

Report by the
Benefit Fraud Inspectorate

***Ashfield District Council
Processing of claims***

August 2006

Highlighted parts of this report are omitted from the published version as they may assist fraudsters or may contain confidential commercial information.

Copies of BFI reports are available from:

DWP Information Centre
Room 114
The Adelphi
1 – 11 John Adam Street
London
WC2N 6HT
Tel: 020 7962 8176
Fax: 020 7962 8491

You can also e-mail requests to
bfi-distribution@dwp.gsi.gov.uk

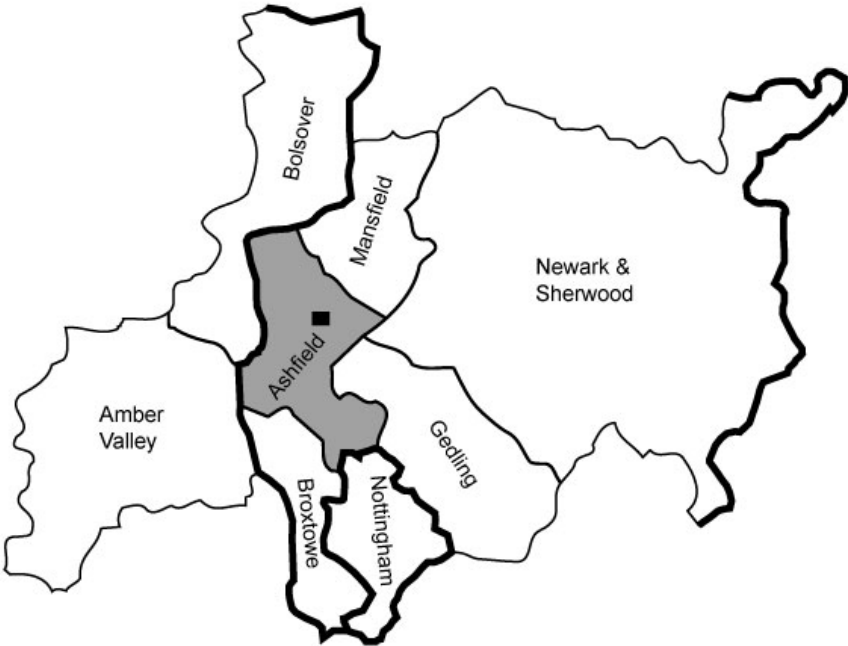
BFI reports are also available from the internet at
<http://www.bfi.gov.uk>

Contents

<i>Executive summary</i>	1
Introduction	1
Background	1
Overall performance	2
Summary of recommendations	6
<i>BFI findings</i>	9
<i>Claims administration</i>	11
Claims processing	11
Quality and reducing error	20
<i>Security</i>	23
Security of administration	23
<i>User focus</i>	27
Customer service	27
Appeals and complaints	27
<i>Resource management</i>	31
Strategic management	31
Assurance	33
<i>Appendix A: Inspection scope and enabler scores</i>	39

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

■	Administrative Centre
□	Local Authority Locator
—	Local Authority boundary
—	Other Authority boundaries



Executive summary

Introduction

1.1 This report assesses Ashfield District Council's performance in dealing with claims processing. The council was selected for inspection because of its poor reported performance for processing new claims between October 2004 and June 2005.

1.2 Performance Standards focus on what needs to be achieved to deliver an effective Housing Benefit (HB) and Council Tax Benefit (CTB) system and comprise 19 Performance measures and 65 key enablers covering all aspects of benefits administration.

1.3 We have limited the scope of this inspection to those Performance measures and key enablers that have a direct impact on Ashfield District Council's performance in the speed and quality of processing claims. As we did not assess the council against all Performance measures and key enablers we have not provided an overall score for their performance against Performance Standards.

1.4 We are grateful to Ashfield District Council's staff for their help and cooperation throughout this inspection, the on-site period of which took place in May 2006.

