of internal audit. The Chief Audit and Control Officer reported annually to Members on the work performed during the previous financial year.

2.83 Bedford Borough Council had a 3-year risk-based audit plan, subject to annual review. It took into account:

- income and expenditure
- value of transactions
- value of assets
- internal controls.

Internal audit reviewed Bedford Borough Council's compliance with Performance Standards in November 2003 and July 2004, to ensure that the evidence submitted for the Comprehensive Performance Assessment was accurate.

2.84 Internal audit reviewed Bedford Borough Council's compliance with Performance Standards in November 2003 and July 2004, to ensure that the evidence submitted for the Comprehensive Performance Assessment was accurate.

2.85 The Benefits IT system was subject to an annual audit to ensure key internal controls were operating satisfactorily. Internal audit carried out 6-monthly checks to confirm the accuracy of assessment and compliance with benefit regulations. For 2003/04 the total number of audit days used for the Benefits Service was 65, including 28 days reviewing evidence submitted for Performance Standards.

For 2004/05 the Benefits Service had been allocated 65 days.

2.86 Bedford Borough Council was a member of an Audit Group of local authorities from Bedfordshire, Buckinghamshire and Northamptonshire. The group benchmarked audit plans and resource allocations on an annual basis.

External audit

2.87 External audit has statutory duties to report on the arrangements that the local authority has to secure economy, efficiency and effectiveness in its use of resources. It also gives independent assurance on matters relating to the accounts, and reports on the arrangements to ensure probity.

2.88 Local authorities must act on this independent advice and assurance, while having their own systems of assurance. They cannot rely on external audit alone to identify faults.

2.89 Bedford Borough Council was at Standard in this element.

2.90 On receipt of annual certificates, for example subsidy, the Head of Financial Services and the Service Manager (Benefits and Community Welfare):

- assessed the implications of the audit recommendations and findings
- prepared an action plan in response to the findings
- monitored the progress of the action plan and adjusted it accordingly
- informed Members of the audit findings and obtained their endorsement of the action plans.

2.91 The audit contractor took on the provision of external audit work for Bedford Borough Council in 1999 and operated under a managed audit approach. Bedford Borough Council told us there was an effective working relationship between external and internal auditors.

2.92 External audit carried out an annual review of internal audit to confirm it could continue to rely on internal audit's work. In its management letter to Members, issued in December 2003, external audit stated:

We found that Internal Audit's work was of a good standard...

2.93 The external audit reports on Bedford Borough Council's accounts and HB and CTB subsidy claim for year ending 31 March 2003 were satisfactory and no recommendations were made.

Cost of benefit administration

2.94 There is no definitive costing structure for benefit administration, although local authorities should be guided by provisions in the HB/CTB circular *S1/2000*.

2.95 Bedford Borough Council was at Standard in this element because it:

- calculated the cost per claim every 6 months
- ensured that accounting records detailed how the calculation was performed on each occasion, so it could be re-performed at a later date
- set challenging annual targets to reduce the cost of benefit administration.

2.96 Its costing structure identified direct costs such as:

- staff
- IT
- stationery
- accommodation.

2.97 Bedford Borough Council benchmarked the cost of benefit administration with similar local authorities. The Chartered Institute of Public Finance and Accountancy benchmarking club comprised 19 local authorities. As well as comparing costs of benefit administration, the benchmarking group compared other factors such as:

- performance against Best Value performance indicators
- caseload

- fraud
- recovery of overpayments.

Staff restructuring was expected to deliver a further saving of £100,000 in 2004/05.

2.98 As part of the Best Value Performance Plan 2004/05, a year-on-year target had been set to reduce the cost per claim of benefit administration. Bedford Borough Council had realised year-on-year savings of £150,000 through implementing the new Benefits IT system in 2002. Staff restructuring was expected to deliver a further saving of £100,000

in 2004/05.

Compliance with the Race Relations Act

2.99 Authorities must comply with the provisions of the Race Relations Act 1976, as amended by the Race Relations (Amendment) Act 2000. Under this legislation authorities are required to eliminate unlawful discrimination and to promote equality of opportunity and good relations between persons of different racial groups.

2.100 Local authorities are required to publish a Race Equality Scheme that sets out the arrangements they have made to satisfy this general duty.

2.101 Bedford Borough Council was at Standard in this element.

2.102 Bedford Borough Council had a Race Equality Scheme for 2002 to 2005. It was reviewed annually by the Bedford Race Equality Council, an external organisation, and recommendations incorporated into revised plans. It also had a Race Equality Action Plan. The Race Equality Scheme and Race Equality Action Plan were published on Bedford Borough Council's website.

2.103 Existing policies were monitored and proposed policies assessed for impact on race equality. Monitoring was carried out by setting operational targets by service area and incorporating the targets in the Race Equality Action Plan. The targets were reviewed regularly by Personnel Services.

2.104 Equal opportunities was covered in the induction training given to all staff new to Bedford Borough Council and race relations training was delivered to all Customer Services and Benefits Service staff in January 2004.

2.105 Bedford Borough Council met quarterly with various minority groups, for example, the Bangladeshi Women's Association and visited community centres in its area.

2.106 Bedford Borough Council annually reviewed its facilities provided for customers of key ethnic minority groups in the area. The last review was in February 2004. It sent a letter to customers from key ethnic minority groups and received positive feedback on the services provided. A further survey was planned for October 2004.

Internal working arrangements

2.107 Local authorities need to manage their internal partnerships and relationships to support short and long-term policy objectives. Such management includes ensuring that common goals are set for an effective and secure HB and CTB administration.

2.108 Bedford Borough Council was at Standard in this element.

2.109 The Benefits Service had formal partnership agreements with key internal services, including:

- Personnel Services
- Legal Services
- IT
- Mailing Services.

2.110 These agreements included the services to be provided and expected service standards. They clearly documented responsibilities and outlined the internal communication channels to use. They included the requirement for 6-monthly reviews to assess performance and identify any improvements to the service provided.

2.111 Meetings were held to review the partnership agreements every 6 months. Minutes were circulated to relevant officers.

External working arrangements

2.112 Local authorities function within their own network of relationships with customers, stakeholders and other bodies. Effective partnerships with these organisations can provide mutual benefits through savings in administrative costs and benefits expenditure, and reduce the amount of fraud and error. Some stakeholders such as the Rent Service and Jobcentre Plus play a key part in handling HB and CTB claims effectively and securely.

2.113 Bedford Borough Council was at Standard in this element because it had service level agreements with:

- Jobcentre Plus
- The Pension Service
- the Rent Service
- Debt Management
- the Appeals Service.

2.114 Bedford Borough Council also had a service level agreement with Bedfordshire Pilgrims Housing Association. We report in the *Working with landlords* section of this report about the good liaison with landlords.

2.115 Counter-Fraud Investigation Service liaison is covered in the *Counter-fraud* section of this report.

2.116 Bedford Borough Council monitored and reviewed all service level agreements annually, and took action to improve effectiveness and security as required. For example, a local arrangement was reached for Jobcentre Plus to annotate NHB5s to alert Bedford Borough Council that, although a claim had been received, Jobcentre Plus was awaiting further information from the customer. This meant NHB5s were issued to the council at the earliest possible opportunity.

2.117 Bedford Borough Council attended quarterly meetings with the other Bedfordshire local authorities, Jobcentre Plus and the Department's Debt Management. The Housing Benefits Liaison Group met quarterly and members included voluntary organisations and welfare rights groups, for example:

- Citizens Advice
- Age Concern
- Bedford Community Rights Centre
- Disability Resource Centre.

Customer services

3.1 Customer service is important. Local authorities should aim to:

- deliver modern, efficient and secure customer-focused public services, and empower individuals to influence them
- reduce barriers to work, particularly in relation to benefit and rent policy
- support vulnerable people and tackle all forms of social exclusion, including bad housing, homelessness, poverty, crime and poor health.

Clear, simple, accessible claim forms and leaflets

3.2 Clear HB and CTB claim forms and leaflets can help reduce the need for requests for further information from the customer. They provide information on the types of evidence required, and reduce the risk of customer confusion, error and fraud. Clear advice at the time of the claim can reinforce messages about the need to provide evidence of identity and income, and resolve concerns of those with limited documentation.

3.3 Bedford Borough Council was at Standard in this element.

3.4 Bedford Borough Council's claim form was based on the Department's model claim form and was awarded the Crystal Mark for clarity by the Plain English Campaign in April 2004.

3.5 The claim form was readily available to customers. Stocks of the claim form were available from:

- Bedford Borough Council's HB and CTB enquiry point, known as Customer Services, in the Town Hall
- Registered Social Landlords
- outreach venues, including community centres and doctors' surgeries.

Customer Services staff had a target to ensure the availability of public information leaflets in Customer Services and the Town Hall reception area. All relevant HB and CTB leaflets were available during our inspection.

3.6 Leaflets were updated annually to take into account any legislative changes. Customer Services staff had a target to ensure the availability of public information leaflets in Customer Services and the Town Hall reception area. All relevant HB and CTB leaflets were available during our inspection.

Timely, helpful response to public enquiries

3.7 This section is concerned with quantitative measures, such as opening hours and speed of response, and the quality of service provided.

3.8 Bedford Borough Council was at Standard in this element.

3.9 Bedford Borough Council used a Document Image Processing system. All documentation was scanned on the day of receipt and indexed to the claim number, person identification number and property reference number, preventing the need to request duplicate information.

3.10 A Customer Services exit survey was carried out annually. In addition, a survey of customer satisfaction was carried out as part of the Community Legal Services Charter accreditation, a Legal Services Commission recognition of good customer service. The Legal Services Commission includes benefits advice in its assessment of legal services.

3.11 Results of surveys were:

- reported to the Service Manager (Benefits and Community Welfare)
- discussed at Team Leaders' meetings
- discussed at Senior Advisory Assistants' meetings
- cascaded to all operational staff by Team Leaders.

3.12 No adverse comments were made in the Community Legal Services survey and the customer satisfaction survey carried out in 2002/03. A further Community Legal Services survey was planned for 2004/05.

The telephone enquiry lines were open for a total of 42 hours, Monday to Friday, and 4 additional hours on a Saturday.

3.13 The telephone enquiry lines were open for a total of 42 hours, Monday to Friday, and 4 additional hours on a Saturday.

3.14 The Benefits Service Training Strategy 2004/05 confirmed that Customer Services staff received corporate and specific training tailored to enable them to respond to all benefit enquiries.

3.15 Bedford Borough Council's call management system recorded the time taken to answer telephone enquiries. Figure 3.1 shows telephone answering performance from April to July 2004.

