

Report by the
Benefit Fraud Inspectorate

Broxtowe Borough Council

September 2005

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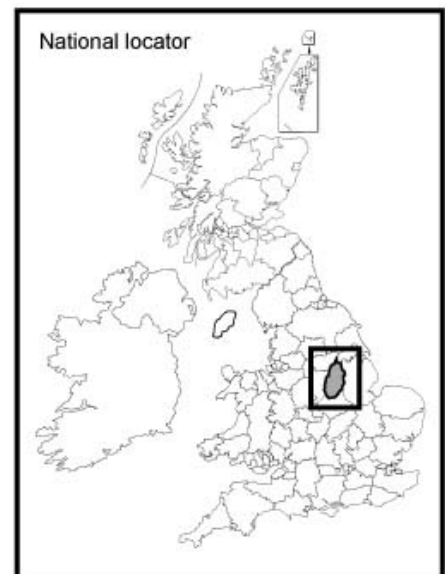
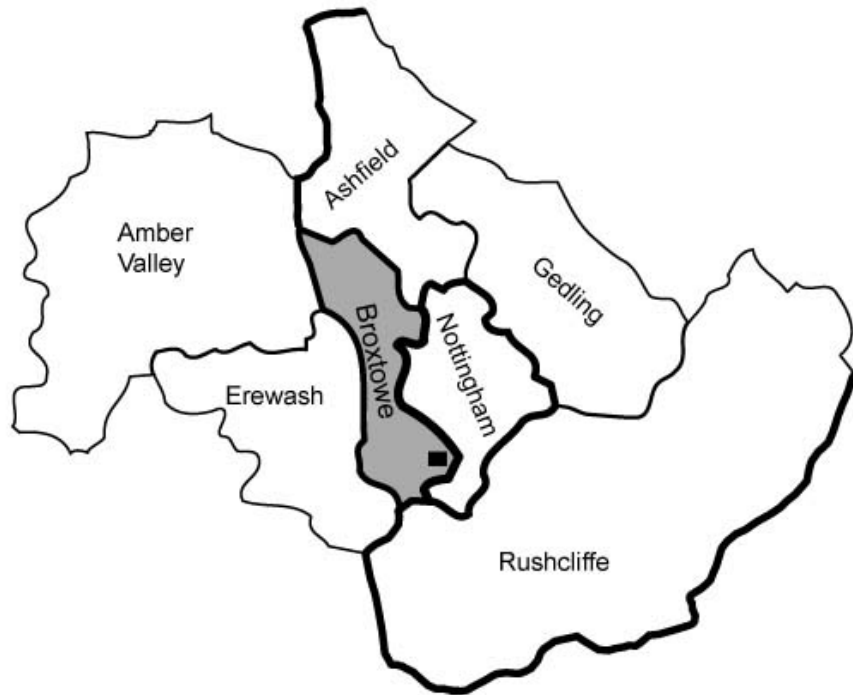
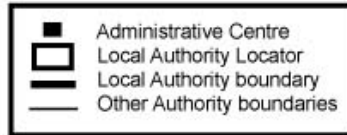
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Maps

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



Executive summary

1.1 Starting with this report on Broxtowe Borough Council (Broxtowe Council), Benefit Fraud Inspectorate (BFI) reports will assess a local authority's administration of Housing Benefit (HB) and Council Tax Benefit (CTB) against the 2005 HB and CTB Performance Standards. We are grateful to Broxtowe Council for agreeing to be the first authority so assessed.

1.2 The Performance Standards underpin the effective and secure delivery of HB and CTB and provide a framework for a modern, efficient, effective, secure, and customer-focused service that is continuously seeking to improve.

1.3 The Performance Standards are divided into 4 themes:

- Claims administration
- Security
- User focus
- Resource management.

1.4 Each theme is made up of:

- performance measures which set out the Department for Work and Pensions' (the Department) expected levels of performance and outcomes
- enablers which reflect the strategies, policies, practices and processes that should be in place to ensure good performance and conformity with legislation.

1.5 A scoring methodology is used to give:

- higher weighting to those parts of the Performance Standards which underpin delivery of the Department's Public Service Agreement targets for improving the speed of processing new HB and CTB claims and reducing the level of fraud and error
- recognition for partial achievement against the Standards set for the performance measures.

1.6 Where a Standard has been set for a performance measure, it represents the level of performance the Department expects all councils to strive to deliver.

1.7 Applying the scoring methodology, BFI's assessment of councils against the performance measures and enablers gives an overall view of the council's performance as either:

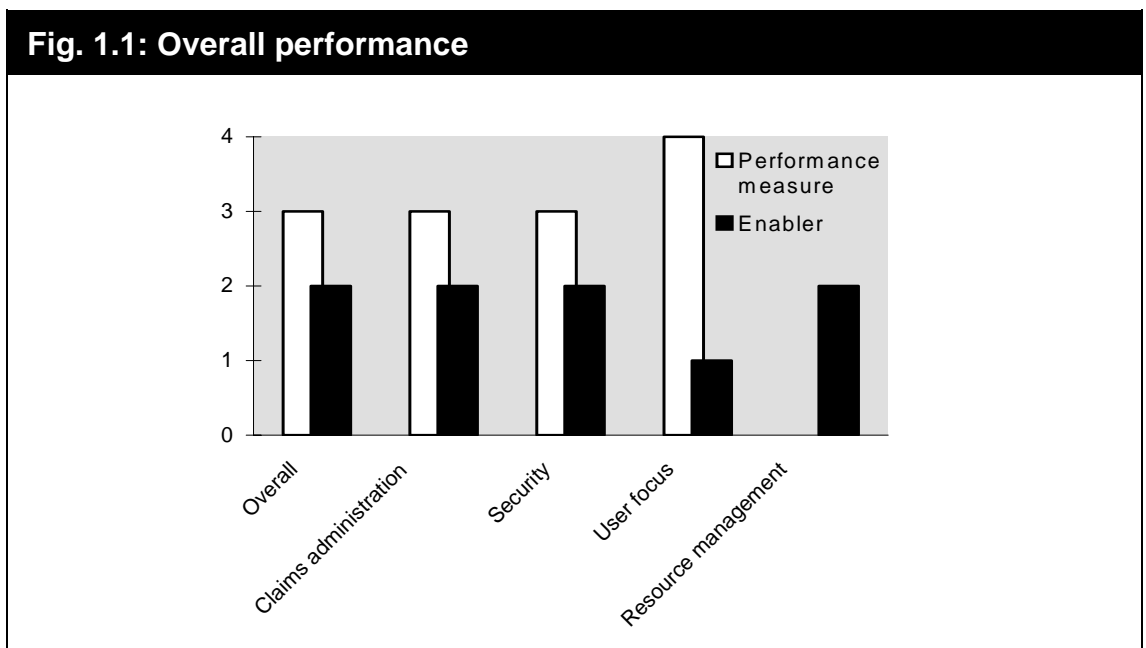
- excellent
- good
- meeting minimum requirements

- not meeting minimum requirements.

1.8 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>.

Overall performance

1.9 Broxtowe Council's overall performance in administering HB and CTB was **Good**. Figure 1.1 shows the council's score for each theme against the 4-point scale used to measure a council's performance. There are no performance measures for the Resource management theme.



Source: BFI analysis

1.10 There was a great deal of commitment and professionalism in Broxtowe Council's efforts to administer HB and CTB and counter-fraud work, together with a determination to improve on the **Good** performance achieved during this inspection.

1.11 The recommendations made in this report are therefore intended to help the council further improve performance and achieve excellence for its Benefits service. The council was positive throughout the inspection and will use this report and work with our Performance Development Team to rectify areas of weakness and promote best practice.

1.12 By processing new claims quickly and accurately the quality of service provided to the council's customers and key stakeholders was of a high standard. The council ensured delays and errors in the assessment of new claims were minimised by making good use of management information to monitor the amount of work received, processed and outstanding.

1.13 However, delays occurred in the assessment of changes of circumstances. The council needs to monitor the processes so that delays,

which increase the number and level of preventable overpayments, are minimised.

1.14 Broxtowe Council needs to improve the management of HB and CTB overpayments and therefore control the level of outstanding debt. The lack of adequate and readily available management information on HB and CTB overpayments limited the council's ability to effectively manage the recovery process.