1.5 This report should be read in conjunction with the Performance Standards pack, which can be downloaded from the Department for Work and Pensions' (the Department) website:

<http://www.dwp.gov.uk/housingbenefit/publications/perf-stands/index.asp>

Background

1.6 The district of Ashfield is situated in the East Midlands in the west of Nottinghamshire, and to the north of Nottingham city. The population of the area is 114,200, concentrated mainly in the three towns of Sutton-in-Ashfield, Hucknall and Kirkby-in-Ashfield. Of the population, 2% are from minority ethnic communities, which is well below the national average of 13%. Whilst unemployment is equivalent to the national average, the area is ranked as the 66th most deprived area in England, out of 354.

1.7 The Council comprised 33 elected members. A cabinet, with an Overview and Scrutiny Committee, governs the business of the Council.

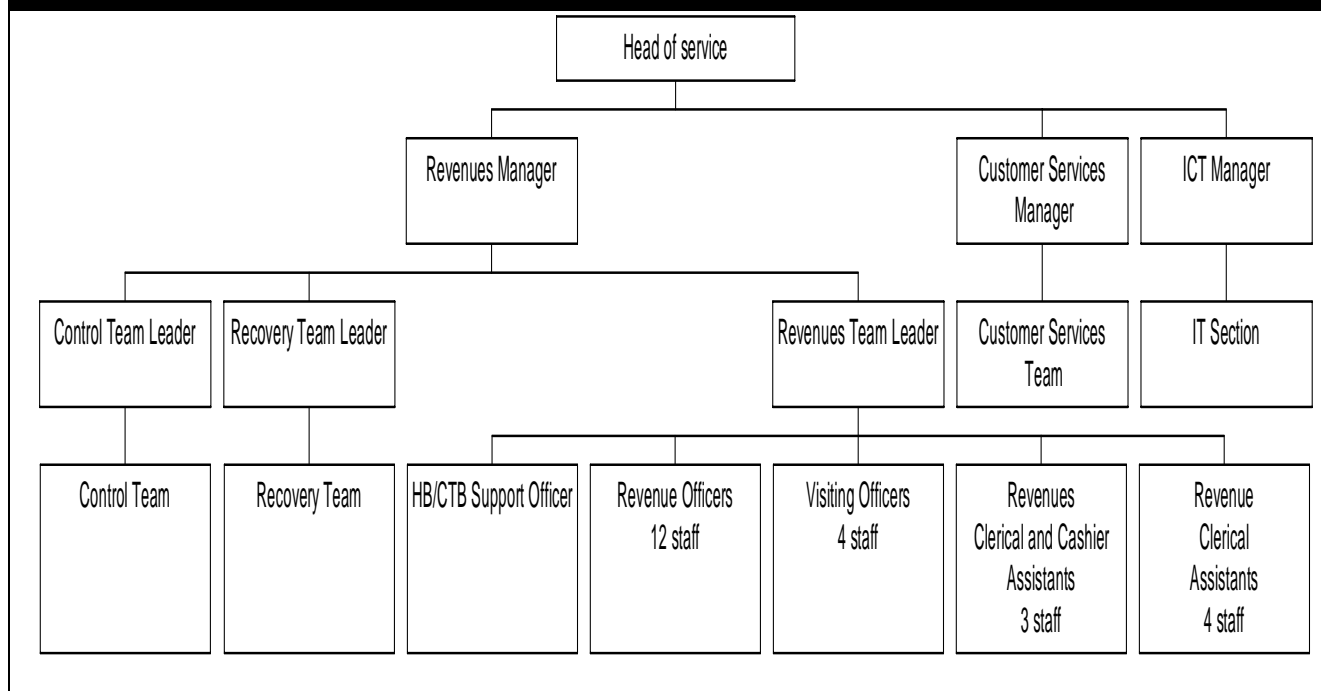
1.8 In 2004/05 the Council's HB and CTB expenditure was £25 million paid to approximately 10,500 claimants. This represented 50% of the Council's gross revenue expenditure of £50 million.

1.9 The Benefits service was part of the Customer, IT and Revenue Service. The Revenues part of the Service was a generic section dealing with Council

Tax and non-domestic rates as well as HB and CTB. It was based at the Council Offices in Kirkby-in-Ashfield, where the Customer Services also had its main counter service for customers. A counter service was also provided at district offices in Hucknall, Selston and Sutton-in-Ashfield. The Customer Services telephone contact centre was based in Hucknall.