Fig. 3.1: Average time taken to answer telephone calls from April – July 2004

	April 2004	May 2004	June 2004	July 2004
Number of calls	4,423	3,714	4,047	3,092
Average time to answer calls (seconds)	76	69	76	119

Source: Bedford Borough Council

3.16 From April to July 2004 the average time to answer the 15,276 calls was 1 minute 23 seconds.

3.17 Customer Services had a fast-stream counter where all customers were seen initially. If their query was expected to take less than 5 minutes it was dealt with at the fast-stream counter. More complex queries were passed for an interview. Private interviews were held at interview desks with acoustic screening. There were signs displayed in Customer Services notifying customers that private interview rooms were available.

3.18 Customers were able to book appointments over the telephone. All calls were logged on a call log sheet and appointments were recorded in the Customer Services' diary. The diary confirmed that appointments were allocated within 14 days.

3.19 Figure 3.2 shows the number of callers and average waiting times for the period from April to July 2004.

Fig. 3.2: Number of callers and waiting times from April – July 2004

	April 2004	May 2004	June 2004	July 2004
Number of personal callers	4,042	3,522	4,058	3,901
Average waiting time (minutes)	10	9	9	10

Source: Bedford Borough Council

3.20 All Customer Services staff received Verification Framework training. All documents received by Customer Services were verified, copied and the copy document stamped and signed.

3.21 Performance Standards state a local authority should respond substantively to 80% of correspondence within 14 calendar days or less. It should also monitor performance against this target.

The Principal Benefits Officer randomly checked 20 letters on a monthly basis to monitor the percentage of letters replied to within target.

3.22 To enable monitoring against the 14-day Standard, a copy of all outgoing letters was held by the Principal Benefits Officer. The Principal Benefits Officer randomly checked 20 letters on a monthly basis to monitor the percentage of letters replied to within target. Monitoring records confirmed that, for the period April to July 2004, 90% of the letters sampled were replied to within 14 calendar days.

Effective training and development for customer service

3.23 It is important that staff are equipped to deliver good customer service. Training and development should be provided that will allow staff to respond to enquiries, ensuring that the service is right first time.

3.24 Bedford Borough Council was at Standard in this element.

3.25 Training requirements for Customer Services staff were reviewed annually as part of the performance appraisal process. This included corporate and specific training tailored to job roles. The new entrant training schedule covered:

- 3 weeks of HB and CTB legislation training
- the Benefits IT system
- equal opportunities
- customer care
- personal safety
- conflict management
- Suzy Lamplugh training (health and safety) for Home Visiting Officers.

Customer Services targets complied with the Customer Services Charter Mark standard, which was awarded to Bedford Borough Council in 2002 for excellence in the provision of customer advisory services and specialist benefit promotion services.

3.26 All Customer Services staff had job descriptions. In accordance with Bedford Borough Council's performance appraisal scheme, targets were specific, measurable, achievable, relevant and time-bound. Customer Services targets complied with the Customer Services Charter Mark standard, which was awarded to Bedford Borough Council in 2002 for excellence in the provision of customer advisory services and specialist benefit promotion services.

3.27 The Customer Services section of the Benefits Strategic Policies document contained a section called competency, which set the standard for staff training and development. This was achieved through:

- staff receiving corporate and specific training tailored to their job role in accordance with the Benefits Service Training Strategy
- systems training covering:
 - the Benefits IT system
 - the Document Image Processing system
- Council Tax training
- Customer Services staff receiving:
 - copies of the Department's circulars
 - a summary of each circular from the Chartered Institute of Public Finance and Accountancy circular update service
 - copies of the Department's *HB Direct* bulletins
 - monthly staff bulletins, which included an update on legislation and system changes.

3.28 In addition, training needs were identified through the performance appraisal scheme and monitoring of performance for all staff. Refresher training was provided as required. For example, Customer Services staff received refresher training on Pension Credit and fraud awareness in July and August 2004 and overpayments training was planned for September 2004.

Clear, informative decision letters

3.29 Letters to customers need to inform them about decisions made. They must also explain the decision clearly enough for them to decide whether they might have grounds for appeal.

3.30 Bedford Borough Council was at Standard in this element.

The results of the Best Value performance indicator customer survey, asking about clarity of forms and letters, showed an improvement from 54% of customers satisfied in 2000/01 to 67% in 2003/04.

3.31 Following guidance received from the Plain English Campaign, decision letters were reviewed in April 2004. The results of the Best Value performance indicator customer survey, asking about clarity of forms and letters, showed an improvement from 54% of customers satisfied in 2000/01 to 67% in 2003/04.

3.32 We compared a range of decision letters generated from the Benefits IT system against Schedule 6 of the Housing Benefit (General) Regulations 1987 and the Council Tax Benefit (General) Regulations 1992. Bedford Borough

Council's letters contained all the information required.

Accessible, quality service for customers with specific needs

3.33 It is important that customers are not deterred from claiming because the Benefits Service did not address their specific needs.

3.34 The Benefits Service needs to be accessible to people:

- with disabilities
- whose first language is not English
- with communication or learning difficulties
- who are vulnerable because of their age or physical or mental health problems.

3.35 Bedford Borough Council was at Standard in this element.

3.36 Bedford Borough Council's Access Officer had carried out a formal audit assessment of Customer Services accommodation against the Disability Discrimination Act 1995 to confirm compliance. Minor alterations had been recommended to improve signage to assist sight-impaired people. Bedford Borough Council had made arrangements for this work to be done.

3.37 Customer Services' facilities had been assessed against, and satisfied, Best Value performance indicator 156 which covers the percentage of buildings open and accessible to disabled people. In 2002/03, 63% of Bedford Borough Council's buildings were compliant. This increased to 76% in 2003/04 with a target of 79% set for 2004/05. Bedford Borough Council had a programme of works in place to ensure that 100% of its buildings will comply with the requirements of the Disability Discrimination Act 1995 during 2004.

3.38 Bedford Borough Council had a range of facilities for customers with special needs including:

- textphone facilities
- Type Talk, a text-to-speech service
- in-house interpreters for all key spoken languages from the ethnic minority communities in the area

Where in-house interpreters were not available, arrangements were in place with the interpreting service at Luton Borough Council and Milton Keynes Community Language Service to provide an interpreting service within 3 working days.

- where in-house interpreters were not available, arrangements were in place with the interpreting service at Luton Borough Council and Milton Keynes Community Language Service to provide an interpreting service within 3 working days
- arrangements with Language Line to provide a text translation service in most languages

- leaflets containing a paragraph explaining that leaflets were also available in large print and in the following languages:
 - Bengali
 - Czech
 - German
 - Punjabi
 - Hindi
 - Urdu
 - Italian
 - Spanish
- 3 British Sign Language interpreters
- arrangements to produce audio recordings of leaflets or information required by customers.

3.39 The Principal Personnel Officer (Equality and Development) performed an annual check of the register of interpreters and translators and reported the results to the Service Manager (Benefits and Community Welfare). The textphone was also tested quarterly.

3.40 Bedford Borough Council provided regular local advice sessions at a variety of locations within the area. In addition, outreach surgeries were provided for customers living outside Bedford town.

3.41 A home visiting service was provided for elderly and disabled customers who were unable to visit the Town Hall. This service gave advice on HB and CTB and assistance with completion of claim forms.

A survey of key ethnic minority groups was carried out in January 2004. This survey found that 80% of customers found it easy to obtain forms and leaflets in other languages from Bedford Borough Council. A further survey was planned for October 2004.

3.42 A survey of key ethnic minority groups was carried out in January 2004. This survey found that 80% of customers found it easy to obtain forms and leaflets in other languages from Bedford Borough Council. A further survey was planned for October 2004.

3.43 The Bedford Race Equality Council was contacted to establish a wider ethnic representation at Bedford Borough Council's HB liaison meetings. At the meeting in April 2004 the attendees included representatives from:

- Bedford Race Equality Council
- Bedford Community Rights Centre
- Citizens Advice.

Accessible, quality service for those in work

3.44 Working people may have limited opportunities to contact the local authority. It is important that authorities provide accessible quality services for those in work.

3.45 Bedford Borough Council was at Standard in this element.

3.46 Bedford Borough Council assessed the needs of in-work customers and introduced a Saturday service from 09.00-13.00 in July 1999. This service was regularly advertised in the *Bedford News*.

3.47 An extended payments work instruction was issued to staff in January 2004. The Principal Benefits Officer checked, on a daily basis, that these claims had been dealt with promptly.

3.48 Bedford Borough Council's claim form included a certificate of earnings, used in the absence of payslips, to process claims promptly. Both the employee and the employer were required to complete the relevant section of the form.

Encouraging benefit take-up, reducing poverty

3.49 Local authorities have a role in encouraging take up of benefits. This work may be most effective as part of a wider anti-poverty strategy.

3.50 Bedford Borough Council was at Standard in this element.

3.51 As part of its Anti-Poverty Strategy, Bedford Borough Council maximised benefit take-up through:

- HB and CTB outreach surgeries at:
 - community centres
 - doctors' surgeries
 - rural locations
 - exhibitions with partners, for example, Sight Concern, Age Concern and The Pension Service.

3.52 In addition, Bedford Borough Council was a member of the Inter-Authority Benefit Promotion Group. Members of this group included:

- Mid Bedfordshire Council
- South Bedfordshire Council
- Luton Borough Council.

3.53 The group met every 2 months to coordinate benefit promotion activity in Bedfordshire. This group held an exhibition promoting benefits for older people in May 2004 involving 38 organisations including:

- Bedford Hospital Health Service Trust
- Bedford Pilgrims Housing Association
- charitable organisations in Bedford.

3.54 Outreach work in 2002/03 resulted in an additional £517,000 of HB and CTB take-up. The Anti-Poverty Action Plan set a target for 2003/04 to pay an additional £350,000 in HB and CTB as a result of take-up activity. Take-up activity in 2003/04 resulted in payment of an additional £366,146 of HB and CTB.

3.55 Bedford Borough Council's Anti-Poverty Strategy was published on its website and discussed at the Bedford Rights and Information Exchange Forum which was attended by Registered Social Landlords and voluntary organisations. Regular updates were provided in the *Bedford News*.

3.56 The Council Tax explanatory leaflet, issued with all Council Tax bills, provided advice in respect of CTB. The availability of CTB was also publicised:

- in the *Bedford News*
- on Bedford Borough Council's website
- on posters displayed in various locations, for example, Mother and Baby clinics.

3.57 A Council Tax awareness day had been arranged for September 2004.

3.58 Regular benefit liaison meetings were held with Jobcentre Plus and The Pension Service to encourage benefit take-up. Staff from The Pension Service visited the Town Hall on a weekly basis, from 09.00 to 12.00, to promote benefit take-up. The Jobcentre Plus Lone Parent Adviser also attended regularly.

3.59 When a claim form was requested or Jobseeker's Allowance cancelled, a standard letter was issued. The letter included the paragraph:

Even if you have started work or are considering starting work you may still be eligible for HB and CTB.