1.15 However, most importantly, the organisational structure within the council had an adverse effect on the council's ability to recover overpayments. The council needs to ensure that:

- there is effective management control over the resources involved
- there are clear and logical lines of management responsibility
- staff involved in the overpayment recovery process have clearly defined and understood roles and responsibilities.

1.16 Overall the council's performance in verifying new claims and changes of circumstances was very impressive. Having implemented the Department's Verification Framework, the council had taken all reasonable steps to ensure the benefits system was secure and claims were accurate from day one. By requiring customers to provide the same level of supporting evidence for changes of circumstances as for new claims, the council ensured claims remained accurate. As information and evidence was routinely verified and crosschecked the risk of fraud and error at the outset and during the life of a claim was significantly reduced.

1.17 The absence of clear management responsibility and accountability for counter-fraud work undermined the council's approach to the detection, investigation and deterrence of fraud. By not ensuring management tasks, such as checks or key stage reviews of investigators' work were completed, the management of the investigations team and the quality of the investigations were compromised. The council needs to review the organisational structure of counter-fraud work.

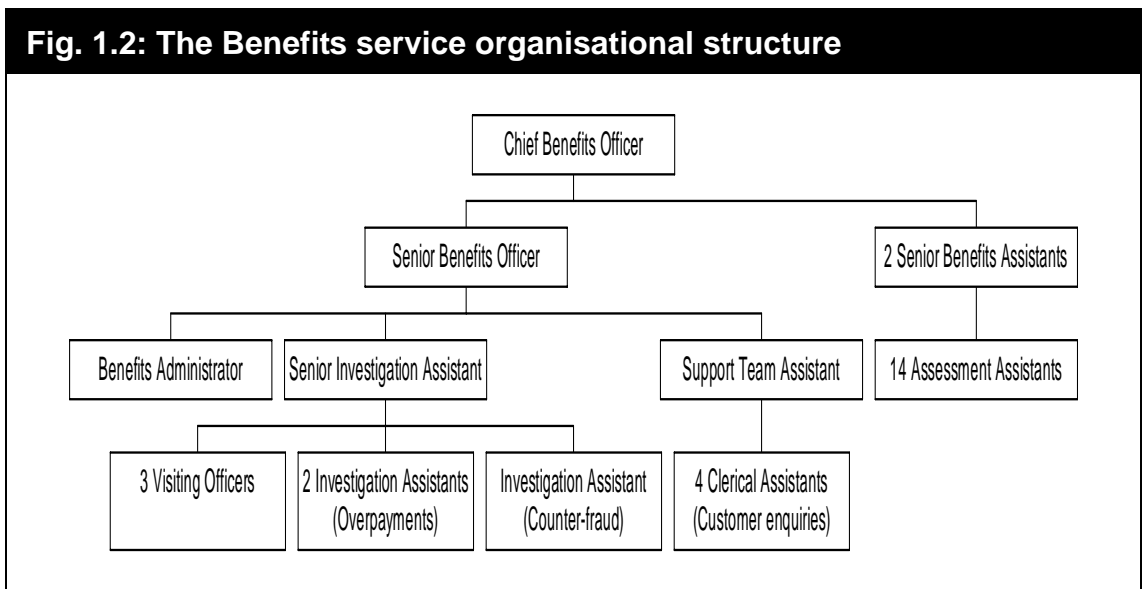
1.18 To support the council's aim of maximising take-up and reduce social exclusion the Benefits service undertook a range of activities. However, it needs to develop an operational plan and the means to monitor the take-up of welfare benefits.

1.19 By improving its performance management systems, Broxtowe Council can set and monitor realistic targets for key operational staff. This information, along with results from management checks, can be used to highlight individuals' strengths and areas for improvement and further improve the culture of continuous improvement we identified within the council.

Background

1.20 The Benefits service is part of Broxtowe Council's Finance Directorate. The Chief Benefits Officer is responsible for the day-to-day management of the Benefits service, including the customer enquiry, assessment, counter-fraud and overpayment teams. The Chief Benefits Officer reports to the Assistant Director of Finance (Exchequer services) who in turn reports to the Director of Finance.

1.21 Figure 1.2 shows the organisational structure within the Benefits service.



Source: Broxtowe Council

1.22 Benefits service staff work in the council's main office in Beeston where benefits administration is centralised. There are public enquiry offices in the council's main office in Beeston, and in Eastwood and Stapleford. Benefits service staff deal with face-to-face enquiries from customers at Beeston, while other council staff deal with enquiries at the Eastwood and Stapleford offices.

1.23 Broxtowe Council implemented the Verification Framework in April 2003, but subsequently failed to process the volume of incoming work and a backlog of work developed.

1.24 The Benefits service implemented a document management system in November 2003. This and unforeseen staff absences, exacerbated an already difficult situation. However, the backlog of work was cleared by June 2004.

1.25 Our work included:

- analysing management information
- examining policies and procedures
- extracting and analysing data from the benefits IT system covering the period 1 April 2004 to 26 January 2005
- sampling:
 - 6 extended payment claims
 - 30 new claims

- 15 changes of circumstances cases
- 30 overpayment cases
- 8 write-off cases
- 26 fraud investigations
- 18 fraud investigations which resulted in a formal caution being offered
- 4 fraud investigations which resulted in an administrative penalty
- 6 requests for reconsideration
- 6 appeals
- 10 complaints about the Benefits service
- discussions with staff, managers, internal and external auditors.

Summary of recommendations

1.26 The following tables show all the recommendations we have made under the 4 Themes of Performance Standards.

Recommendations		
High priority		
We recommend that Broxtowe Council:		Paragraph
1	<ul style="list-style-type: none"> • introduces procedures so that staff can identify and prioritise reported changes of circumstances to ensure overpayments are minimised. 	2.11
2	<ul style="list-style-type: none"> • ensures changes of circumstances likely to result in an overpayment are identified and cases are processed, on average, within 14 calendar days of receipt of all information. 	2.53
3	<ul style="list-style-type: none"> • revises its Counter Fraud Policy Statement to include: <ul style="list-style-type: none"> – targets against which the performance of counter-fraud activities can be measured and monitored – a commitment to ensure investigations comply with relevant legislation – the provision of fraud and corruption awareness training to all staff – the use of all methods of detection to maximise counter-fraud activities – a commitment that the council will seek to recover any overpaid benefit and the recovery methods it will use – reference to how the council will publicise its counter-fraud activities through a publicity strategy. 	3.42
4	<ul style="list-style-type: none"> • urgently reviews its organisational structure to ensure: <ul style="list-style-type: none"> – there are clear and logical lines of management responsibility and accountability for overpayment recovery and counter-fraud work – all staff involved in the overpayment recovery process and counter-fraud work have clearly defined and understood roles and responsibilities – sufficient, accurate management information is collected and used to provide effective management control over the resources available to recover overpayments. 	5.14

High priority		
We recommend that Broxtowe Council:		Paragraph
5	<ul style="list-style-type: none"> • sets service specific performance targets that: <ul style="list-style-type: none"> – cover the whole range of HB and CTB activities – ensure managers and staff understand what is expected of them – are reflected in individual work objectives which should be specific, measurable, achievable, relevant and time-based – are monitored and where appropriate corrective action is taken to address areas of weakness. 	5.25

Medium priority		
We recommend that Broxtowe Council:		Paragraph
1	<ul style="list-style-type: none"> • finalises its overpayments policy to ensure it: <ul style="list-style-type: none"> – reflects current legislation – includes details of all available recovery methods – includes the recovery of administrative penalties – prioritises the recovery of fraud overpayments – includes appropriate guidance on write-offs – is communicated to all staff involved in the overpayment process. 	2.44
2	<ul style="list-style-type: none"> • develops a strategy to achieve upper quartile performance against the relevant Best Value Performance Indicators for HB overpayments by: <ul style="list-style-type: none"> – revising the management information collected to inform decision making in a formal, timely and structured way – using management information to monitor recovery rates and provide reports to Members and senior officers on the level of HB and CTB debt. 	2.57
3	<ul style="list-style-type: none"> • encourages fraud referrals from all possible sources by providing: <ul style="list-style-type: none"> – guidance on completing and making referrals – a planned programme of fraud and corruption awareness training to all Benefits service staff – a planned programme of fraud awareness training to all the council's employees at their induction and refresher training to those who have links with the Benefits service at least annually – an acknowledgement and written feedback to the referrer on the outcome of a referral – feedback, based on detailed analysis, to staff on the activities and successes of fraud investigations, at least quarterly – opportunities for the public to report allegations of suspected fraud by advertising the fraud hotline number. 	3.18