1.10 Figure 1.1 shows the organisational structure at the time of our inspection.

Fig. 1.1: The Customer – IT and Revenue Service organisational structure



Source: Ashfield District Council

1.11 The range of duties of the Revenue Officers varied, with some of them working only on housing benefits, some only on Council Tax and some on both. Eight of the 12 Revenue Officers were home workers.

1.12 The council introduced a new Benefits IT system in November 2004. Performance on claims processing had suffered during and following this change. Another significant change in 2006 was a reorganisation of Customer Services. The council had moved to a system under which Customer Services provided a generic service covering all aspects of the council's work, supported by a new customer management IT system. At the time of our inspection the Customer Services team provided the counter and telephone service to HB and CTB customers.

1.18 Senior officers told us that the Revenues Service was adequately resourced. However, we were told that resource issues or the need to give priority to other work were factors for some aspects of processing where we identified the need for improvement. Examples include:

- reconsiderations and appeals work
- speed of processing changes of circumstances that would result in an increase in benefit entitlement
- the council's failure to meet the annual interventions target
- failing to produce the interventions list every month
- delays in implementing IT enhancements.

1.19 We considered that the council had missed opportunities to manage more efficiently the resources it had allocated to HB and CTB. There were aspects of performance on claims administration that could have been improved by concentrating on building quality into the front of the process rather than having to put things right later. An example was making clerical corrections to its new claims management information, rather than identifying the causes and eliminating them. Another was the need to increase the proportion of cases where all the required information is provided when the customer first contacts the council and ensuring that any missing information is identified and requested as early as possible.

1.20 The council could have further increased its efficiency and security by making better use of the facilities offered by its IT systems. For example, we identified several areas where staff resources were being used unnecessarily or potential information was not being obtained because enhancements to the IT systems had not been implemented as soon as they were available. We also found that best use was not always being made of existing IT capability.

1.21 We considered that the Revenues Team Leader had a particularly wide range of responsibilities for a first line manager, being responsible for managing staff carrying out HB and CTB processing, interventions and other visiting and Council Tax duties. Given this wide range of responsibilities, it was essential that better use was made of the facilities available from the council's IT systems. This would enable them to do more monitoring in areas where we found performance needed improvement.

1.22 There was an unresolved issue with the interface between the Benefits IT system and the Rent Officer referral IT system. This had resulted in interim payments continuing without a valid Rent Officer determination, some for over a year.

1.23 There were a number of serious weaknesses in the council's management checking regime. This needs to focus on quality to a far greater degree than was the case at the time of our inspection. The council also needs to introduce procedures to analyse the results of checks and findings from other areas of benefits work. This will improve the council's ability to identify training needs and eliminate common errors concerning claims processing.

1.24 The overall assurance process needs strengthening. Internal Audit needs to improve its process for following up implementation of its recommendations and the council needs to be more rigorous in its self-assessment of performance. This should ensure that Members, senior officers and the Department are provided with a reliable appraisal of performance.

Summary of recommendations

1.25 The following tables list the recommendations we have made in this report, grouping them by priority.

Recommendations		
High priority		
We recommend that Ashfield District Council:		Paragraph
1	<ul style="list-style-type: none"> • gathers and analyses information on the problem of referrals to the Rent Officer not reaching the Rent Service and resolves the problem in conjunction with the Rent Service. 	2.19
2	<ul style="list-style-type: none"> • makes best use of available IT by: <ul style="list-style-type: none"> ○ implementing outstanding and future software enhancements to the Benefits IT system as soon as available ○ identifying available system reports and using these to monitor and manage work ○ adopting the facility on the document management system for allocating work automatically ○ setting the document management system to prevent staff returning work to a shared tray without taking any action. 	2.34, 2.36 2.38, 2.42 2.44, 2.68 3.9, 5.11 5.14, 5.23
3	<ul style="list-style-type: none"> • introduces a comprehensive pre-payment check of a minimum 4% sample across the full range of decisions and uses the results of these and other information available to it, to inform service improvements and individual training needs. 	2.68, 2.72
4	<ul style="list-style-type: none"> • undertakes validation checks and ensures that accurate and timely performance measurement data is submitted to the Department. 	5.11, 5.23