3.60 The Customer Services reception provided the following leaflets:

- *Help with your rent*
- *Help with your Council Tax*
- *Sick and unable to return to work*
- *Welfare Benefits.*

Addressing complaints about the service effectively

3.61 It is important that complaints are dealt with promptly, and the complainant is given an informative explanation and, if appropriate, an apology and rectification.

3.62 Bedford Borough Council was at Standard in this element.

3.63 Bedford Borough Council's formal complaints procedure set out response times for complaints. This procedure was on display in Customer Services. Feedback forms, complaint cards and information leaflets about how to complain to the Local Government Ombudsman were also available from Customer Services.

3.64 A written response to all formal complaints was required within 10 working days. Bedford Borough Council provided comment cards to its Benefits Service customers. The responses were reviewed by the Service Manager (Benefits and Community Welfare) and action taken where appropriate. The Head of Financial Services maintained a complaints register for Financial Services and details were reported annually through the Best Value Performance Plan 2004/05.

3.65 Figure 3.3 sets out Bedford Borough Council's performance against the 10-day target from April 2003 to August 2004.

Fig. 3.3: Working days taken to clear Benefits Service complaints

Days to reply	2003/04	April – August 2004
10 days or under	15	3
Over 10 days	17	1
Total complaints	32	4

Source: Bedford Borough Council

3.66 The corporate complaints procedure required senior management to review the reasons for complaints as part of the response process.

Dealing with requests for reconsideration and appeal referrals effectively

3.67 Local authorities need to ensure that they:

- resolve disputes as quickly as possible
- use management information to inform the effectiveness of their handling of disputes and appeals
- analyse available information to identify trends and address common failures.

3.68 Bedford Borough Council was at Standard in this element.

3.69 All decision letters produced from the Benefits IT system notified customers of their right to request a reconsideration or appeal.

3.70 Bedford Borough Council's procedures on requests for reconsideration and appeals covered:

- appeals
- written statement of reasons
- requests for reconsideration
- appeals against non-awards of Discretionary Housing Payments.

3.71 Bedford Borough Council had an Appeals and Quality Control Section in the Benefits and Community Welfare Service with specific staff responsible for handling queries, disputes and requests for reconsideration and appeal referrals.

3.72 The Service Manager (Benefits and Community Welfare) checked that each submission was appropriately prepared. The Appeals and Quality Control Officer met the 10-day local target for preparing submissions to the Appeals Service, for forwarding to the appeals tribunal.

3.73 All staff involved in the appeals process had attended an in-house training module called Decision Making and Appeals. The Appeals and Quality Control Officer was given relevant training to present cases at tribunal hearings.

3.74 Management information was produced weekly and reported to the Head of Financial Services and the Service Manager (Benefits and Community Welfare). This showed that all requests for reconsideration and appeals were effectively recorded and monitored.

3.75 The Appeals and Quality Control Officer told us that decisions of the appeals tribunal were dealt with within 5 working days of receipt. A mechanism to capture data on the time taken, between receipt of a decision from a tribunal and implementation of the decision, was put in place in September 2004, to ensure that performance in this area was monitored.

Processing of claims

4.1 HB and CTB help people on low incomes. As these groups of people are at risk, their claims should be dealt with quickly and accurately.

New claims – speed of processing

4.2 Regulation 76(3) of the Housing Benefit (General) Regulations 1987 states that every claim for HB must be decided within 14 days of the relevant information having been received, or as soon as is reasonably practicable thereafter. There is a similar provision for CTB at regulation 66(3) of the Council Tax Benefit (General) Regulations 1992, which also requires the first payment of any CTB to be made within 14 days of receipt of the claim or as soon as reasonably practicable thereafter.

4.3 In addition to the statutory requirements, the Best Value regime also requires local authorities to measure and report the average time for processing new claims, and sets a target of 36 calendar days.

4.4 Bedford Borough Council was at Standard in this element.

4.5 Bedford Borough Council had systems in place to identify when arrears of work were accruing and to ensure potential backlogs were managed. The Benefits Service Medium to Long Term Plan 2004-2007 included sub-plans detailing the Benefits Service's:

- backlog strategy
- peak workload strategy
- resource availability.

4.6 In the event of a backlog arising, Bedford Borough Council had decided to ring-fence the backlog and create a team to handle it.

4.7 Bedford Borough Council defined peak workload as when the average number of documents received per working day was exceeded by 15%. The Senior Revenues and Systems Officer monitored workloads weekly and submitted reports to the Service Manager (Benefits and Community Welfare).

14-day performance

4.8 In 2003/04 Bedford Borough Council reported it decided 99% of claims within 14 days of the relevant information having been received, against the Standard of 90%. Figure 4.1 shows the 14-day performance for each month for the period from April to August 2004. The year-to-date performance for this period was reported as 98%.

Fig. 4.1: Percentage of new claims decided within 14 days from April – August 2004

Month/Year	% Processed in 14 days
April 2004	99
May 2004	99
June 2004	98
July 2004	96
August 2004	98

Source: Bedford Borough Council

We found 100% of sampled claims had been decided within 14 days.

4.9 We sampled 20 new claims, where a decision had been made between April and July 2004, to establish the percentage of new claims decided within 14 days of receipt of all information. We found 100% of sampled claims had been decided within 14 days.

36-day performance

4.10 Bedford Borough Council reported the average time taken to decide claims from the date of receipt for 2003/04 was 29 days. Figure 4.2 details Bedford Borough Council's reported performance for each month for the period April to August 2004. The year-to-date performance for this period was reported as 25 days.

Fig. 4.2: Average number of days to decide a claim from April – August 2004

Month/Year	Average number of days
April 2004	26
May 2004	27
June 2004	26
July 2004	25
August 2004	21

Source: Bedford Borough Council

4.11 We examined our sample of 20 cases and found the average time for processing new claims was 24 days.

4.12 Where necessary, further information or evidence was requested by letter, clearly detailing the required information. For claims received over the counter, a receipt was issued when further information or evidence was required, stating that the customer had 4 weeks to respond.

4.13 Requests for further information, including the date by which the required information was to be returned, were then scanned onto the Document Image Processing system. A diary date was set for 2 weeks. At the expiry of the 2-week period, Benefits Assessors checked if all required information had been provided. Where additional information was required, letters were sent giving a further 2 weeks to provide the information.

4.14 The Principal Benefits Officer produced daily workload and performance indicator statistics, broken down by teams and individual Benefits Assessors. These statistics were analysed by the Service Manager (Benefits and Community Welfare) to identify if arrears of work were accruing, allowing action to be taken to prevent any backlogs.

Exception reporting

4.15 For a local authority to be at Standard it should produce exception reports on claims not meeting both the 14-day and 36-day new claims processing Standards. The authority should then investigate the length and reasons for any delays. Bedford Borough Council produced exception reports on claims not meeting both the 14-day and 36-day processing Standard.

Payments on account

4.16 Regulations 91(1) and 91A of the Housing Benefit (General) Regulations 1987 require local authorities to make a payment on account if:

- they are unable to decide a claim within 14 days of receipt of the claim, and
- that inability has not arisen out of the customer's failure, without good cause, to provide the necessary information which the local authority has requested whether on the claim form or otherwise.

4.17 Payments on account should only be made when necessary and for as brief a period as possible. They are not intended as a substitute for making a full decision and correct payment on a claim.

4.18 Bedford Borough Council was at Standard in this element.

4.19 Bedford Borough Council had mechanisms in place to make payments on account for rent allowance claims in accordance with regulation 91(1) of the Housing Benefit (General) Regulations 1987. As claims were dealt with promptly, at the time of our inspection, the only necessary payments on account were interim rent payments. These were monitored through weekly management reports to ensure a reply was received from the Rent Service and the claim details were immediately updated on the Benefits IT system.

4.20 We examined our sample of new rent allowance claims and found there was one claim where a payment on account was appropriate and correctly made.

Reported changes of circumstances

4.21 Between July 1997 and 17 October 2001, sections 111A and 112(1A) of the Social Security Administration Act 1992 (as amended) created specific legal offences relating to social security benefits. These sections introduced offences of failing dishonestly, or without reasonable excuse, to notify a change of circumstances as prescribed in regulations under the Act.

4.22 From 18 October 2001, sections 111A (c) to (d) and section 112(1A) have been replaced by sections 111A(1A) to (1G) and 112(1A) to (1F). These sections created offences of dishonestly or knowingly failing to notify changes of circumstances affecting entitlement to benefit or other payment or advantage under the social security legislation (certain changes of circumstances are excluded by regulations). These offences can extend to landlords.

4.23 The Best Value regime also requires local authorities to measure and report the average time for processing notifications of changes of circumstances.

4.24 Bedford Borough Council was at Standard in this element.

4.25 Bedford Borough Council reported that the average time taken to process changes of circumstances for 2003/04 was 6 days. Bedford Borough Council's reported performance from April to August 2004 is set out in Figure 4.3. The year-to-date performance for this period was reported as 6 days.

Fig. 4.3: Average number of days to process changes of circumstances from April – August 2004

Month/Year	Average number of days
April 2004	4
May 2004	5
June 2004	5
July 2004	7
August 2004	6

Source: Bedford Borough Council

4.26 We sampled 10 changes of circumstances and found that the average number of days to process changes of circumstances was 5 days. We saw evidence that the same level of verification was required for changes of circumstances as that required for new claims, in accordance with the Verification Framework.

Our sample also that showed that the correct effective date of change had been used in all cases.

4.27 Our sample also that showed that the correct effective date of change had been used in all cases.

4.28 The requirement to report changes of circumstances was highlighted in a variety of documents:

- all notification letters generated from the Benefits IT system contained a standard paragraph, which advised of the requirement to report changes of circumstances
- the HB and CTB leaflet *The changes you must tell us about* was sent out with all customer letters
- landlord letters were inserted with an HB and CTB leaflet *A landlord's guide*, which advised of the requirement to report changes in tenants' circumstances
- the leaflet *A landlord's guide* was sent to landlords as part of the direct payment procedure
- cheques and direct credit remittance advices
- the declaration on the HB and CTB claim form stated that any changes of circumstances must be reported immediately

all standard letters produced from the Document Image Processing system had pre-printed letter stationery with information about reporting changes of circumstances and the consequences of failing to do so.

- all standard letters produced from the Document Image Processing system had pre-printed letter stationery with information about reporting changes of circumstances and the consequences of failing to do so.

Process improvements

Background

4.29 In February 2003, in preparation for the Comprehensive Performance Assessment, Bedford Borough Council's Chief Executive requested an independent management check of Best Value performance indicators. A report

was produced identifying 2 service areas that were not meeting the required national performance indicators, the Benefits Service and Planning.

4.30 This report highlighted that existing performance management systems were not providing the management information required to identify these problems. Management information focused mainly on outstanding workloads rather than performance against Best Value performance indicators.