Medium priority		
We recommend that Broxtowe Council:		Paragraph
4	<ul style="list-style-type: none"> • provides assurance on the quality of investigations, by undertaking regular and thorough management checks, including: <ul style="list-style-type: none"> – examining a sample of closed and current investigations from each investigator on a monthly basis – providing advice on the direction of the investigation, such as closure or other avenues to explore – maintaining records – following up any recommendations made from checks to ensure appropriate action has been carried out – identifying individual training needs and informing the council's personal development scheme. 	3.30
5	<ul style="list-style-type: none"> • revises its Benefit Fraud Prosecution Policy to ensure it: <ul style="list-style-type: none"> – requires staff to consider severity of offences and the duration of fraudulent acts when deciding on the cost effectiveness of pursuing sanctions – cites relevant legislation, for example, the Police and Criminal Evidence Act 1984 and the Human Rights Act 1998. 	3.54
6	<ul style="list-style-type: none"> • provides training to all staff on their responsibilities within the Race Relations Act (Amendment) Act 2000 • provides cultural awareness to all staff aimed at promoting racial equality • conducts an annual review of all the facilities provided for customers of key ethnic minority groups in the area. 	4.15

Low priority		
We recommend that Broxtowe Council:		Paragraph
1	<ul style="list-style-type: none">• ensures all post is scanned on to the document management system on the day of receipt, or, if this is not possible, the following day.	2.15
2	<ul style="list-style-type: none">• implements an effective management checking regime to cover all aspects of HB and CTB administration including:<ul style="list-style-type: none">– counter-fraud work– visiting officer work– complaints.	2.35
3	<ul style="list-style-type: none">• implements procedures to:<ul style="list-style-type: none">– sift all fraud referrals, in line with risk and quality criteria, within 10 working days of receipt– start investigative action on all referrals accepted for investigation within 10 days of being sifted.	3.24
4	<ul style="list-style-type: none">• develops and communicates a benefit take-up operational plan to underpin the council's overall aim to reduce social exclusion• monitors the plan to measure the effectiveness of the benefit take-up work undertaken.	4.6

BFI findings

Claims administration

2.1 HB and CTB are vital payments made to help people on low incomes. As these groups of people may be vulnerable, their claims should be dealt with quickly and accurately. Additionally, when overpayments do occur councils should operate effective procedures for the management and recovery of HB and CTB debt.

2.2 Broxtowe Council achieved Standard in 3 of the 9 performance measures and met 6 of the 16 enablers. Overall the council's performance was **Good** for this theme.

Claims processing

2.3 This section reports on Broxtowe Council's level of performance against the Claims processing performance measures and enablers.

Average speed of processing new claims

2.4 Figure 2.1 shows the council's performance in 2004/05.

Fig. 2.1: Performance measure 1 – the average speed of processing new claims

Standard	Performance	Standard met?
36 days	45 days	No

Source: Broxtowe Council

2.5 However, analysis of the council's performance data revealed it had improved since September 2004. Between January and March 2005, the council reported it had processed new claims in 33 days and our sampling confirmed this.

Percentage of new claims outstanding over 50 days

2.6 Although the council was not required to report against this performance measure until the end of June 2005, it provided a calculation of its performance as at 23 March 2005.

Fig. 2.2: Performance measure 2 – the percentage of new claims outstanding over 50 days

Standard	Performance	Standard met?
10%	12%	No

Source: Broxtowe Council

Percentage of new claims decided within 14 days of receiving all information

2.7 Figure 2.3 shows the council's performance in 2004/05.

Fig. 2.3: Performance measure 3 – the percentage of new claims decided within 14 days of receiving all information

Standard	Performance	Standard met?
90%	80%	No

Source: Broxtowe Council

2.8 However, analysis of the performance data revealed it had improved and since September 2004 the council had achieved 84%. Our sampling confirmed this.

Percentage of rent allowance claims paid on time or within 7 days of decision being made

2.9 Although the council was not required to report against this performance measure until the end of June 2005, we used data extracted from a benefits IT system report to calculate the level of performance. Our sampling confirmed this.

Fig. 2.4: Performance measure 4 – the percentage of rent allowance claims paid on time or within 7 days of decision being made

Standard	Performance	Standard met?
90%	94%	Yes

Source: Broxtowe Council

Average speed of processing changes of circumstances

2.10 Figure 2.5 shows the council's performance in 2004/05.

Fig. 2.5: Performance measure 5 – the average time taken to process changes of circumstances

Standard	Performance	Standard met?
9 days	18 days	No

Source: Broxtowe Council

2.11 The main reason for the council's failure to meet the Standard was that it did not prioritise changes of circumstances.

(High Priority Recommendation 1)

Workload management

2.12 Broxtowe Council met one (E2) of the 2 enablers.

2.13 The council used its document management and benefits IT systems to obtain information such as the:

- total work received and processed, including details by document type for the number of items received, completed, pending and outstanding
- total number of new claims received that had been decided as successful, unsuccessful or withdrawn and the time taken
- number and types of claims recorded on the benefits IT system awaiting a decision.

2.14 However, the council did not make effective use of all information available to:

- ensure, where possible, that all changes of circumstances were decided within the requirements of the Standard
- identify where claims or other notifications were waiting to be decided and what was preventing the next action being taken
- analyse the reasons for delays, such as the number of requests for additional information and the average times taken at each stage of the claims process
- identify procedural and operational weaknesses and assist continuous improvement in HB and CTB administration.

2.15 The council used its document management system to record evidence and documents provided by the customer. As there were no scanning and indexing facilities at the Eastwood and Stapleford public enquiry offices, claim forms and evidence were sent by internal courier to the main office in Beeston. As a result they were not always scanned on the day of receipt and this contributed to the delay, for example, in dealing with changes of circumstances.

(Low Priority Recommendation 1)

2.16 The council had documented procedures for dealing with extended payments which are paid to customers who start work. Staff followed these procedures and our analysis of the 6 cases sampled showed all decisions were made within 14 days of receipt and application forms were fast-tracked.

Gathering information

2.17 Broxtowe Council met 2 (E4 and E6) of the 4 enablers.

2.18 The council did not have documented procedures to:

- consistently identify where additional information was required from the customer or third party, within 7 days of a new claim or other notification
- provide staff with guidance on workload priorities.

2.19 In our sample of 30 new claims, only 3 (10%) were accompanied by all the information needed to decide the claim on the date of receipt. In the remaining claims it took an average of 16 days to send a request for information from either the customer or a third party. One reason for these delays was that work was only allocated to the Assessment Assistants approximately one week after it had been received.

2.20 The council sent letters to remind customers to provide information in support of claims before the end of the 4-week or one month period within which the customer was asked to provide the information.

2.21 The council had effective arrangements for the issue and completion of certificate of earnings forms. It provided a locally produced certificate of earned income form for customers to use, and the form was also a detachable part of the HB and CTB claim form. The certificate of earned income form was only accepted if it had been correctly completed, signed and stamped by the employer.

2.22 Broxtowe Council used a single HB and CTB claim form which it developed jointly with a group of neighbouring councils. The form followed many of the design principles of the Department's model form. The form used a grid layout and the questions were clearly stated and flowed logically.

Working effectively with landlords to minimise repossessions

2.23 Broxtowe Council met one (E7) of the 2 enablers.

2.24 The council's HB and CTB claim form contained clear wording relating to information to be shared with the landlord, subject to written consent from the customer. The claim form clearly stated information relating to the customer's personal, household and financial circumstances would not be given to the landlord.

2.25 Benefits service staff were clear about their roles and responsibilities when dealing with landlords, and about the information that could be given to them. Staff were aware that information relating to the progress of a claim could only be given to landlords once the customer had provided written consent.

2.26 The council provided:

- advice to landlords on the operation of HB, including booklets and leaflets
- guidance to landlords on the types of changes of circumstances that should be reported.

2.27 However, the council did not maximise the opportunities available to communicate effectively with landlords by:

- encouraging landlords to make direct contact before taking action that could result in eviction
- having regular 2-way communication.

2.28 The council had a Fit and Proper Landlord procedure which provided guidance to staff on applying the fit and proper person test. However, the absence of a centrally held record of landlords meant we were unable to fully establish how the Benefits service applied the test.