Medium priority		
We recommend that Ashfield District Council:		Paragraph
5	<ul style="list-style-type: none"> undertakes analysis to identify why customers fail to provide all the information required when making a claim or reporting a change of circumstances and takes action to address the causes. 	2.30, 2.46
6	<ul style="list-style-type: none"> provides training on the verification requirements set out in the HB and CTB Security Guidance for all council staff responsible for verifying documents received in support of claims. 	3.21
7	<ul style="list-style-type: none"> improves record keeping and monitoring of reconsiderations and appeals to ensure that appeals are submitted to the Tribunals Service within 4 weeks of receipt. 	4.12
8	<ul style="list-style-type: none"> develops a business continuity plan for the Revenues service. 	5.5
9	<ul style="list-style-type: none"> improves security by revising and strengthening its post opening arrangements. 	5.20
10	<ul style="list-style-type: none"> ensures that Internal Audit follows up action on recommendations promptly after the agreed implementation date. 	5.27
11	<ul style="list-style-type: none"> adopts a rigorous internal challenge to its self-assessments against Performance Standards. 	5.29

Low priority		
We recommend that Ashfield District Council:		Paragraph
12	<ul style="list-style-type: none"> revises its HB and CTB claim form so that it meets all the requirements of the Department's HCTB1 claim form. 	2.56
13	<ul style="list-style-type: none"> documents its strategy for interventions and takes appropriate, timely action to ensure it meets its targets. 	3.9
14	<ul style="list-style-type: none"> updates its guidance on the certificate of earnings form XX XX XXXXXXXX. 	2.50

BFI findings

Claims administration

Claims processing

2.1 HB and CTB payments help people on low incomes. As these groups of people are vulnerable, their claims should be dealt with quickly and accurately. The Best Value regime requires local authorities to measure and report the average time for processing new claims and changes of circumstances.

2.2 To validate performance we selected a random sample of cases from reports produced by the Benefits IT system, which included all cases that informed the calculation of reported performance against the Best Value Performance Indicators for claims processing. We examined 35 cases where a new claim and 41 cases where a change of circumstances was shown as decided between 1 January and 31 March 2006.

2.3 We found that 5 (17%) of the 35 new claims and 15 (37%) of the 41 changes of circumstances selected should not have been included in the calculation of the Best Value Performance Indicators. We therefore excluded these cases from our sample.

Performance Measures

2.4 Figure 2.1 shows the reported performance for the years 2004/05 and 2005/06.

Fig. 2.1: Ashfield District Council's Performance Measures – Claims processing

Performance Measure	Description	Standard	Performance 2004/05	Performance 2005/06
PM 1	Average time for processing new claims (days)	36	39	39
PM 2	% of new claims outstanding over 50 days	10	No data available	17
PM 3	% new claims decided within 14 days of receiving all information	90	81	80
PM 4	% of rent allowance claims paid on time or within 7 days of a decision being made	90	No data available	78
PM 5	Average time for processing changes of circumstances (days)	9	15	20

Source: Ashfield District Council

2.5 The new Benefits IT system was implemented in November 2004. The council's commitment to training and familiarisation with the system and a reported 3 weeks system downtime had impacted on the reported performance for new claims processing.

...the council continued to improve to its previously good performance of 31 days...

2.6 Performance in processing new claims deteriorated during 2004/05 from 39 days on average, in quarter 3 to 63 days in quarter 4. An improvement to 51 days was reported for the first quarter of 2005/06 and the council continued to improve to its previously good performance of 31 days for both quarters 3 and 4.

2.7 Figure 2.2 shows the reported new claims processing performance for 2005/06.

Fig. 2.2: Average times for processing new claims 2005/06					
Performance Measure	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual 2005/06
Average time for processing new claims (days)	51	35	31	31	39

Source: Ashfield District Council

2.8 Performance for PM3 had improved during 2005/06 and by quarter 3 it was within Standard at 91%, but this slipped to 77% in quarter 4. PM4 was introduced in April 2005. There had been a steady increase in performance throughout the year to 84% for quarter 4, although the annual reported performance was 78%.