4.31 In addition, Bedford Borough Council had introduced a new Benefits IT system in December 2002 which resulted in 4 weeks loss of processing time. The loss of processing time led to a backlog at the beginning of 2003. This was compounded by the introduction of tax credits and the annual uprating.

4.32 Bedford Borough Council's reported performance for processing new claims and changes of circumstances from January to March 2003 was 68 and 18 days respectively against the Standard of 36 and 9 days.

Initial steps

4.33 The Chief Executive and his Benefits Service management team took immediate and wide-ranging action to improve the performance of the Benefits Service.

Bedford Borough Council decided to ring-fence the backlog, generated by the 4 weeks loss of processing time, in April 2003 and dedicate resources to deal with this area of work. This resulted in clearance of the backlog by May 2003.

4.34 Bedford Borough Council decided to ring-fence the backlog, generated by the 4 weeks loss of processing time, in April 2003 and dedicate resources to deal with this area of work. This resulted in clearance of the backlog by May 2003.

4.35 A corporate Service Improvement Team was set up in April 2003 comprising senior officers from across the authority. This team initially examined why the Benefits Service was under performing. It did this by interviewing staff, analysing data and looking at processes to identify bottlenecks and duplication.

4.36 At the same time, Bedford Borough Council requested assistance from the Department's Help Team. The Help Team visited Bedford Borough Council in July 2003 and held workshops with staff to identify problems in the Benefits Service. The Help Team analysed these problems and carried out some process mapping exercises to identify process improvements. Throughout this process, the Help Team transferred process mapping and analytical skills to the Senior Benefits Assessors who continued this work once the Help Team had finished its work and delivered its report.

4.37 The Benefits Service was restructured in April 2004, joining Community Welfare and Benefits in the same service group. This decision was taken to provide a joined up service, combining processing and customer advisory services and encouraging closer working between the 2 areas. Bedford Borough Council viewed this initiative as helping to achieve upper quartile performance by having a dedicated emphasis on gathering information and claims processing.

Target setting

4.38 In May 2003 the Chief Executive initiated a productivity exercise. This involved Benefits Assessors reviewing assessment productivity targets. Individual productivity rates were examined. This exercise revealed differences in performance levels. The reasons for these differences were explored and resolved with individuals. This involved some Benefits Assessors changing alphabetical splits and some additional training being provided.

This transparent approach to target setting, coupled with support and training for staff needing additional help, gave Benefits Assessors ownership of the targets and a clear message regarding the expected level of performance.

4.39 Following this exercise, productivity targets were agreed with Benefits Assessors. This transparent approach to target setting, coupled with support and training for staff needing additional help, gave Benefits Assessors ownership of the targets and a clear message regarding the expected level of performance.

4.40 In the minority of cases where staff were not able to meet the agreed targets, following additional training and support, inefficiency action was taken.

Benefits Service Medium to Long Term Plan 2004-2007

4.41 To ensure that all the issues raised by the different improvement activities were captured and dealt with, the Head of Financial Services developed a Benefits Service Medium to Long Term Plan 2004-2007, detailing planned improvements and monitoring activities. This plan included new backlog and peak workload strategies to prevent further arrears of work accruing.

Management assurance

4.42 Bedford Borough Council adopted a corporate Performance Management Framework in October 2003. Improved reporting from the new Benefits IT system supported the new framework. The new Benefits IT system provided weekly, monthly and quarterly performance indicator statistics that the previous system could not provide.

4.43 The new framework required the Service Manager (Benefits and Community Welfare) to project performance against Best Value performance indicators and report against any deviations from planned performance using a traffic light system. This system clearly identified any areas that were in the *red* danger zone, enabling corrective action to be taken to immediately improve performance.

4.44 The Service Manager (Benefits and Community Welfare) closely monitored the levels of work processed and outstanding through reports detailing:

- a daily breakdown of the outstanding documents for individual Benefits Assessors and each of the 3 assessment teams
- a weekly breakdown of the number of assessments per productive hour, for each Benefits Assessor
- performance against the key national performance indicators on a daily basis.

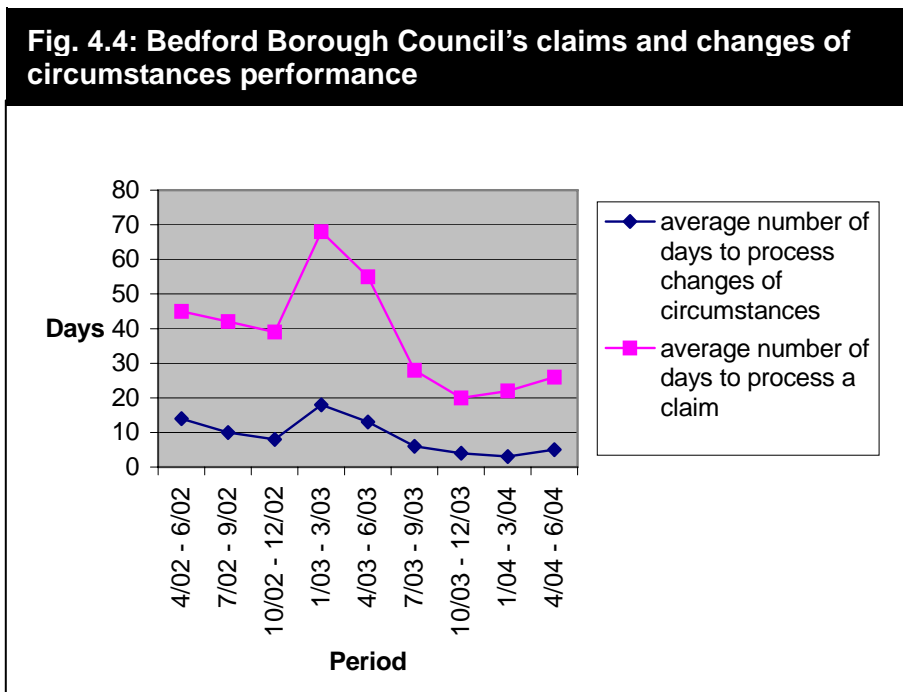
This comprehensive set of management reports allowed the Service Manager (Benefits and Community Welfare) to adjust work priorities on a daily and weekly basis to ensure optimum performance was gained from available resources.

4.45 This comprehensive set of management reports allowed the Service Manager (Benefits and Community Welfare) to adjust work priorities on a daily and weekly basis to ensure optimum performance was gained from available resources.

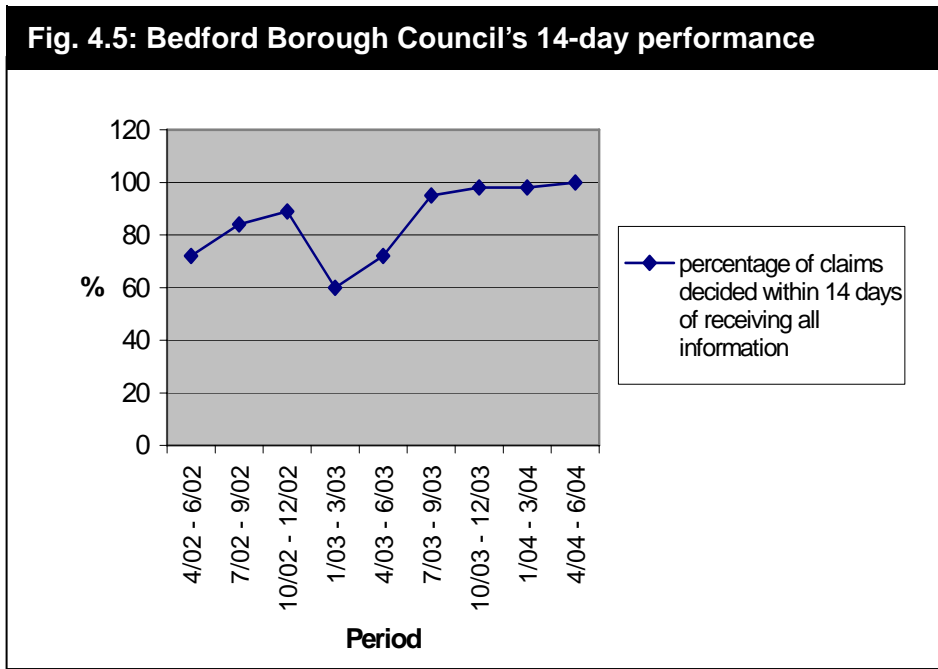
Sustained improvements in processing times

4.46 Bedford Borough Council met Performance Standards for speed of processing, for the first time, in August 2003 and upper quartile performance in September 2003. Figures 4.4 and 4.5 show the fall in performance in the last quarter of 2002/03

and the subsequent improvements and maintained performance up to June 2004.



Source: Bedford Borough Council



Source: Bedford Borough Council

Success factors

4.47 Bedford Borough Council made considerable improvements in its speed of processing times in a very short period of time. It has also shown that this level of performance was sustainable. Its success can be attributed to many factors including:

- the commitment and personal involvement of the Chief Executive to improve the Benefits Service's performance
- the new Performance Management Framework, designed to ensure problems were identified early
- being explicit about what was expected from staff
- the energy and hard work of the managers and staff in the Benefits Service
- good communication channels between staff and managers throughout the improvement process
- involvement of staff in both the identification and resolution of problems
- providing staff with up-to-date procedures to follow
- requesting staff to identify their training needs
- providing support and assistance for staff to reach their full potential
- taking inefficiency action in appropriate cases

- the Service Improvement Team and the Department's Help Team who:
 - were influential and objective
 - sought views from all stakeholders including staff
 - analysed processes to discover areas of duplication and bottlenecks.

Additional benefits

4.48 The Benefits Service's success in improving processing times resulted in additional benefits including:

- improved customer satisfaction
- increased staff morale. Staff told us that they were committed to maintaining and improving on their upper quartile performance
- reduced volume of telephone enquiries, complaints and appeals
- less overpayments
- reduced cost per claim, achieved through reorganising staff and amending processes.

Reviews and data matches

4.49 Benefit periods were abolished from 5 April 2004. The renewals procedure has been replaced by in-claim reviews. Each year, local authorities are required to complete a minimum number of interventions, which is 40% of the authority's benefit caseload.

4.50 The Housing Benefit Matching Service, provided by the Department, gives an authority the opportunity to identify discrepancies between its HB and CTB records and records for other benefits.

4.51 Interventions carried out by an authority will include resolving inconsistencies raised by the data matches issued by the Housing Benefit Matching Service and the completion of additional risk-based reviews on live claims which have a high risk of fraud and error.

4.52 Each month data matches, equivalent to at least 0.5% of the benefits caseload, must be fully resolved within 2 months of receipt.

4.53 A minimum number of interventions, set at 2.5% of the local authority's caseload, must be started each month for 10 months of the year. The local authority may keep 2 months of the year clear of interventions to help manage seasonal peaks of work.