Quality and reducing error

2.29 Members and senior managers need assurance the Benefits service and counter-fraud efforts are working as planned. Councils should therefore ensure arrangements are in place to make full use of management information and checking data across the full range of HB and CTB activities.

2.30 Figure 2.6 shows the council's performance in 2004/05.

Fig. 2.6: Performance measure 6 – the percentage of cases for which the calculation of the amount of benefit due was correct

Standard	Performance	Standard met?
98%	98%	Yes

Source: Broxtowe Council

Quality checks

2.31 Broxtowe Council met enabler E9.

2.32 The council operated a risk assessment based checking regime that included:

- maintaining an audit trail of all checks undertaken
- sufficient accuracy checks to inform the compilation of the relevant Best Value Performance Indicator
- a minimum 4% sample of quality checks of assessments, before decision letters were sent, to ensure:
 - the assessment was lawful
 - the benefit calculation was correct
 - evidence had been verified to the requirements of the Verification Framework.

2.33 All staff responsible for completing the checks were fully trained in HB and CTB.

Using quality checks to improve performance and reduce error

2.34 Broxtowe Council did not meet enabler E10.

2.35 The council did not make use of checking and intervention information across the full range of benefit activities to calculate overall levels of error and help deliver continuous improvement. It did not undertake checks on counter-fraud, visiting officer work or complaints. Neither did it maintain centralised records of all benefit decisions checked and the types of errors identified. It was therefore not possible for the council to analyse the results of these checks to inform overall levels of error or identify where action should be taken to improve the service.

(Low Priority Recommendation 2)

...Broxtowe Council made use of the results of its quality checking of benefit decisions to identify training requirements and inform the staff appraisal process.

2.36 However, Broxtowe Council made use of the results of its quality checking of benefit decisions to identify training requirements and inform the staff appraisal process. Weaknesses identified through the checking of benefit decisions were addressed individually or fed into more formal staff training provision.

Overpayments

2.37 To reduce the loss to public funds, councils must effectively administer the processing of HB and CTB to prevent overpayments occurring. When they do occur councils should have clear overpayments policies and procedures and pursue recovery by the speediest, most cost effective and efficient methods available in line with legislation.

2.38 There were 4 separate teams who were responsible for managing the HB and CTB overpayments recovery process. The teams, which apart from the Legal team were all part of the Finance Directorate, were the:

- Investigation Assistants (Overpayments) team
- Accounts team
- Recovery team
- Legal team.

The fragmented organisational structure had an adverse impact on the council’s ability to effectively manage the recovery process.

2.39 The fragmented organisational structure had an adverse impact on the council’s ability to effectively manage the recovery process. The council did not:

- have clear and logical lines of management responsibility for the recovery process
- promote the establishment of clear standards for the effective and efficient management of the recovery process

- have effective management control over the resources available to reduce the level of outstanding debt.

2.40 The lack of adequate management information also hindered the council’s ability to effectively manage the recovery process. The council could not provide management information to show:

- monthly or quarterly recovery performance
- the effectiveness of the recovery methods used
- the number of overpayments created
- if overpayments were calculated on average within 14 days
- high value HB and CTB debtors
- adequate age debt profiling.

2.41 In addition, the council was unable to provide the routine information to report against the performance measures shown in Figure 2.7. However, the council was not required to report against these until June 2005.

Fig. 2.7: Performance measures – overpayments	
Performance measure	Description
7	The amount of HB overpayments recovered during the period as a % of total amount of HB overpayments identified
8	The amount of HB overpayments recovered during the period as a % of total amount of HB overpayment debt outstanding at the start of the period plus amount of HB overpayments identified
9	The amount of HB overpayments written off during the period as a % of total amount of HB overpayment debt outstanding at the start of the period plus amount of HB overpayments identified

Source: The Department

2.42 At the time of our inspection the council was addressing the weaknesses in providing management information for overpayments.

Managing debt

2.43 Broxtowe Council did not meet any of the 3 enablers.

2.44 The council had a draft overpayments policy statement but this did not:

- reflect current legislation
- detail all available recovery methods
- include the recovery of administrative penalties
- prioritise the recovery of fraudulent overpayments
- include appropriate guidance on write-offs.

(Medium Priority Recommendation 1)

2.45 However, it ensured there was an audit trail for all decisions made about classification and recoverability.

2.46 There were 2 Investigation Assistants (Overpayments) who, on receipt of overpayment decision notices, completed a 100% check of the overpayments identified by Assessment Assistants. In our sample of 30 overpayment cases all overpayment decisions were documented on a proforma, completed by the Investigation Assistants (Overpayments), and recorded on the document management system.

2.47 In 29 (97%) of the cases sampled the council had correctly classified the overpayment and used the correct effective date of change. Investigation Assistants (Overpayments) check all identified overpayments. This is good practice and provided greater assurance that decisions made about classification and recoverability were considered on an individual basis and were correct.

2.48 The council did not use all the methods of recovery available. It did not recover overpayments by making deductions from HB paid to landlords for tenants to whom the overpayment did not relate.

2.49 The council ensured debts were written off in accordance with its financial regulations.

2.50 To underpin the financial regulations the council had a Sundry Debtor Instruction Manual which included a section on the write-off of sundry debts. However, the manual had not been updated to reflect the council's latest financial regulations. It incorrectly specified the authorisation level for quarterly write-off reviews of invoices as those valued under £500, whereas the value in the council's financial regulations was under £750.

2.51 Our analysis of 8 write-off cases showed all avenues of recovery had been sought before the debt was considered for write-off, and the debts had been approved for write-off at the appropriate level.

2.52 The council did not set targets for, or monitor, the time taken to calculate overpayments following receipt of sufficient information. However, the council did:

- invite customers to provide information needed to establish underlying entitlement

- take account of the effect of any uncashed or returned cheques.

2.53 The council did not ensure that, on average, overpayments were calculated within 14 days of the date it received sufficient information to make a decision. **(High Priority Recommendation 2)** In the 30 cases sampled the average number of days between receiving sufficient information and calculation was 24 days. Of the 30 cases only 19 (63%) were calculated within 14 days of receiving sufficient information.

2.54 The council did not have documented procedures or systems in place to monitor the recovery of administrative penalties. The council's policies relating to overpayments and counter-fraud did not include reference to the recovery of penalties.

2.55 We examined 4 fraud investigations which resulted in an administrative penalty. In 2 cases, administrative penalties had not been recovered because the council did not link the recovery of the penalty to ongoing entitlement or a sundry debtor's account.

Recovery

2.56 Broxtowe Council met one (E15) of the 3 enablers.

2.57 The council did not have a strategy for the continuous improvement in the level and age of HB debt. **(Medium Priority Recommendation 2)** However, it did have targets for the recovery of HB overpayments and the targets were included in the council's Corporate Performance Plan 2004/05.

2.58 Overpayment recovery performance was only 25% in 2004/05 against the council's target of 53%. Although the level of HB debt was monitored and the percentage of debt recovered was reported quarterly to Members, nothing had been done to improve recovery.

Although the level of HB debt was monitored and the percentage of debt recovered was reported quarterly to Members, nothing had been done to improve recovery.

2.59 The following factors contributed to the council's poor HB overpayment recovery performance:

- poor management information
- the absence of documented overpayments policies and procedures
- 4 different teams dealt with the recovery of HB debt and the process was fragmented. This resulted in a lack of ownership of the HB overpayment recovery process
- failure to use all recovery methods.

2.60 The council maintained records of outstanding overpayments when benefit was no longer in payment. Future awards of benefit would be highlighted to enable appropriate recovery action. Before awarding benefit, Assessment Assistants checked to see if an overpayment existed and records of write-off decisions were maintained to ensure that future recovery could be made, if appropriate.

Security

3.1 It is important that effective measures and processes are in place to deter and prevent fraud entering the benefits system. Information supplied by customers in support of benefit claims must be verified and councils should carry out interventions to ensure risks identified through data matching are reconciled. Sufficient resources must be employed to investigate suspected fraud thoroughly and professionally, and appropriate sanctions should be applied.

3.2 Broxtowe Council achieved Standard in 2 of the 7 performance measures and met 7 of the 21 enablers. Overall the council's performance was **Good** for this theme.

Security of administration

3.3 This section reports on the arrangements for interventions and the verification of claims.

3.4 Although the council was not required to report against these performance measures until the end of June 2005, we used data provided by the council to calculate levels of performance.