2.9 Performance in processing changes of circumstances had declined from an average of 15 days in 2004/05, to 20 days in 2005/06. We comment further under *Average speed of processing changes of circumstances*.

Average time for processing new claims

2.10 Figure 2.3 shows performance for processing claims found in our sample.

Fig. 2.3: New claims processing – days taken for each stage in the process		
Work step	Average days	Range days
Date of receipt at designated office to date of first action	8	1 – 31
Date of first action to all information or evidence available	22	1 – 61
Date of all information or evidence available to date of decision	10	1 – 55
Total days from date claim received to date of decision	34	6 – 85
Date of decision to date of payment	9	1 – 32

Source: BFI analysis

2.11 The average speed of 34 days for processing new claims in our sample met Standard. However, we identified some avoidable delays at each stage of the process. We found that 17 (57%) of the 30 cases sampled were decided within the Standard of 36 days. Our findings were broadly in line with the council's reported performance.

Rent Officer referrals

2.12 It is good practice that the need for a Rent Officer determination is identified and a referral sent at the same time as the first action is taken to request further information or process the claim. We found that 16 cases in our sample required a referral to the Rent Officer and in 10 of these a Rent Officer referral had been sent as part of the first action.

2.13 However, in the remaining 6 cases we found there had been delays in sending the referral to the Rent Officer. In 5 of these 6 cases, processor delay had been the cause, but the council could give no specific reason.

2.14 The remaining case was delayed due to a known issue with the interface between the Benefits IT system and the Rent Officer referral IT system. It appeared to council staff that referrals had been both sent to and received by the Rent Officer. However, the Rent Officer had not always received the referrals. The council had investigated the cause of this issue with its staff and its software suppliers but at the time of our inspection it remained unresolved.

2.15 To test the impact of this issue, we selected 8 new claims that had taken over 100 days to process. We found that in 5 of these cases, delays had been due to the known issue with the Rent Officer referral IT system. In one of the cases the referral was sent 7 times before it was successfully received, causing a delay of over 18 weeks.

2.16 We were told that pre-tenancy determinations could not be referred to the Rent Officer using the referral IT system and were therefore sent manually. A clerical record was maintained and was used to monitor these referrals.

2.17 However, no such system had been established to monitor referrals for new claims and those cases that required a 52-week renewal using the Rent Officer referral IT system. This meant that the extent of the problem and its impact on reported performance of new claims processing was not known.

2.18 Whilst we were on-site the council acknowledged that these cases needed to be monitored. A system was implemented which enabled the officer with responsibility to monitor all cases being referred to the Rent Officer to progress chase cases and ensure they had been received and a determination made.

2.19 Discussions had taken place between the council and the Rent Service at a local level. The council did not know the cause or extent of this issue and had not escalated action within the Rent Service to facilitate a resolution.

(See recommendation 1)

Percentage of new claims outstanding over 50 days

2.20 The Department introduced a performance measure to minimise the number of new claims outstanding over 50 days in April 2005.

2.21 Although no formal target was in place, a local target to have less than 350 claims outstanding was recognised by staff. The council had been moving towards meeting the Standard of 10% of new claims outstanding over 50 days in quarter 3 of 2005/06 but performance had deteriorated to 17.4% in the fourth quarter. The reasons for this deterioration were stated as a combination of system downtime, staff absence and increased workload at year-end.

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

2.22 Figure 2.4 shows the percentage of claims decided within 14 days of receiving all information from our sample of new claims.

Fig. 2.4: Percentage of new claims decided within 14 days of receiving all information

Days	Number	%
0 – 14	24	80
15 – 28	4	13
Over 28	2	7
Total	30	100

Source: BFI analysis

2.23 Figure 2.4 shows the performance was below the Standard of 90% and consistent with that reported for 2005/06. Most claims in our sample (80%) were decided within 14 days, in line with the council's reported performance. However, the longest case had taken 55 days from all information being received to a decision being made.