4.54 On a monthly basis, the Housing Benefit Matching Service will send local authorities data matches, which must be considered as potential overpayments. Local authorities will also receive a list of high risk cases and should carry out a full review on either these, or on high risk cases they select themselves from their own risk analysis.

4.55 Bedford Borough Council was at Standard in this element.

4.56 Bedford Borough Council performed the full number of interventions and ensured that action commenced on at least 2.5% in each month as required in the HB/CTB circular *F27/2003*.

4.57 Bedford Borough Council had procedures in place to ensure that all data matches were resolved within 2 months of receipt and that half the reviews were carried out by visit. It also produced an exception report to check the progress of interventions and, if appropriate, offered help to customers who had difficulties completing their review forms.

Verification policies and procedures

4.58 Local authorities must verify information supplied by customers to decide entitlement to benefit. This is an essential part of securing the gateway to the HB and CTB systems. Regulation 73(1) of the Housing Benefit (General) Regulations 1987 requires that:

...a person who makes a claim...shall furnish such certificates, documents, information and evidence in connection with the claim...as may be required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to, housing benefit...

4.59 There is a similar provision in regulation 63(1) of the Council Tax Benefit (General) Regulations 1992.

4.60 Bedford Borough Council was at Standard in this element.

4.61 Bedford Borough Council became compliant with the Verification Framework in August 1999. The Benefits Strategic Policies document included a commitment to maintain compliance with the Verification Framework. Bedford Borough Council provided comprehensive procedural guidance to staff on the verification of claims.

4.62 Bedford Borough Council accepted only original documents to support claims and ensured that:

- ultraviolet scanning was in place and staff were provided with guidance on how to use this equipment
- photocopies of original documents were stamped and certified as such
- all staff were trained on the latest evidence requirements, including identifying false documents
- discrepancies identified through crosschecking of information were followed up, resolved and the reasons documented.

Verification practices

Our sample of 20 new claims confirmed verification was excellent across all aspects.

4.63 Our sample of 20 new claims confirmed verification was excellent across all aspects. The results of our analysis are shown in Figure 4.6.

Fig. 4.6: Results from a sample of 20 new claims showing compliance with the Verification Framework

Verification item	Number requiring verification	Number where sufficient evidence held on file	Verification satisfactory (%)
National Insurance number – customer	20	20	100
National Insurance number – partner	7	7	100
Identity – customer	20	20	100
Identity – partner	7	7	100
Rent liability	16	16	100
Council Tax liability	16	16	100
Residency	20	20	100
Income Support/income-based Jobseeker's Allowance	10	10	100
Income – customer	10	10	100
Income – partner	6	6	100
Capital – customer	10	10	100
Capital – partner	6	6	100
Non-dependants' income	2	2	100

Source: BFI analysis

4.64 Sampling confirmed that crosschecking of evidence was of a high standard. Evidence of crosschecking by Benefits Assessors included checking of Council Tax records and requests for further information, to provide:

- further evidence of income
- proof of succession of tenancy, following the death of a customer's father
- proof of statutory maternity pay
- proof of rent payable by sub-tenant.

4.65 Benefits Assessors completed an electronic Verification Framework checklist on the Document Image Processing system for each claim processed.

Management and accuracy checks

4.66 Effective management checks provide information about:

- the integrity and security of benefit processes
- the quality of work such as the evaluation of performance against legislative and other requirements
- training and development needs of staff
- weaknesses in processes.

4.67 Bedford Borough Council was at Standard in this element.

4.68 Bedford Borough Council had a comprehensive system of management checks, including pre-payment checking a minimum of 10% of assessments and targeted checks for new and temporary staff.

4.69 The Appeals and Quality Control Section also performed an accuracy check, checking 119 successful and 6 unsuccessful claims each quarter.

4.70 The Best Value Performance Plan 2004/05 set an accuracy target of 98% for 2003/04 and 2004/05. This was an increase on the target set for 2002/03 of 95%. Performance for 2003/04 was 97% and 99% from April to August 2004.

4.71 The Appeals and Quality Control Officer was provided with accuracy checking procedures. All quality checks were documented on a standard form and retained for future reference. The standard form included all checks required by Performance Standards.

Bedford Borough Council monitored the findings from its quality checks to identify patterns and causes of common errors.

4.72 Bedford Borough Council monitored the findings from its quality checks to identify patterns and causes of common errors. This information was fed back to staff on an individual basis. Line managers also received details for inclusion in the annual appraisal and training needs analysis which formed part of the performance appraisal process.

Requirement to refer to Rent Officer

4.73 The Housing Benefit (General) Regulations 1987 require a local authority to refer certain rent allowance claims to the Rent Service for a determination to be made on the level of rent eligible for HB. The local authority is required to make this referral within 3 working days or as soon as practicable. The regulations also provide for an application to be made for a pre-tenancy determination.

4.74 Bedford Borough Council was at Standard in this element.

4.75 Bedford Borough Council had a service level agreement with the Rent Service and attended quarterly liaison meetings. The Principal Benefits Officer monitored performance against the service level agreement.

4.76 Bedford Borough Council had implemented procedures to ensure that:

- applications were made to the Rent Officer within statutory timescales
- all referrals returned by the Rent Service were dealt with within 2 days, subject to the authority having all other necessary information.

4.77 A series of process mapping exercises were carried out in 2003, which resulted in several changes to the rent referral process.

4.78 The Rent Liaison Assistant sent referrals by fax and listed each referral on a daily basis. If a referral was not returned after 5 working days, the Rent Liaison Assistant contacted the Rent Officer directly.

4.79 On receipt of the Rent Officer's determination, the paperwork was passed directly to the Benefits Assessors for action on a daily basis, prior to being sent for scanning.

4.80 Our sample of 20 new claims included 3 cases where a referral to the Rent Service was appropriate. Figure 4.7 details the results of our analysis of these 3 cases.

Fig. 4.7: Analysis of time taken to administer claims needing referral to the Rent Service

Work step	Average number of working days	Range days
To refer claim to the Rent Service	3	0 – 3
Between referral and determination at the Rent Service	1	1 – 2
Between determination and receipt at Bedford Borough Council	1	0 – 1
Between receipt at Bedford Borough Council and implementation of the determination	1	0 – 1

Source: BFI analysis

Working with landlords

5.1 This section considers how effectively Bedford Borough Council works with private landlords, Registered Social Landlords and its Housing Department.

5.2 Rent arrears caused by delay and error in processing HB will make it more likely, in both private and social rented sectors, that tenants will face eviction action, leading to:

- stress and costs for the tenant
- potential award of court costs against the local authority
- additional costs for re-housing those who become priority homeless.

Communicating effectively with landlords

5.3 HB is an entitlement of the tenant, not the landlord. However, unless the operation of the Benefits Service gives landlords the confidence to let property to tenants who rely on HB, these tenants may be excluded from access to decent housing.

5.4 It is important that local authorities provide general advice and information to landlords about their responsibilities in relation to HB and CTB. This includes:

- telling landlords of their responsibilities
- responding to legitimate landlord requests for information about the progress of a claim
- encouraging landlord cooperation to prevent overpayments
- ensuring landlords are informed promptly of reductions in benefit entitlement
- providing advice and help to encourage good quality private landlords.

5.5 Bedford Borough Council transferred its housing stock to Bedfordshire Pilgrims Housing Association in 1990.

5.6 Bedford Borough Council was at Standard in this element because it provided clear practical advice to landlords by:

- having help sheets and leaflets that were up-to-date
- ensuring Benefits Service staff were aware of landlord leaflets
- writing to landlords and customers, once a year, reminding them of the requirement to report any changes of circumstances
- having regular communication with a wide range of landlords.

5.7 Bedford Borough Council had consent wording on the claim form specifically stating what information may be passed to the landlord. This wording allowed the tenant to consent to information being disclosed to the landlord on the progress of the claim in direct payment cases.

5.8 Bedford Borough Council also accepted requests signed by the customer, for landlords or their representatives to make enquiries about claims. It had guidance for staff about providing information to landlords in these cases. Quality checks were performed to ensure that staff were aware of the guidance.

5.9 Bedford Borough Council held regular meetings with a wide range of landlords. It held a quarterly landlord forum specifically aimed at private landlords and a quarterly meeting with the Bedfordshire Housing Association Liaison Group.

5.10 Notifications to direct payment landlords were sent at the same time as decisions were sent to customers. These notices met all regulatory requirements.

5.11 Landlords with multiple tenancies were issued with a schedule showing all cheques and credit payments. These schedules identified who and what the payment was for. Where an overpayment was being recovered under the blameless tenant legislation the schedule also included a similar breakdown of the overpayment.

Paying landlords, preventing evictions

5.12 This section is about preventing delays in HB payment, which can put a customer's tenancy in jeopardy or force a customer into debt. It also covers the appropriate use of direct payments to landlords and suspending direct payments when necessary.

5.13 Bedford Borough Council was at Standard in this element because it:

- made payments on account where appropriate. We discuss this in more detail under *Processing of claims*
- made direct payments to landlords in accordance with regulations 93 and 94 of the Housing Benefit (General) Regulations 1987 and applied the *fit and proper person* test
- where appropriate, withheld or suspended payments in accordance with the Decisions and Appeals Regulations 2001
- encouraged landlords to make direct contact with the authority before taking any action that could result in eviction.

5.14 Bedford Borough Council provided guidance to staff to ensure direct payments to landlords were correctly made and the *fit and proper person* test was applied.

Minimising and recovering overpayments

5.15 This section is about co-operating with landlords to prevent the build-up of overpayments and facilitate the recovery of overpayments from landlords or tenants when overpayments occur.

5.16 Bedford Borough Council was at Standard in this element as:

- it sought recovery from the customer rather than the landlord in appropriate cases
- its decision notices were clear and met all legal requirements, in particular:
 - landlord letters included a leaflet *A landlord's guide*, which advised of the requirement to report changes in tenants' circumstances
 - *A landlord's guide* was also sent to landlords as part of the direct payment procedure
- it did not recover overpayments from landlords who report suspected fraud in certain circumstances.

5.17 Where an overpayment arose and a decision was made to recover direct from the landlord, letters were sent to the customer and the landlord clearly outlining that an overpayment had arisen. These detailed the overpayment and from whom recovery would be sought.

Internal security

6.1 Internal fraud is particularly damaging to a local authority's reputation. It is important that it has in place a series of controls to ensure that the risk of internal fraud is minimised.

6.2 Managers at all levels are responsible for ensuring that staff are aware of, and adhere to, a local authority's financial regulations and Standing Orders. Managers must also obtain assurance that the risk of internal fraud, arising out of poor working practices or ineffective internal control systems, is minimised.

Post opening

6.3 Secure, adequately staffed, post opening arrangements are a key part of an effective, economic, safe and efficient postal receipt service. Controls should ensure that items of mail sent to a local authority are not lost or stolen and fraudulent documents do not enter the system.