Fig. 3.1: Performance measures – Security of administration

Performance measure	Description	Standard	Performance	Standard met?
10	Number of interventions	2,710	2,742	Yes
11	% of data matches resolved within 2 months	100	89	No
12	Number of customers visited	1,350	1,405	Yes

Source: Broxtowe Council

Compliance with the Verification Framework or to equivalent standard

3.5 Broxtowe Council met one (E17) of the 2 enablers.

3.6 Our sample of 30 new claims and 15 changes of circumstances showed the council:

- had copied original documents and certified that they had been seen

Fraud referrals

3.13 Broxtowe Council met one (E21) of the 2 enablers.

3.14 The council did not provide guidance on completing and making referrals, or periodic fraud awareness training to all council staff that were involved in dealing with customers of the Benefits service. It therefore did not maximise referrals from all possible sources and the absence of such training undermined the council's ability to maximise the detection of fraud.

3.15 During our inspection the council introduced a revised referral form to overcome the weaknesses we had identified.

3.16 The investigations team did not acknowledge the receipt of referrals or provide feedback on the referrals it received from staff. We were told feedback was only given when requested. In the 26 investigations sampled there was no evidence that feedback had been provided. This meant that an opportunity to engage staff fully in countering fraud was lost.

3.17 The council did not analyse the results of closed investigations or monitor the outcome of referrals received by source. Although the fraud case management system could produce reports showing the source and outcome of the fraud referrals received, there had been no routine analysis of these reports. The council did not summarise the outcome of the referrals received by the investigations team and report this to staff.

3.18 Since September 2003, the council has participated in the National Benefit Fraud Hotline. However, the council did not maximise all opportunities to publicise the hotline telephone number. The number was not publicised on annual Council Tax bills or on the council's website. As a result, in 2004/05, the council only received 11 referrals from the hotline.

(Medium Priority Recommendation 3)

Risk profiling referrals

3.19 Broxtowe Council met one (E23) of the 2 enablers.

3.20 The council did not have documented criteria to risk assess and sift fraud referrals. The absence of criteria and the lack of systematic analysis of the outcome of referrals meant the council did not identify and target high-risk referrals. It therefore did not make best use of its counter-fraud resources.

3.21 However, during our inspection, the council introduced a risk-scoring tool to address some of the weaknesses we had identified.

3.22 The Department's East Midlands Operational Intelligence Unit, based in Nottingham, acted on behalf of the council to obtain intelligence and obtain information from organisations such as banks and utility companies to support fraud investigations. The unit confirmed it had received 9 files from the council. We were told the reasons for the requests were valid and the number received was comparable with similar sized authorities.

Action on referrals

3.23 Broxtowe Council did not meet either of the 2 enablers.

3.24 Referrals were recorded on the fraud case management system at the same time the investigations team carried out preliminary checks. Referrals were then passed to either the Senior Investigation Assistant or the Investigation Assistant (Counter-fraud) to start the investigation. However, the council did not monitor the fraud referrals received by the investigations team to ensure investigations started in all cases within 10 working days of the referral being sifted. **(Low Priority Recommendation 3)**

Fig. 3.3: Time taken to start investigations after referral received by the investigations team (excluding bulk data referrals)

Number of days	Number of investigations	%
1 – 10	10	53
11 – 19	4	21
20 and over	5	26
Total	19*	100

Source: BFI analysis

*This excludes the 7 bulk data referrals in our sample of 26 investigations.

3.25 Figure 3.3 shows the council did not start investigations within 10 working days of receiving referrals in 47% of the investigations sampled.

Fraud investigator's code of conduct

3.26 Broxtowe Council did not meet any of the 4 enablers.

3.27 The council's Code of Conduct for the investigations team covered good practice for investigators which included:

- avoiding action likely to be construed as discriminatory
- disclosing conflicts of interest that may arise during the course of an investigation
- prevention of personal injury, or damage of council, personal or customer property.

3.28 The council had access to the Department's Fraud Procedures Investigation Manual. In addition, in February 2005 the council provided locally produced counter-fraud guidance for the investigations team. We identified shortfalls in the guidance in a number of areas. In particular, it did not include appropriate legal references, for example, to the Criminal Procedure and Investigations Act 1996.

3.29 The Department's HB and CTB Fraud Circulars were available on the council's intranet and a nominated member of the Benefits service sent an e-mail to the investigations team advising them when updated information had been received.

3.30 The work of the investigations team was not subject to management checks or key stage reviews. As a result the council had no assurance investigations followed the guidance set out in its Code of Conduct or complied with legislation. It also missed an opportunity to identify individual training needs and better inform the personal development scheme.

(Medium Priority Recommendation 4)

3.31 There were examples in the investigations we sampled where the council failed to comply with relevant legislation. These included:

- interviews under caution were not always conducted where there were grounds to suspect an offence had been committed
- contemporaneous notes were not always correctly and accurately recorded.

3.32 The Department's Fraud Procedures Investigation Manual provides guidance on how fraud files should be constructed. Although not compulsory, the format is recommended for use by councils. The council used a combination of paper files, the document management system and the fraud case management system to record investigative actions.

3.33 The documents contained in the paper files of the investigations sampled were not filed in any chronological or logical order. As documents relating to the investigation were also stored on the document management and fraud case management systems it was difficult to follow the progress of investigations. In 11 (42%) of the investigations sampled we were unable to identify a comprehensive and easy-to-follow audit trail.

3.34 Investigators should record information about their work in line with guidance set out in the Criminal Procedure and Investigations Act 1996 Code of Practice. For example, investigators are required, when taking action to progress an investigation, to ensure the reason for taking the action has been recorded on the fraud file. In 15 (58%) investigations sampled the investigators had not recorded the action taken, although we were assured the activities had been undertaken. For example, visits had been undertaken but had not been recorded by the investigations team.

3.35 The investigations team took appropriate security measures with personal data to prevent:

- unauthorised access
- alteration of records
- disclosure of information.

3.36 Access to the document management system and fraud case management system was controlled and restricted to appropriate staff. The council kept the paper files in a secure cabinet when not being worked on.

3.37 In line with the Criminal Procedure and Investigations Act 1996 and Police and Criminal Evidence Act 1984, the investigations team kept notes of the activities they undertook during investigations. The investigations team used QB50 notebooks to record activities.

3.38 The Department's Fraud Procedures Investigation Manual provides guidance on the use of notebooks in evidence gathering and recording. The council did not ensure the investigations team followed this guidance. It did not ensure:

- management checks of the notebooks were undertaken at least every 2 weeks
- full records of observations were maintained
- the investigations team recorded, on a daily basis, the time on duty and activities completed
- notes from notebooks were transferred to the fraud case management system.

3.39 Interviews under caution were used to obtain evidence. We considered the use of interviews under caution in the investigations sampled and identified the investigations team:

- explained interviewees' rights
- explained third party roles and responsibilities
- used new tapes after breaks in interviews
- handed over copies of the relevant information when offences were put to interviewees.

3.40 Our analysis of the investigations sampled highlighted the following weaknesses. In:

- 4 interviews under caution - information contained in the investigators' notebooks revealed there had been discussions with the interviewee regarding the possible options for the outcomes of the investigations, and the investigators had not answered a direct question from the interviewee about this
- 3 interviews - a caution was not administered to the interviewee despite the fact there were grounds to suspect an offence had been committed, and the interview was deferred to another date
- a joint investigation with the Counter Fraud Investigation Service - a statement taken after the interview under caution was not correctly endorsed in accordance with the Police and Criminal Evidence Act 1984.

The local authority fraud policy

3.41 Broxtowe Council met 2 (E32 and E34) of the 5 enablers.

3.42 The council's draft Counter Fraud Policy Statement included roles and responsibilities of the investigations team and a commitment to training staff engaged in the prevention and detection of fraud. The draft statement did not reflect up-to-date requirements and did not include:

- targets against which the performance of the council's counter-fraud activities could be measured and monitored

- a commitment to ensure investigations comply with the relevant legislation, for example, the Criminal Procedure and Investigations Act 1996 and the Regulation of Investigatory Powers Act 2000
- the provision of fraud and corruption awareness training to all staff
- the use of all methods of detection to maximise counter-fraud activities, for example, the “Do Not Redirect” scheme
- a commitment that the council will seek to recover any overpaid benefit and the recovery methods it will use
- reference to how the council will publicise counter-fraud activities through a publicity strategy. **(High Priority Recommendation 3)**

3.43 The priorities, targets, aims and objectives for the investigations team were incorporated into either the Counter-Fraud Business Plan 2005/06 or the Benefits Service Delivery Plan 2004/05 to 2006/07.