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

2.24 Figure 2.5 shows the percentage of rent allowance payments paid on time or within 7 days of a decision being made.

Fig. 2.5: Analysis of new claims – average days taken to make a rent allowance payment

Days	Number	%
0 – 7	10	91
8 – 14	1	9
15 or over	Nil	Nil
Total	11	100

Source: BFI analysis

2.25 To calculate PM4 only rent allowance cases where a full decision had been made should be included. Of the 11 in our sample that met the criteria, 10 had been paid within 7 days of a decision being made.

Average speed of processing changes of circumstances

2.26 Ashfield District Council's reported performance for processing changes of circumstances in 2004/05 was 15 days and this deteriorated to 20 days in 2005/06.

2.27 Figure 2.6 shows our findings for the 26 changes of circumstances cases that we examined. The number of days from receipt of the notification of the change to the date of decision ranged from one day to 65 days. The average was 19 days, compared to the Standard of 9 days.

Fig. 2.6: Speed of processing changes of circumstances

Days	Number	%
1 – 9	12	46
10 – 15	2	8
16 – 23	2	8
Over 23	10	38
Total	26	100

Source: BFI analysis

2.28 There were avoidable delays in 7 (27%) of the 26 cases. In 3 of these the information about the change had been given to the council for Council Tax purposes and was not quickly identified as also having an impact on benefit entitlement. In the other 4 cases the delay occurred while the case was in the appropriate work tray awaiting processing. Managers told us that action to process new claims was generally given priority over changes of circumstances that would result in an increase in benefit entitlement.

2.29 In 15 (58%) of the 26 cases the customer failed to provide all the necessary information or evidence concerning the change when first reporting it. The 11 cases where all the information needed to decide the case was available when the notification of the change was first received, took an average of 7 days to decide. The other 15 cases took an average of 27 days to decide.

2.30 This shows the importance of ensuring that customers are aware of what they will need to provide when they report a change, and of identifying quickly on receipt of a notification of a change whether further information will be required. The council needs to establish the reasons for customers not providing all the information and evidence when reporting changes.

(See recommendation 5)

Performance enablers

Workload management

2.31 Ashfield District Council used its document management system to store electronic images of documents. The system provided details by document type of the number of items received, available for action, pending further information and completed.

2.32 The system was used to provide reports each week showing:

- new claim documents received
- outstanding work broken down by tenure and action required
- whether the case was standard or non-standard

- the month received
- the stage that action had reached.

For documents that had been allocated to a particular officer, these reports showed information broken down to individual officer level.

2.33 Both the document management system and the Benefits IT system could produce standard and one-off management reports. The Revenues Team Leader used some of these on a daily or weekly basis as appropriate to control the workload, for example reports on outstanding work, cases not closed on the Benefits IT system that should have been and cases approaching key performance measure deadlines.

2.34 In addition to system reports, the Revenues Team Leader used information appearing on the document management system screens to allocate work and identify cases where action was required. The document management system had a colour coding facility to identify documents where action had missed deadlines. However, the council was not making full use of this as all deadlines had been left at the default settings.

(See recommendation 2)

2.35 The Revenues Team Leader compiled a rota each week on the basis of anticipated work intake and work outstanding. Individual members of staff were allocated different types of work on any given day. Staff told us that cancellations and changes of circumstances that might lead to a reduction in benefit were given high priority, with new claims being given priority over other changes of circumstances.

2.36 The document management system had the facility to drip-feed cases automatically to officers in accordance with preset priorities, but we were told that this facility had not been a success when the council had tried it previously, and it had not been used for several years. Therefore the Revenues Team Leader had to distribute most of the work when much of this could be done automatically. As the Revenues Team Leader had a particularly wide range of responsibilities, it is essential that best use is made of the facilities available from the council's IT systems. **(See recommendation 2)**

2.37 Benefits assessors also took work for themselves if they had cleared their allocated work. It was possible that officers could cherry-pick cases. Although we found no evidence that this was happening, the risk remained. The automatic drip-feeding of cases would remove this risk.

2.38 It was also possible for officers to return a case to a shared work tray if they did not wish to deal with it for some reason, the council should ensure the system prevents cases being returned without any action taken.