6.4 Local authorities receive many important documents relevant to claims for HB and CTB. These will often be valuable and confidential such as passports, birth and marriage certificates and driving licences.

6.5 Bedford Borough Council was above Standard in this element.

To ensure its post opening for benefit related post was secure, Bedford Borough Council revised its Mailing Services' procedures to comply with the post opening requirements of Performance Standards.

6.6 To ensure its post opening for benefit related post was secure, Bedford Borough Council revised its Mailing Services' procedures to comply with the post opening requirements of Performance Standards. It issued this guidance to staff in January 2004.

6.7 Bedford Borough Council ensured that all post received between 08.00 and 13.30 was opened on the day of receipt and conducted unannounced monthly management checks to ensure procedures were being followed.

Recruitment

6.8 Clerical and automated systems depend on the integrity of staff. To reduce the risk of fraud and error it is vital that the qualifications and employment histories of potential recruits are comprehensively verified.

6.9 Staff should also sign an annual declaration covering any interests that may conflict with their work. For example, receiving HB and CTB, or acting as a landlord or agent.

6.10 Bedford Borough Council was above Standard in this element because it:

- had vetting procedures which complied with the Audit Commission's guidelines
- required all staff to sign a declaration of interest, a copy of which was held by the Service Managers
- had an internal guide identifying the checks required for new staff
- used internal audit to review its recruitment and vetting procedures on an annual basis
- carried out vetting for temporary staff, including verifying all references supplied by previous employers.

Internal control mechanisms

6.11 Large numbers of HB and CTB payments pass through the accounting and payment systems operated by a local authority. The authority's Section 151 Officer must ensure that:

- there is identifiable division of duties
- there are rigorous internal control mechanisms
- internal audit provides assurance to Members and management that controls operate effectively.

6.12 Bedford Borough Council was above Standard in this element because:

- its internal audit plan was risk-based
- the Benefits Service's audit report was issued to senior management together with an action plan to remedy any weaknesses identified during the audit
- assurance was provided to Members and management that controls operated effectively

internal audit and the Director of Corporate Governance and Deputy Chief Executive met regularly. Any recommendations not implemented were discussed at these meetings

- internal audit and the Director of Corporate Governance and Deputy Chief Executive met regularly. Any recommendations not implemented were discussed at these meetings
- internal audit performed random checks twice-yearly to ensure accuracy of assessment checks
- internal audit carried out additional random spot checks on how key controls operated
- it had agreed a managed audit protocol with

the Audit Commission, in May 2004, to coordinate internal and external audit activities.

Document management

6.13 It is important that local authorities have effective procedures and controls in place to securely manage the information they receive and to deliver an effective and timely Benefits service.

6.14 Bedford Borough Council was above Standard in this element.

6.15 Bedford Borough Council used a Document Image Processing system, with automatic routing of scanned documents to relevant in-trays.

6.16 Documents were scanned and indexed on the day of receipt and routed to the appropriate in-tray on the same day. Once a document had been scanned and indexed it could not be deleted from the system.

All document types were allocated a processing target. Any documents that had passed that processing target were highlighted for action.

6.17 All document types were allocated a processing target. Any documents that had passed that processing target were highlighted for action.

6.18 A review of the Document Image Processing system was carried out in November 2003, as part of the wider Benefits Service process mapping exercise, to ensure that the system was efficient, effective and secure.

Payment and accounting

6.19 HB and CTB payments form an important part of the accounting and payment system operated by a local authority. For rent allowance claims, a local authority makes payments to customers, landlords or agents. Secure payment of rent allowance claims deters internal fraud.

6.20 Bedford Borough Council was above Standard in this element.

6.21 Internal audit provided assurance on the security of the Benefits IT system for making and reconciling payments. All cheque stationery was held securely by the Control Unit, in a locked safe. The Control Unit, who recorded the issue of rent allowance cheques for printing, held a cheque control register. All rent allowance cheques had a unique, sequential number.

6.22 There were procedures for passing cheques to Mailing Services for posting. Mailing Services retained the cheques in a locked room, where access was restricted to authorised Mailing Services staff only, until dispatched.

6.23 The Appeals and Quality Control Assistants checked that direct credit payments were sent to the correct account by examining:

- the sort code
- the account specified by the customer
- all payments of £800 or over.

6.24 Procedures were held detailing the processes to follow when stopping cheques. All unpresented cheques over 3 months old were investigated. An enquiry letter was issued to the cheque recipient, allowing them 4 weeks to respond. Failure to respond resulted in a stop notice being placed on the cheque. Any claims still in payment were suspended and referred to the Senior Fraud Investigation Officer.

6.25 Bedford Borough Council required landlords with houses of multiple occupation to provide monthly residency lists, confirming continued residency of customers.

Counter-fraud

7.1 This section reports on the efforts to deter, prevent and detect fraud, and to deal with it when it is detected.

7.2 Bedford Borough Council's Fraud Investigation Section was positioned in the Revenues Service and comprised:

- a Senior Fraud Investigation Officer
- 2 Fraud Investigation Officers
- a Fraud Clerical Support Officer.

Policies and procedures

7.3 Local authorities should have specific counter-fraud policies, built on the policy objectives for the Benefits Service. These policies should be supported by comprehensive procedures for the counter-fraud team to ensure effectiveness and consistency in:

- investigations
- prosecutions and other sanctions.

7.4 Bedford Borough Council was at Standard in this element. Its Community Plan 2001-2004 included the Statement of Intent:

To provide a high quality Benefits Service to the residents of Bedford which recognises the needs of those in difficulty but seeks to prevent fraud and error entering the system.

7.5 The Statement of Intent included an aim relating to the counter-fraud operation to:

Ensure that benefit fraud is not accepted and consider proportional activities to be undertaken to minimise the abuse of the Benefits Service by effective deterrents, investigating allegations and taking legal proceedings where appropriate, through the committed resources.

7.6 Bedford Borough Council had a Benefit Counter-Fraud Policy as part of its Benefits Strategic Policies document. This set out how Bedford Borough Council aimed to:

Prevent and detect the abuse of the HB and CTB system by customers and landlords whose intentions are to obtain benefit for themselves or others, to which there is no entitlement.

7.7 The Benefit Counter-Fraud Policy also detailed the criteria for securing prosecutions and pursuing administrative penalties and cautions.

7.8 The Benefit Counter-Fraud Policy was publicised:

- on Bedford Borough Council's website
- at liaison meetings
- by e-mail to all Benefits and Revenues Service staff in August 2003, advising them that it appeared on the intranet.

7.9 Bedford Borough Council had a Counter-Fraud Business Plan for 2004/05 which detailed:

- resource allocation
- planned activities
- work profile
- desired outcomes
- expected performance.

The Benefits Office Guidance manual included a section for counter-fraud operational procedures. This manual reflected legislation and was available for all Benefits and Revenues staff to view on the intranet.

7.10 The Benefits Office Guidance manual included a section for counter-fraud operational procedures. This manual reflected legislation and was available for all Benefits and Revenues Service staff to view on the intranet.

7.11 To ensure that operational procedures were consistent with Bedford Borough Council's policies and procedures, a monthly report was produced by the Senior Fraud Investigation Officer, which highlighted:

- all fraud investigation activities
- a summary of legal proceedings
- quality checks performed, including verifying that actions taken were in accordance with

policies and procedures.

7.12 Cases were authorised for legal proceedings by the Revenues Manager to ensure compliance with the criteria for prosecutions, administrative penalties and cautions.

Fraud referrals

7.13 Good quality fraud referrals are important. They:

- are essential to detecting and deterring fraud
- establish an authority's reputation for rigour in claims processing
- indicate the types of fraud which may be prevalent in an area
- identify weaknesses in benefit administration systems and the remedial action necessary

- inform the allocation of fraud investigation resources
- assure management that verification processes operate to identify fraud and error effectively.

7.14 Bedford Borough Council was at Standard in this element because it:

- had a standard referral form that captured all the required information
- dealt with Housing Benefit Matching Service referrals promptly
- gave all staff fraud awareness training
- had a fraud hotline
- had a procedure to sift referrals in line with a published risk criteria
- sifted referrals within 5 working days of receipt.

Bedford Borough Council had a counter-fraud area on its intranet to enable staff to make on-line fraud referrals. Although self-explanatory, written guidance was also given on the intranet. All Bedford Borough Council staff were sent an e-mail to advise that this facility was available.

7.15 Bedford Borough Council had a counter-fraud area on its intranet to enable staff to make on-line fraud referrals. Although self-explanatory, written guidance was also given on the intranet. All Bedford Borough Council staff were sent an e-mail to advise that this facility was available.

7.16 All Benefits Service staff received fraud awareness training as part of their induction. Fraud awareness was also covered as part of the corporate induction programme for all other staff. The Senior Fraud Investigation Officer held a series of fraud awareness courses during July and August 2004 for all Benefits Service, Customer Services and Revenues staff.

7.17 Written feedback on fraud referrals was given to Benefits Service staff by the Fraud Investigation Officers and recorded on the Document Image Processing system. Quarterly feedback was also provided using *Fraudwatch* internal bulletins. We saw examples of bulletins issued for October 2003, January 2004 and June 2004.

7.18 Bedford Borough Council had a dedicated benefit fraud hotline, which was staffed during normal office hours, with a voicemail facility when the office was closed. A 2004/05 calendar, sent to all households in the borough in June 2004, contained an advert for the hotline. A bi-monthly advert for the hotline appeared in the *Bedford News*. In addition, the hotline number appeared on the back of receipts given to customers for verification documents received at Customer Services.

7.19 Bedford Borough Council sought referrals from all sources. Referrals were sifted using a risk analysis matrix, which applied a score based on source, risk and quality of referrals. Our sample of fraud cases confirmed that referrals were sifted within 5 working days of receipt.

7.20 The Fraud Clerical Support Officer maintained a record of all referrals under the following headings:

- cases opened
- cases overloaded
- cases referred to other agencies.

7.21 The Senior Fraud Investigation Officer produced a monthly spreadsheet, monitoring the effectiveness of referrals received, based on the source and risk matrix score.

‘Do Not Redirect’

7.22 Section 182A of the Social Security Administration Act 1992 allows local authorities to require providers of postal services not to redirect HB or CTB post. This can help identify possible fraudulent HB and CTB claims. Instead the mail should be returned to the local authority for further investigation with details of where the mail was to be redirected.

7.23 Bedford Borough Council was at Standard in this element. It introduced the ‘Do Not Redirect’ scheme in February 1999. ‘Do Not Redirect’ envelopes were used for:

- cheques
- benefit notification letters.

7.24 Bedford Borough Council established the Account Manager as a named ‘Do Not Redirect’ contact point with Royal Mail.

7.25 All returned ‘Do Not Redirect’ envelopes were referred to the Fraud Investigation Section on the day of receipt. We examined the register of ‘Do Not Redirect’ envelopes and confirmed that all returned redirected envelopes were investigated.