3.44 Apart from reporting the outcomes of sanctions quarterly, to Members and senior officers, there was no analysis of performance information aimed at providing assurance to Members and senior officers that the plans had achieved:

- high quality and consistent investigation of fraud
- a consistent approach to prosecutions and other sanctions
- effective, efficient and responsive use of counter-fraud resources.

3.45 The council did not follow the Department’s circular *F11/2001* when appointing authorised officers and monitoring use of their powers. In particular it did not:

- ensure an up-to-date record of authorised officers was held by the Department
- maintain central records to show when, where and why authorised officers had used their powers
- monitor the role of the authorised officers through management checking to:
 - ensure compliance with legislation
 - assess their impact on verification and counter-fraud work
- review appointments of authorised officers for relevance and need.

3.46 However, during our inspection, the council took action to ensure the Department’s records were amended.

3.47 The East Midlands Operational Intelligence Unit confirmed the investigations team had used the authorised officers’ powers regularly and consistently to assist in enquiries. The Operational Intelligence Unit confirmed the council had submitted 41 requests to it to make referrals to Her Majesty’s Revenue and Customs between April 2002 and April 2005. However, there was no monitoring to ensure whether referrals were reasonable and proportionate.

3.48 The council operated the “Do Not Redirect” scheme in accordance with legislation and procedural guidance issued by the Department.

3.49 The council had a fraud partnership agreement with the Department's Counter-Fraud Investigation Service. Quarterly meetings were held where issues and concerns were discussed. The agreement had been tailored to local needs and included a target to carry out 25 joint interviews under caution in 2004/05. This target had not been achieved and there was no evidence to show performance had been monitored.

Sanctions

3.50 This section reports on the arrangements for the application of sanctions against benefit fraudsters.

Fig. 3.4: Performance measure – Sanctions

Performance measure	Description	Performance	
		2003/04	2004/05
16	Successful sanctions per 1,000 caseload	0.07	0.87

Source: Broxtowe Council

3.51 In 2004/05, the council increased the number of sanctions it undertook to 27, compared to 6 in 2003/04. As a result performance significantly improved, as shown in Figure 3.5.

A balanced sanctions policy

3.52 Broxtowe Council met one (E36) of the 3 enablers.

3.53 Members endorsed the council's Benefit Fraud Prosecution Policy in February 2005. The policy included the criteria for securing prosecutions, administrative penalties and formal cautions and reference to the evidential and public interest tests applied in the Code for Crown Prosecutors when determining the appropriate sanction to be applied.

3.54 However, the policy did not include:

- specific references to severity or the duration of offences, to be considered when making decisions on the cost effectiveness of pursuing particular sanctions
- reference to relevant legislation, for example, the Police and Criminal Evidence Act 1984 and the Human Rights Act 1998.

(Medium Priority Recommendation 5)

3.55 The Chief Benefits Officer and the council's legal team took account of the policy when considering recommendations made by the investigations team about which sanction should be applied. Although decisions were documented, there was no monitoring to ensure the criteria for sanctions were applied consistently.

3.56 We analysed 18 investigations which resulted in the council applying a formal caution. Our analysis of these investigations showed there were:

- 6 cases where the fraudulent overpayments exceeded £400 and therefore in line with the council's policy should have been considered for a prosecution or administrative penalty. In one case the fraudulent overpayment was £5,200 and the fraudster should have been prosecuted
- 6 cases where there was no fraudulent overpayment and therefore, in line with the policy, should not have been considered for a sanction.

3.57 We discussed our findings with the council that it had not applied the criteria set out in its Benefit Fraud Prosecution Policy in the majority of investigations sampled. The intention behind the policy was to provide a flexible approach and not a rigid guide to decision making. We therefore accepted that in the investigations sampled the council had applied discretion.

3.58 The council checked the Department's database and the Police National Computer for records of previous sanctions before determining a sanction. It also ensured any sanctions undertaken by the council were recorded on the Department's database. However, the weaknesses highlighted earlier in this report about how the investigations team recorded and filed information meant it was not clear if the procedure was followed in all cases.

3.59 The council ensured that if a caution or administrative penalty was refused the case was referred for prosecution. There was one case in our sample of investigations where a caution was refused and the council had taken action to prosecute. At the time of our inspection the outcome of the prosecution was not known.

User focus

4.1 Councils should aim to:

- support vulnerable people and tackle all forms of social exclusion
- deliver modern, efficient and secure customer-focused public services
- reduce barriers to work, particularly in relation to benefit and rent policy
- ensure customers are not deterred from claiming because the Benefits service does not address their particular need
- make sure relationships with stakeholders support good customer service while reducing administrative costs and fraud and error
- deal with appeals and complaints quickly and effectively.

4.2 Broxtowe Council achieved Standard in 2 of the 3 performance measures and met 3 of the 12 enablers. Overall the council's performance met the minimum requirements for this theme.

Take-up

4.3 Broxtowe Council did not meet either of the 2 enablers.

4.4 Councils have a role in encouraging the take-up of welfare benefits. This work may be most effective as part of a wider anti-poverty strategy.

4.5 The Benefits Service Delivery Plan highlighted a need to:

Identify the causes of social exclusion and take action to ensure services are available to all.

4.6 The plan stated the need to *maximise the take-up of benefit to reduce social exclusion*. However, this aim had not been translated into an operational plan and there were no formal documented policies or procedures relating to the take-up of HB and CTB and other welfare benefits.

(Low Priority Recommendation 4)

4.7 Despite the absence of documented policies or procedures or an operational plan the Benefits service raised the awareness of benefits and promoted take-up by:

- sending out information with annual Council Tax bills
- displaying leaflets and posters in the council's public enquiry offices
- distributing the Department's *Cutting Council Tax* posters to other relevant organisations
- advertising in the Nottinghamshire Community Self Care Guide

- working with neighbouring councils to promote the take-up of benefit by advertising on carrier bags which were distributed at Nottinghamshire libraries.

Customer service

4.8 Customer service is important and councils should ensure the Benefits service is accessible, employs suitably trained staff to deliver quick and comprehensive responses to claims and other public enquiries, and makes effective use of partnerships with stakeholders to improve overall service delivery.

Accessibility

4.9 Broxtowe Council did not meet either of the 2 enablers.

4.10 The Benefits Service Delivery Plan highlighted a need to:

Provide a service that is accessible to all customers taking into account their individual circumstances and ability.

4.11 This aim was supported by a range of services which took account of the needs of customers including:

- providing and monitoring supplies of leaflets and posters
- providing leaflets in large print
- advertising translation and interpreting services at the council's public enquiry offices
- planning to maximise the use of the new benefits IT system, which was to be introduced in June 2005, to print documents in large print and in languages other than English.

4.12 The Benefits service did not maximise use of opportunities to listen to the views of customers about the quality of the services provided. Although exit surveys of customers seen at the main public enquiry office at Beeston were undertaken, the impact on the level of service provided was reduced because:

- exit survey questionnaires were not offered to all customers
- the information requested in the questionnaire was insufficient
- feedback was not fully analysed and used to inform managers of the identified weaknesses.

4.13 Apart from undertaking the Best Value study to measure customer satisfaction, the council did not conduct random surveys of customers who made telephone or written enquiries. The customer survey form on the council's website was rarely used and was not promoted.

4.14 To improve the telephone service the council was, during our inspection, purchasing a data management package for its telephone system and considering the procurement of a new telephone system. The purchase of the data management package should help raise awareness of customer demand

by providing valuable management information which, if used correctly, should enable the council to improve the service.

4.15 All council staff received training on the corporate diversity education project, Dignity at Work. Apart from this the council had not:

- provided training to staff on the provisions of the Race Relations (Amendment) Act 2000
- provided cultural awareness to all staff aimed at promoting racial equality
- conducted an annual review of all the facilities provided for customers of key ethnic minority groups in the area.

(Medium Priority Recommendation 6)

4.16 Broxtowe Council had completed an extensive survey of its facilities in relation to the requirements of the Disability Discrimination Act 1995. Where improvements were required the necessary work had been identified, costed and approved.