(See recommendation 2)

2.39 All post was scanned and indexed on the day of receipt or by the next day at the latest.

2.40 Documented procedures were in place for prioritising extended payments. Our interviews with staff showed that they were aware of these procedures. Electronic data transfers from Jobcentre Plus indicating that an extended payment was applicable were directed to a work tray that was given the highest priority. We were told, and records confirmed, that this tray was kept up to date. Any subsequent new claim from a customer who had started work was

identified by a particular indicator at indexing and allocated to an assessor for processing immediately after it was indexed.

Payments on account

2.41 Payments on account had not been effectively managed. Reports were available but not used consistently to identify whether cases were remaining on payment on account longer than was necessary and to ensure that a final decision was made.

2.42 We found that only interim payments requiring a Rent Officer's determination were identified by the system as a payment on account. Interim payments following an *adverse inference decision* were not recognised by the Benefits IT system as payments on account. We were told that a system enhancement was available and was planned to be implemented in June 2006 that should solve this problem. The council had no effective procedures in place to ensure that these cases were monitored so that payments did not continue unchecked. **(See recommendation 2)**

2.43 The sample of 8 new claims that we examined that had taken over 100 days to process showed that payments on account had continued past the recommended 4 weeks in all cases. We also examined a system report titled *Rent Officer referrals over 10 days* and found that of the 63 outstanding referrals the oldest was dated July 2004. The report included 10 cases that had been outstanding for over one year without a full decision being made. This meant that interim payments had continued without a valid Rent Officer determination.

2.44 Another system report was also available to identify cases where a payment on account had been made. We found confusion over who had access to it. We examined this report and found a total of 73 outstanding cases going back to February 2004. This report should have been used to monitor the outstanding payment on account cases, to ensure that a final decision had been made and the correct rate of benefit was in payment. **(See recommendation 2)**

Gathering information

2.45 Guidance was available and a process was in place to request information from customers and third parties. All of the relevant information to process cases was asked for in the first request for further information.

2.46 Further information was required in 22 (73%) of the 30 cases in our new claims sample and in 15 (58%) of the 26 changes of circumstances before they could be processed. This was because the customer had not provided all of the required information. The council should analyse the reasons why customers do not provide all of the required information and take action to improve the situation. **(See recommendation 5)**

2.47 The average number of days from receipt to the request for further information being sent was 8 days for new claims and 7 days for changes of circumstances. We found that in 13 of the 22 new claims and 4 of the 15 changes of circumstances, there was a delay of more than 7 days in requesting further information.

2.48 In accordance with local guidance to speed up processing, the council issued reminders in all 14 new claims and 5 changes of circumstances where information requested had not been supplied within 14 days.

Working effectively with landlords to minimise repossessions

2.57 The council provided landlords with an information leaflet that effectively informed them of their responsibilities. It also held regular landlord liaison meetings to discuss performance and any current issues. In addition, a 6-monthly newsletter, *Landlords news*, was published to provide further information for landlords.

2.58 In addition to the declaration to share information with the landlord contained in the claim form, the council also accepted self-standing requests signed by the customer for a landlord or representative to make enquiries on the customer's behalf. The council provided guidance to staff on the disclosure of information to landlords and instances where information could be disclosed. Our interviews with staff confirmed their understanding of the procedures.

Quality and reducing error

2.59 Members and senior managers, who are accountable for the delivery of effective and secure HB and CTB administration, need assurance that the Benefits service and counter-fraud efforts are working as planned. Councils need to ensure that they make full use of management information and checking data across the full range of their benefit activities.

Performance measures

2.60 Figure 2.7 shows that the council's reported performance for accuracy in 2004/05 and 2005/06 was below Standard. We were told that the council had discussed accuracy checking with other local authorities in an attempt to understand the reasons for its performance not being better. It discovered that its checking officers were recording errors they identified in decisions other than the one that had been selected for checking, and this was leading to an over-counting of errors. This had been corrected for the final quarter's checks of 2005/06, and the accuracy rate for that quarter was 99%.