Authorised officers

7.26 Section 110A of the Social Security Administration Act 1992 provides for local authorities to authorise individuals to exercise the powers under sections 109B and 109C of the Act.

7.27 Authorised officers have powers to:

- request information
- enter certain premises and question people as appropriate
- require a person to provide information and documents.

7.28 These powers help the proper investigation of suspected fraud and error and can be used if verification evidence is difficult to obtain.

7.29 Bedford Borough Council was at Standard in this element. It had appointed 3 authorised officers. We confirmed that all authorised officers had completed the necessary Professionalism in Security module.

7.30 All authorised officers were registered in accordance with the Department's circular *F11/2001*.

7.31 Bedford Borough Council regularly reviewed the relevance and need for authorised officers. Only appropriate officers in the Fraud Investigation Section were given these powers to carry out their investigative duties effectively.

7.32 Most requests for information were met without the need to use authorised officers' powers. A log sheet was maintained to enable the Senior Fraud Investigation Officer to monitor the use of these powers. A request form was completed where these powers were felt to be appropriate. The form was submitted to the Senior Fraud Investigation Officer to authorise and ensure this was the appropriate method to obtain the required information.

7.33 Bedford Borough Council had incorporated the statutory code of practice for obtaining information into its work instructions. A leaflet explaining the legislation and the code of practice was issued with all requests for information using authorised officers' powers.

Quality fraud investigations

7.34 It is important that investigations are focused to make best use of the resources available and that each case is thoroughly investigated.

7.35 Bedford Borough Council had an Investigators' Code of Conduct covering the conduct expected of its Fraud Investigation Officers, this detailed:

- standards of investigation
- investigation methods
- personal interests
- financial accountability
- corruption
- hospitality
- relevant legislation.

7.36 A fraud risk referral mechanism was introduced in December 2003. We looked at 5 fraud cases, referred between May and July 2004, and confirmed the Senior Fraud Investigation Officer risk assessed each referral within 5 days of receipt. Referrals scoring above the required threshold were passed for immediate investigation.

7.37 A work instruction was in place requiring the Fraud Clerical Support Officer to supply a list of all investigations set up, on a daily basis, to enable the Senior Fraud Investigation Officer to ensure that investigations were started within 5 days of sifting. A hard copy fraud file was set up for each investigation and the case logged onto the Fraud Management system for monitoring purposes.

7.38 Figure 7.1 sets out the volume of fraud referrals, investigations and the percentage of investigations where fraud was established from April 2003 to July 2004.

Fig. 7.1: Summary of fraud investigations from April 2003 – July 2004

Month/ Year	Number of referrals received	Number of referrals investigated	% of referrals investigated	Number of referrals where fraud established	% of cases where fraud established from referrals investigated
2003/04	510	392	77	106	27
April – July 2004	132	72	55	20	28

Source: Bedford Borough Council

7.39 Fraud Investigation Officers were required to keep a sequentially numbered, chronological investigation log sheet to record all events during the investigation for each case. We sampled 19 fraud investigations and found that detailed records were kept of all activity in all cases.

7.40 All investigations were conducted in accordance with the Police and Criminal Evidence Act 1984. We confirmed from our sampling that interviews under caution had been performed and taped in all appropriate cases.

7.41 We examined 6 investigations that had led to the application of a sanction and were satisfied that the evidence obtained, in each of these cases, supported the conclusions made and was admissible.

Management of investigations

7.42 Proper management of investigations:

- focuses resources on reducing fraud
- identifies and rectifies administrative and investigative weaknesses
- assures Members and senior officers of the integrity and quality of investigations.

7.43 Bedford Borough Council was at Standard in this element.

7.44 The Senior Fraud Investigation Officer performed a monthly 10% check of open cases to ensure compliance with requirements of:

- Police and Criminal Evidence Act 1984
- Criminal Procedure and Investigations Act 1996
- Regulation of Investigatory Powers Act 2000
- Human Rights Act 1998
- social security legislation
- Theft Act 1968.

A check was carried out by the Senior Fraud Investigation Officer on all fraud cases before closure, to ensure all avenues of investigation had been pursued and regulatory requirements had been complied with.

7.45 A check was carried out by the Senior Fraud Investigation Officer on all fraud cases before closure, to ensure all avenues of investigation had been pursued and regulatory requirements had been complied with. We saw evidence of this management checking in our sample of fraud cases.

7.46 Bedford Borough Council had a work instruction detailing the circumstances when Fraud Investigation Officers should seek legal advice.

7.47 The monthly fraud report was provided to the Head of Financial Services and the Revenues Manager. It detailed sanctions and the resulting subsidy received. The Revenues Manager monitored the outcome of investigations against the Counter-Fraud Business Plan and projected fraud subsidy on a monthly basis. This was reported to the Head of Financial Services.

7.48 The monthly fraud report also identified the:

- number of Fraud Investigation Officers
- dates cases were opened and closed
- number of visits
- number of completed fraud investigations
- successful prosecutions and sanctions
- caseload.

Our sample confirmed that the Senior Fraud Investigation Officer had documented advice given to Fraud Investigation Officers on how to progress investigations.

7.49 This report was sent to the Senior Fraud Investigation Officer who requested and reviewed files that had been open for 2 months or more. All management checks were recorded on a test check document. Our sample confirmed that the Senior Fraud Investigation Officer had documented advice given to Fraud Investigation Officers on how to progress investigations.

7.50 Fraud cases were allocated to individual Fraud Investigation Officers on an alphabetical address basis. The Senior Fraud Investigation Officer reviewed Fraud Investigation Officers' caseloads monthly from information in the monthly fraud report.

7.51 Fraud files were kept in lockable cabinets, which were locked outside office hours. System access to fraud cases was also restricted to authorised staff only.

7.52 Quarterly reports detailing performance against the relevant Best Value performance indicators were submitted to the Department on time.

Training for fraud investigators

7.53 Fraud investigators should be fully trained in:

- social security legislation and all relevant regulations
- other relevant legislation, such as:
 - Police and Criminal Evidence Act 1984
 - Criminal Procedure and Investigations Act 1996
 - Regulation of Investigatory Powers Act 2000
 - Human Rights Act 1998
 - Theft Act 1968
- Professionalism in Security
- good practice such as that contained in Performance Standards, the Department's *Fraud Procedures and Instructions* and the *Fraud Investigators' Manual*.

7.54 Bedford Borough Council was at Standard in this element.

7.55 The Senior Fraud Investigation Officer had achieved the Certified Counter-Fraud Officer qualification. Both Fraud Investigation Officers were Accredited Fraud Officers. Training logs were kept to record training carried out and training evaluation. A training needs analysis was conducted annually as part of the corporate performance appraisal system.

7.56 Fraud Investigation Officers also received the following training:

- induction
- personal safety
- Professionalism in Security:
 - Data Protection Act 1998
 - Police and Criminal Evidence Act 1984
 - Criminal Procedure and Investigations Act 1996
 - Regulation of Investigatory Powers Act 2000
- Counter-Fraud Investigation Service shadowing
- Benefits IT system
- Council Tax
- tax credits.

7.57 Targets set for each member of the Fraud Investigation Section were specific, measurable, achievable, relevant and time-bound. They were reviewed twice yearly in line with Bedford Borough Council's performance appraisal scheme.

7.58 New instructions and circulars were issued electronically giving Fraud Investigation Officers immediate access to up-to-date information. All Fraud Investigation Section staff also had access to the Benefit Office Guidance manual.

Liaison with CFIS/NIS

7.59 A local authority's ability to administer HB and CTB claims securely, effectively and efficiently depends on good working relationships with Jobcentre Plus, including the Counter-Fraud Investigation Service and The Pension Service.

7.60 Bedford Borough Council was at Standard in this element because:

- it had a signed fraud partnership agreement with the Counter-Fraud Investigation Service
- quarterly joint working meetings were held with the Counter-Fraud Investigation Service to monitor the fraud partnership agreement.

7.61 The Fraud Investigation Section discussed and agreed the proposed fraud partnership agreement at a liaison meeting with the Counter-Fraud Investigation Service in June 2004. A revised 2004/05 fraud partnership agreement was signed in September 2004.

7.62 Mechanisms were in place to enable monitoring against the requirements of the fraud partnership agreement. For example, a log of all forms sent to Counter-Fraud Investigation Service was kept and the replies to forms issued were recorded in the log. This log provided evidence of performance and was discussed at the quarterly liaison meetings.

Formal cautions

7.63 A local authority may offer a formal caution as an alternative to prosecution, as long as certain criteria are met and the case is one the local authority would prosecute if the caution was refused.

7.64 To be able to offer a caution the authority must have the same standard of evidence as for a criminal prosecution. A caution should only be offered if the local authority intends to prosecute if the caution is refused.

7.65 Bedford Borough Council was at Standard in this element.

7.66 Figure 7.2 shows the number of cautions offered and accepted from April 2002 to August 2004.

Fig. 7.2: Number of formal cautions offered and accepted from April 2002 – August 2004

Month/Year	Number offered	Number accepted
2002/03	0	0
2003/04	3	3
April – August 2004	1	1

Source: Bedford Borough Council

7.67 In each case where legal proceedings were considered, a decision making form was completed and reviewed by the Legal Services Unit and authorised by the Revenues Manager. We examined 2 fraud cases where a caution had been issued and confirmed that they had been administered in accordance with the criteria defined in the Benefit Counter-Fraud Policy.

7.68 Our sample confirmed that a check of both the Department's database and the Police National Computer for previous benefit fraud sanctions and convictions was made before the cautions were issued. Relevant notification was also sent for recording on the Department's database when cautions were administered.

Administrative penalties

7.69 Section 115A of the Social Security Administration Act 1992 provides local authorities with an opportunity to offer a customer an administrative penalty as an alternative to a prosecution. An administrative penalty requires the same level of evidence as a prosecution.

7.70 The penalty is 30% of the value of the overpayment. The full amount of penalties recovered by an authority may be retained as additional revenue.

7.71 Bedford Borough Council was at Standard in this element because it:

- considered administrative penalties in all cases that met the criteria in the Benefit Counter-Fraud Policy
- clearly recorded the outcome of each case
- monitored and vigorously recovered the overpayment associated with administrative penalties.

7.72 Figure 7.3 sets out the number of administrative penalties offered and accepted from April 2002 to August 2004.

Fig. 7.3: Number of administrative penalties from April 2002 – August 2004

Month/Year	Number of penalties offered	Number of penalties accepted
2002/03	3	3
2003/04	4	4
April – August 2004	3	3

Source: Bedford Borough Council

7.73 We examined 2 fraud investigation cases where Bedford Borough Council had offered an administrative penalty. Bedford Borough Council's Benefit Counter-Fraud Policy stated that administrative penalties should be offered in cases where the overpayment was over £500 up to £1,500. The overpayments in the cases sampled were £840 and £596 respectively meeting the financial criteria for an administrative penalty.