4.17 The council was aware that the decision letters sent to customers did not comply with regulations in all cases. The decision letters did not always explain the decision, and the reasons for it in plain English. To overcome these deficiencies staff amended letters before they were printed and sent to customers. We were told the new benefits IT system should produce decision letters which comply with regulations.

Dealing with enquiries

4.18 Broxtowe Council did not meet either of the 2 enablers.

4.19 Although the council published targets for dealing with customer enquiries, they were not specific, measurable, achievable, relevant and time-bound. The council did not:

- monitor achievement against the targets
- ensure all managers and staff understood the targets
- record and analyse information on all types of customer enquiries.

4.20 The council provided an over-the-counter service at 3 different locations for customers submitting completed claim forms and supporting evidence. All 3 offices were open for at least 36 hours per week.

4.21 However, a lack of access to the document management and benefits IT systems at the Eastwood and Stapleford public enquiry offices, adversely affected the quality of service. Customers making enquiries about their claims at these offices could use a free-phone to call Benefits service staff at Beeston.

Partnership working

4.22 Broxtowe Council met 2 (E44 and E45) of the 3 enablers.

4.23 The council did not have a service level agreement with the Department's Debt Management service. However, the council had:

- service level agreements with other key stakeholders
- procedures to monitor and review service level agreements with these key stakeholders.

4.24 The Benefits Service Delivery Plan highlighted a need to:

Work in partnership with landlords and other agencies to promote confidence and provide practical advice on the operation of the Housing Benefit scheme.

4.25 However, the council had only undertaken a limited number of activities to support this objective. It did not have formalised and documented working arrangements with Registered Social Landlords or private landlords. Apart from limited work with landlords the council had not formally worked with other organisations to provide practical advice on the operation of the HB scheme.

4.26 In April 2004, the council met one of its largest housing associations to discuss improvements in the exchange of information. As a result practices were agreed to improve the working relationship. In addition during our inspection, the council contacted landlords and invited them to attend a forum at which matters relating to the Benefits service would be discussed.

Appeals and complaints

4.27 Councils need to ensure that they:

- deal with complaints promptly and that the complainant is given an informative explanation, and if appropriate, an apology and resolution
- resolve disputes as quickly as possible
- use management information to inform the effectiveness of their handling of disputes and appeals
- undertake analysis to identify trends and address common failures.

4.28 Although the council was not required to report against these performance measures until the end of June 2005, we used the results of our sampling of 6 reconsiderations and 6 appeals to calculate the levels of performance.

Fig. 4.1: Performance measures – Appeals and complaints

Performance measure	Description	Standard	Performance	Standard met?
17	% of requests for reconsideration actioned and notified within 4 weeks	65	66	Yes
18	% of appeals submitted to the Appeals Service in 4 weeks	65	85	Yes
19	% of appeals submitted to the Appeals Service (including those in performance measure 18) in 3 months	95	92	No

Source: Broxtowe Council

Appeals

4.29 Broxtowe Council met one (E47) of the 2 enablers.

4.30 The council provided clear advice to customers on what to do if they were dissatisfied with a decision. Customers' rights were explained in the council's HB and CTB leaflets, decision letters and on the website.

4.31 The Assessment Assistants were responsible for dealing with requests for reconsideration where decisions were revised, and the Senior Benefits Officer was responsible for reconsiderations where the original decision was upheld. However, the council did not:

- have documented procedures for dealing with requests for reconsideration or appeals or monitoring the standard of submissions
- set targets for dealing with requests for reconsideration or appeals
- collect management information on the number of requests for reconsideration.

4.32 The Senior Benefits Officer completed all appeal submissions to ensure they were correct in law and complied with the requirements of the Appeals Service. The Senior Benefits Officer was also responsible for representing the council at appeal tribunals.

4.33 To measure the council's performance in implementing appeal tribunal decisions we examined the 2 cases in our sample where the council was required to implement decisions during 2004/05. Although the council did not monitor the time taken to implement these decisions, our analysis showed the council took, on average, 1.5 days.

Complaints

4.34 Broxtowe Council did not meet enabler E49.

4.35 The council had a Service Charter on Complaints which set out its complaints procedure. All staff were required to acknowledge complaints within 3 working days of receipt and provide a full response within 15 working days. An annual report was provided to Members although the time taken to deal with complaints was not included in the report.

4.36 The council did not ensure all complaints were accurately recorded. Along with the absence of management information, management checks and monitoring of complaints this impacted on the council's performance in dealing with complaints.

4.37 The complaints procedure was publicised in complaint leaflets available from the council's public enquiry offices and on the website. A procedure for dealing with complaints shows that the council intends to treat complaints seriously. However, we were unable to offer assurance on the effectiveness of the council's performance in dealing with complaints because:

- it did not ensure staff within the Benefits service complied with the procedure
- it did not provide regular refresher training to keep staff up-to-date

- there was no reliable management information on the number and type of complaints where the Benefits service had dealt with complaints outside of the formal procedure
- it did not maintain up-to-date monitoring information on the progress of all complaints made about the Benefits service
- there was no evidence of any meaningful analysis to address and reduce the level and cause of complaints.

4.38 We examined 10 complaints received about the Benefits service between January 2004 and January 2005. Our analysis showed complaints had not been processed in accordance with the procedure. Of the complaints we analysed:

- 6 (60%) customers had not been sent an acknowledgement
- 2 (20%) customers had not been sent either an acknowledgement or a full response
- one (10%) complaint was acknowledged within the requirement of 3 working days
- 5 (63%) of the 8 complaints processed were dealt with within 15 working days.

4.39 As a result of the failure to accurately record all complaints the council was unable to:

- provide evidence to confirm how many complaints about the Benefits service were received and dealt with
- analyse management information to predict trends, identify risks, adjust work priorities and allocate resources
- identify weaknesses in processes and highlight training needs.

Resource management

5.1 Benefits administration should be set within the broader context of a council's overall strategies and responsibilities. Members and senior officers are ultimately responsible for the management of resources and delivery of strategic aims and objectives. Therefore they need to obtain adequate information and assurance:

- on the delivery of plans and achievement of targets
- that expenditure represents value for money
- that benefits administration is effective and secure.

5.2 Broxtowe Council met 5 of the 16 enablers. Overall the council's performance met the minimum requirements for this theme.

Strategic management

5.3 To ensure the successful delivery of strategic aims and objectives, Members and senior officers should provide managers and staff with a clear sense of direction, purpose and focus for their work. Members and senior officers must also receive sufficient information to monitor the delivery of plans, achievement of objectives and performance against targets set.

Managing the Benefits service

5.4 Broxtowe Council met one (E51) of the 3 enablers.

5.5 The council's targets for the Benefits service included the relevant Best Value Performance Indicators. The targets were included in the:

- council's Corporate Performance Plan 2004/05, which incorporated the Best Value Performance Plan 2004/05
- Benefits Service Delivery Plan.

5.6 The targets were based on the council's desired performance for each of the years contained in the plans. In setting targets the council used information and data from:

- historical performance
- comparable councils
- nationally published performance information.

5.7 However, the targets did not take account of current performance for all of the performance indicators. For example, in 2003/04 the average time for

processing new claims was 69 days against a target of 44 days. Despite failing to achieve the target in 2003/04 the target for 2004/05 was 38 days.

5.8 Although the council had set some local performance targets for the Benefits service we identified the absence of targets in key areas, such as overpayment recovery, dealing with requests for reconsideration and appeals and customer enquiries. This meant the council did not underpin policy objectives and service standards.

5.9 The council had arrangements in place to monitor achievement against targets. Performance against all Best Value Performance Indicators was reported to Members and senior officers on a quarterly basis.

5.10 The Resources Select Committee monitored progress against the Benefits Service Delivery Plan. However, by not routinely reporting on the activities of the investigations team, the council missed an opportunity to monitor and provide assurance to Members and senior officers on the success of its Counter Fraud Policy Statement.

5.11 During our inspection we found that not all the roles and responsibilities for counter-fraud and the recovery of HB overpayments work were clearly defined, understood and had logical lines of management accountability.

5.12 For counter-fraud work, it was not clear who was responsible for:

- setting a strategy
- monitoring progress against the strategy
- the day-to-day operational activities of the investigations team.