7.74 Administrative penalty details were clearly recorded on the clerical fraud file and entered on the Fraud Management system to ensure that further attempts to defraud by the same person would be considered for prosecution.

7.75 We checked the recovery status of the administrative penalties sampled and the associated overpayments. We found that recovery was ongoing and regularly monitored by the Revenues Control Officer.

Prosecutions

7.76 The ultimate sanction is to prosecute a fraudster.

7.77 Bedford Borough Council was at Standard in this element because:

- it considered prosecutions in all cases that met the criteria in its Benefit Counter-Fraud Policy
- it publicised suitable cases to deter fraudsters.

7.78 Bedford Borough Council's Benefit Counter-Fraud Policy stated that cases with overpayments exceeding £1,500 should normally be prosecuted. We examined 2 fraud investigations that led to prosecution, both cases sampled met this financial criteria.

7.79 Successful prosecutions were publicised in the *Bedford News*. The Communications Unit issued press releases detailing successful prosecutions. For example, in July 2003, a press release included details of 3 separate prosecutions. Reports of successful prosecutions also appeared in local papers.

7.80 Figure 7.4 shows the number of prosecutions from April 2002 to August 2004.

Fig. 7.4: Number of prosecutions from April 2002 – August 2004			
Month/Year	Number submitted	Number accepted	Number successful
2002/03	5	5	4
2003/04	8	8	8
April – August 2004	8	8	8

Source: Bedford Borough Council

Overpayments

8.1 This section covers Bedford Borough Council's efforts to reduce the loss to public funds from fraud and error in the benefits system.

Overpayment policies and procedures

8.2 Local authorities should link their overpayment policies to the strategic vision for benefit administration. These policies should be underpinned by performance targets that give:

- a clear view of the desired outcome
- accountability for providing effective and efficient debt recovery.

8.3 Bedford Borough Council was above Standard in this element.

8.4 Bedford Borough Council's Benefits Strategic Policies document contained a chapter specific to its Overpayment Policy. This policy set the high level strategy and was linked to the:

- Benefit Counter-Fraud Policy
- Anti-Poverty Strategy
- Fair Debt Collection Policy.

8.5 The Overpayment Policy and procedures had also been cross-referenced to the Department's Corporate Debt Standards. It included Bedford Borough Council's commitment to minimising and recovering overpayments, using all available recovery methods.

8.6 Bedford Borough Council had a debt recovery strategy, its Fair Debt Collection Policy.

8.7 The Overpayment Policy had been endorsed by the Corporate and Resources Policy Review and Development Committee in December 2002 and approved by the Executive in January 2003. The Overpayment Policy was reviewed, and endorsed by the portfolio holder in September 2004.

Identification of overpayments

8.8 The accurate and prompt identification of overpayments is important as it:

- ensures the incorrect payment of benefit does not continue
- improves the prospect of a successful recovery of the overpayment
- reduces the number of complaints and appeals.

8.9 Bedford Borough Council was above Standard in this element because it processed all changes of circumstances, resulting in a reduction or cessation of benefit, before the next payday following the date sufficient information was received for it to act on the error or change of circumstances.

The procedure required daily monitoring to be carried out to ensure 100% of these types of changes were processed prior to the next payday, reducing the risk of overpayments and minimising the likelihood of local authority error.

8.10 In August 2004 Bedford Borough Council introduced a new procedure to deal with all changes resulting in a reduction or cessation of benefit. The procedure required daily monitoring to be carried out to ensure 100% of these types of changes were processed prior to the next payday, reducing the risk of overpayments and minimising the likelihood of local authority error.

Calculation of overpayments

8.11 The accurate and prompt calculation of overpayments is important to:

- provide a quality service to customers and landlords
- meet regulatory requirements
- give accurate management information on the value of the overpayment debt
- ensure that only the correct overpaid amount is recovered from the debtor
- enable the correct calculation of subsidy claims and avoid subsidy losses.

8.12 Bedford Borough Council was above Standard in this element.

8.13 Where claims were cancelled and an overpayment resulted, a standard letter was issued to customers inviting them to reapply for HB and CTB and for consideration of underlying entitlement.

8.14 Returned cheques and cheques that remained uncashed after 3 months were recorded on the Document Image Processing system. This enabled Benefits Assessors to take into account any such cheques when calculating the overpayment.

Bedford Borough Council had set a target of 7 days, from notification of the change, to calculate overpayments. At the time of the inspection this target had been exceeded as changes of circumstances were being processed and overpayments calculated, on average, within 6 days.

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Decisions on classification and recoverability

8.16 Correct decision making on whether there is an overpayment, and if it is recoverable, under regulations 98 and 99 of the Housing Benefit (General) Regulations 1987 and regulations 83 and 84 of the Council Tax Benefit (General) Regulations 1992 is important, because it:

- has consequences for the rights of customers and other affected persons
- affects the financial assets of the authority if not recoverable.

8.17 The correct classification of overpayments is important as it:

- affects the level of subsidy attracted on HB and CTB payments
- can affect the level at which the recovery rate is set
- provides an indication of levels of fraud and error
- affects claims under the Security Against Fraud and Error scheme.

8.18 Bedford Borough Council was above Standard in this element because:

- all overpayments were considered in relation to:
 - the cause of the overpayment, taking into account official errors
 - recoverability
 - the system classification
- all staff had received training in respect of overpayments and subsidy classification
- it complied with legislation, and took account of guidance from the Department
- managers reviewed decisions not to recover recoverable overpayments
- its overpayment module, which was part of the Benefits IT system, defaulted to local authority error overpayments.

We examined the overpayment classification in a sample of 10 cases. In all 10 cases the classification was correct.

8.19 We examined the overpayment classification in a sample of 10 cases. In all 10 cases the classification was correct.

8.20 The Benefits IT system calculated overpayments based on the dates entered. It also classified the overpayment. There were procedures in place to ensure unrecoverable overpayments had been correctly categorised as local authority error.

Decision notices

8.21 Regulation 77(1) of the Housing Benefit (General) Regulations 1987, and regulation 67 of the Council Tax Benefit (General) Regulations 1992, prescribe that local authorities shall notify in writing any person affected by a decision made by it under these regulations.

8.22 Decision notices must contain a statement of the matters as set out in regulation 77(1) and Schedule 6 to the Housing Benefit (General) Regulations 1987. Regulation 67, and Schedule 6 to the Council Tax Benefit (General) Regulations 1992 has provisions for CTB decision notices.

8.23 Bedford Borough Council was above Standard in this element because its decision notices:

- complied with the requirements of the legislation
- were issued within 14 days
- were dated to show the actual date the decision was sent
- were available to view on the Benefits IT system
- covered all points arising in one customised notice.

Recovery of overpayment debt

8.24 The efficient and effective recovery of overpayments is important as it:

- deters fraud and error
- reduces losses to public funds
- is a visible demonstration of the local authority's commitment to accuracy and propriety
- is a source of revenue for the local authority.

8.25 Bedford Borough Council was above Standard in this element.

8.26 Bedford Borough Council agreed recovery rates with debtors. Standard recovery rates were requested unless the customer notified hardship. In hardship cases consideration was given to the level of recovery in accordance with the Fair Debt Collection Policy.

8.27 Bedford Borough Council utilised all methods of recovery set out in the Overpayment Policy as follows:

- instalment recovery
- recovery from landlords in respect of blameless tenants
- recovery from other social security benefits
- recovery from HB paid by another authority
- recovery from sundry debtor invoices.

Bedford Borough Council used a checklist to ensure all methods of recovery were considered.

8.28 Bedford Borough Council used a checklist to ensure all methods of recovery were considered.

8.29 All overpayments were retained in the integrated debtors module in the Benefits IT system, even when customers were no longer in receipt of benefit. When HB debtors reclaimed, previous overpayments were

recovered from any existing entitlement.

8.30 The calculation of fraud overpayments was prioritised.

8.31 The overall recovery rates were reported to Members through the Best Value Performance Plan 2004/05 and formed part of the weekly Best Value performance indicator statistics, prepared and circulated to senior officers and the portfolio holder. Figure 8.1 sets out Bedford Borough Council's performance against the Best Value performance indicator 79(b) for 2003/04.

Fig. 8.1: Calculation of 2003/04 Best Value performance indicator 79(b)

Overpayments identified in 2003/04	£1,110,973
Overpayments not recovered from previous years	£427,367
Total	£1,538,340
Recovered in 2003/04	£1,103,884
2003/04 recovery as a % of total	72%

Source: Bedford Borough Council

8.32 The Revenues Control Officer performed fortnightly monitoring of all outstanding overpayments recorded on the Benefits IT system. This ensured that the appropriate method and rate of recovery was being enforced.

Management of debt

8.33 Local authorities should attempt to recover all overpayments as quickly as possible to manage debt effectively. They should:

- ensure that recovery action is taken wherever possible
- monitor the amount of outstanding debt

Overpayments

- seek to keep the amount of outstanding debt as low as possible
- review working practices to help ensure continued efficiency.

8.34 Bedford Borough Council was above Standard in this element.

8.35 The Benefits and Community Welfare Service Plan 2004-2007 and the Benefits Service Medium to Long Term Plan 2004-2007 contained Bedford Borough Council's target for recovery of outstanding debt.

8.36 All HB and CTB overpayments were recorded on the Benefits IT system. These were separated from all other local authority debts. Bedford Borough Council maintained separate accounts for each debtor using the customer's claim number for reference.

8.37 Bedford Borough Council had a strategy for continuously decreasing the level and age of debt. The Benefits Service Medium to Long Term Plan 2004-2007 specified a target, to reduce the total debt outstanding by 5% year-on-year and the level of debt over 6 months old by 5% year-on-year. The level and age of debt was monitored and reported to Members weekly.

8.38 Bedford Borough Council's Financial Procedures set out that write-offs should only be considered if:

- all avenues of recovery had been exhausted
- it was uneconomical to recover the debt.

8.39 Each write-off was:

- individually considered
- reviewed by 4 officers, the:
 - Revenues Control Officer
 - Revenues Manager
 - Head of Financial Services
 - Director of Corporate Governance and Deputy Chief Executive.

8.40 The Revenues and Systems Section provided a weekly report detailing all overpayments that had been written off. This report was cross-referenced to ensure cases had been authorised in accordance with the write-off procedure.

8.41 Our sample confirmed that Bedford Borough Council followed its procedures regarding write-offs. This included the discretionary write-off procedure.

8.42 Bedford Borough Council regularly reviewed its recovery methods with the portfolio holder and reported any amendments to the Executive. It reviewed old debt to consider recoverability and potential write-offs.