5.13 The Senior Investigation Assistant sifted fraud referrals and investigated cases and was therefore unable to fully carry out the leadership, guidance and assurance role.

Within the council the lines of communication between those responsible for the recovery of HB overpayments were not clear. In addition, the lack of adequate management information hindered the council's ability to effectively manage the recovery process.

5.14 Within the council the lines of communication between those responsible for the recovery of HB overpayments were not clear. In addition, the lack of adequate management information hindered the council's ability to effectively manage the recovery process. As a result the council's performance in the recovery of HB overpayments was poor. **(High Priority Recommendation 4)**

5.15 The council did not have arrangements to manage risks to the Benefits service provision to ensure business continuity during change programmes and emergencies. Although there was no Business Continuity Plan the council had:

- an agreement with a neighbouring council to undertake Remote Access Terminal enquiries, if the terminal was unavailable for more than 2 days
- an IT Business Continuity Plan
- a corporate Risk Management Policy Statement

- a Risk Management Strategy
- a Strategic Risk Register.

5.16 Although the council had an IT Business Continuity Plan, it did not include a comprehensive IT fallback and recovery plan for all aspects of the Benefits service.

5.17 The Strategic Risk Register included the need to develop a corporate Business Continuity Plan by 30 June 2005. We were told work to finalise the plan was being undertaken during our inspection.

Monitoring performance

5.18 Broxtowe Council did not meet either of the 2 enablers.

5.19 The council provided accurate and timely Housing Benefit Matching Service data, quarterly performance indicator data and annual self-assessment returns against the Performance Standards Fund to the Department.

Performance against targets was monitored quarterly and where performance was not being achieved reports were submitted more frequently to Members and senior officers.

5.20 Performance against targets was monitored quarterly and where performance was not being achieved monthly reports were submitted more frequently to Members and senior officers. In addition, other performance aspects such as the results of the Benefits service Best Value Review, which was carried out between June and December 2004, were reported to the Resources Select Committee.

5.21 However, corrective action was not undertaken to address all weaknesses in performance. For example, although the council identified in October 2004 that performance for recovering overpayments was poor, no corrective action had been taken by the time of our inspection. The council said it would consider the findings of our inspection before addressing this weakness.

Providing for a skilled and competent workforce

5.22 Broxtowe Council met one (E56) of the 2 enablers.

5.23 The council had a range of up-to-date corporate policies and procedures. The Human Resources Strategy 2003–2006 provided a high-level outline of how the human resources policies and plans supported the council's corporate aims and objectives. It highlighted the council's commitment to achieving its aims and objectives through the employment of:

High quality and motivated employees who are capable of delivering services to the highest standards in accordance with Broxtowe Council's policies.

5.24 The strategy was supported by a range of policies and procedures. Details of many of these policies were included in the council's Conditions of Service Handbook. As part of the induction process all staff were issued with a

folder which included information such as details of the council's training and development arrangements and the personal development review process.

5.25 Although the council undertook performance appraisals as part of its personal development review process, there was no appraisal policy in place. At least annually all staff participated in personal development reviews to assess the individual's performance and identify any training and development needs. However, staff did not have work objectives that were specific, measurable, achievable, relevant and time-based to enable a comprehensive assessment of actual performance. **(High Priority Recommendation 5)**

5.26 The council provided a structured training and development programme that included ongoing identification of training and development requirements. It used a variety of training methods to meet the needs of staff. The council has been Investor in People accredited since 1996.

Value for money

5.27 Although there is no definitive costing structure for benefits administration, councils should have regard to Departmental guidance which covers efficiency.

Achieving value for money

5.28 Broxtowe Council met both the enablers (E57 and E58).

5.29 The council operated a costing structure that provided an assessment of the Benefits service's overall cost, including counter-fraud work, and showed the relationship between cost and the level of service provided. Costs were monitored and there was an audit trail. However, the council was unable to provide evidence that it had reviewed overall resource needs against the levels of work received and the performance outcomes required.

5.30 Benefits service costs and related performance were compared and benchmarked using information provided by the Chartered Institute of Public Finance and Accountancy. Summary information was included in the Benefits Service Delivery Plan and was used to inform the Best Value Review of the service. Members approved the results and subsequent action plan in February 2005.

The Benefits service Best Value Review confirmed that future partnership working had the potential to improve the service and create economies of scale.

5.31 The council actively considered joint procurement and joint working with other councils and internal and external partners to obtain efficiency and economic benefits. For example, the council jointly procured a benefits IT system in partnership with a number of neighbouring councils. The Benefits service Best Value Review confirmed that future partnership working had the potential to improve the service and create economies of scale.

IT systems

5.32 Broxtowe Council did not meet either of the 2 enablers.

5.33 The council used a variety of IT systems to support its administration of HB and CTB, including the:

- benefits IT system
- document management system
- Council Tax IT system
- fraud case management system
- sundry debtor IT system.

5.34 Although the benefits IT system supported most aspects of the payment and reconciliation of HB and CTB, the council had identified areas where there was a need for further development or replacement IT systems. The weaknesses of the IT systems included:

- a lack of functionality for sundry debt recovery
- no interface between the benefits IT system and the sundry debtor IT system
- the benefits IT system not supporting the administration of interventions work.

5.35 The weaknesses resulted in unreliable and incomplete data in respect of management information returns and required high levels of manual intervention to meet the Department's requirements.

5.36 The Senior Benefits Officer identified any claims that appeared to have taken an excessive number of days to be decided and these were checked on the benefits IT system and confirmed as being either:

- correct
- incorrect and amended on the system
- incorrect, but not able to be amended on the system.

To provide a clear audit trail for any adjustments made to the data the Senior Benefits Officer maintained records to clearly show the amended claims.

5.37 Once amendments had been made a new report was produced in a spreadsheet to provide the revised Best Value Performance Indicator. To provide a clear audit trail for any adjustments made to the data the Senior Benefits Officer maintained records to clearly show the amended claims.

5.38 Apart from the selective case check, no other checks were made to validate the Best Value Performance Indicator data. The council did not, for example, undertake a check of those cases that were decided quickly.

5.39 A report to the Resources Select Committee in April 2004 advised Members that the benefits IT system needed to be replaced before the expiry of the mainframe lease in December 2005. Members agreed that the benefits IT system would be replaced during 2005. During our inspection the council was

Appropriate controls were in place to ensure items of mail were not lost or stolen and fraudulent documents did not enter the system.

5.48 The council had secure, adequately staffed, post opening arrangements. Appropriate controls were in place to ensure items of mail were not lost or stolen and fraudulent documents did not enter the system.

Secure administration

5.49 Broxtowe Council did not meet either of the 2 enablers.

5.50 The council operated a risk-based internal audit programme to examine and provide assurance on corporate functions and individual service operations.

5.51 The Resources Select Committee had responsibility for monitoring the performance of Internal Audit. The Committee had approved the council's Internal Audit Strategy 2003/04 to 2005/06 and underlying Internal Audit Plans. Every 6 months it also received progress updates against these plans, including high-level summaries of work undertaken and recommendations made.

5.52 The Internal Audit Plans included allocation of sufficient resources to complete the quarterly checks necessary to confirm the accuracy Best Value Performance Indicator. We were told this work provided the main source of assurance on the Benefits service's assessment and processing of HB and CTB claims.

5.53 Internal Audit Plans also covered periodic reviews of other areas of benefits administration. For example, in 2003/04 additional audit work covered overpayments, IT passwords, self-employed cases and IT system parameter controls. Work undertaken on corporate or shared services also covered aspects of Benefits service operations, such as the 2003/04 audit of IT and the 2004/05 audit of system reconciliation. However, despite the level of Internal Audit coverage in place, recent audit activity had not covered aspects of benefits administration, such as counter-fraud work or post opening.

5.54 Members and senior officers received updates on progress against Internal Audit Plans. In respect of specific audits, recommendations were agreed with service managers before reports were passed to the appropriate Director for a formal response. The Director of Finance, Assistant Director of Finance (Exchequer services) and the Chief Benefits Officer received Internal Audit reports relating to the Benefits service.

5.55 The council said all Internal and External Audit recommendations were checked on subsequent audits to confirm the relevant action had been taken. However, there was no formal process to track or report progress against recommendations. Although Members received summary information of specific audits undertaken, the information available was insufficiently detailed to enable the monitoring of progress. The council recognised this weakness and planned to improve the arrangements for following up and tracking progress against recommendations made.