Fig. 2.7: Ashfield District Council's performance measure – Quality and reducing error

Performance Measure	Description	Standard	2004/05	2005/06
PM 6	% of cases for which the calculation of the amount of benefit due is correct	98	96	96

Source: Ashfield District Council

Performance enablers

Quality checks

2.61 The council undertook statistical accuracy checks for the correct number of cases required by the Best Value Performance Indicator, in accordance with

HB/CTB Circulars S1/2000 and S5/2000. The results of these checks were reported to the Department.

...there were a number of serious weaknesses in this checking regime.

2.62 The document management system was used to select other cases for a management check, but there were a number of serious weaknesses in this checking regime.

2.63 The checks were not carried out before the decision notice or payment was issued and did not cover the full range of decisions. The

system selected 4% of new claim decisions, but other types of decision, such as changes of circumstances and overpayments decisions, were not included.

2.64 Managers told us that there were additional checks on the work of inexperienced staff, but there was no other risk assessment to ensure that checks were carried out on cases on which errors were most likely to occur.

2.65 We found there were significant delays in carrying out the checks. On 26 May 2006 there were 71 cases awaiting checking, the oldest had been selected in October 2005.

2.66 The records of findings from these checks were not detailed enough to allow full analysis of all quality aspects and procedural weaknesses such as:

- unnecessary delays
- incorrect recording for statistical purposes
- failure to take action regarding foreseeable changes.

2.67 The checks were allocated to experienced assessors. Staff told us that they passed the check to another officer to complete if they had been allocated a check on a decision they had made themselves. However, there was no mechanism in place to ensure that this was done.

2.68 Managers told us that a checking module for the Benefits IT system had been received, but not yet implemented. At the time of our on-site inspection no date had been set for this module to be brought into use.

(See recommendations 2 and 3)

Using quality checks to improve performance and reduce error

2.69 The inadequacies of the management checking system meant that the council lacked adequate assurance on the quality of processing. It did not have comprehensive information needed to improve processes or identify where remedial training would be most beneficial.

2.70 There was no system in place for the formal collation or analysis of results of checks done, or for ensuring that the results of findings from interventions, overpayments, counter-fraud work and appeals were used to identify common errors and training needs concerning claims processing.

2.71 Managers told us that if checks showed recurring errors made by more than one assessor, a note was issued to inform staff of the correct procedure. The council was, for example, quick to produce a note covering errors in recording cases for statistical purposes that we had identified from our sampling. However, without improving its recording and collation of the results

of checking, the council could not make best use of its checking to improve performance.

2.72 Interviews with managers and assessors confirmed that individual errors were fed back to the officer who had made the error. There was a system of performance development reviews in place at which training needs were discussed, but there was no formal system for collating the results of checks carried out on an individual officer over the course of the year to inform this discussion. **(See recommendation 3)**

Security

Security of administration

3.1 It is important that councils have effective measures and processes to prevent, deter and detect fraud. Councils should verify information supplied by customers and reconcile conflicts identified through data matching.

3.2 The Department sets local authorities individual targets for the minimum number of verification interventions to be undertaken annually. For Ashfield District Council this amounted to the commencement of 4,840 interventions by the end of 2005/06.

3.3 In addition, authorities receive monthly data matches from the Department's Housing Benefit Matching Service and are expected to resolve these within 2 months of receipt.

Performance Measures

3.4 Figure 3.1 shows the council's reported performance for 2005/06.

Fig. 3.1: Performance Measures – Security of administration				
Performance Measures	Description	Standard	Performance for 2005/06	Standard met?
PM 10	Number of interventions for which review action commenced	4,840	3,092	No
PM 11	% of data matches resolved within 2 months	100	100	Yes
PM 12	Number of customers visited	1,930	3,316	Yes

Source: Ashfield District Council

3.5 There was no documented strategy for interventions. However, we were told that it had been decided to carry out all interventions by visits when they were first introduced. For 2005/06, the council had exceeded its annual visiting target of 1,930. However, there was a significant shortfall of interventions to meet its overall target of 4,840.

3.6 We were told that the shortfall was due to resourcing issues and giving higher priority to new claims, cancellations and changes of circumstances. There was no contingency plan to ensure the annual target for interventions was met for 2005/06. However, the council told us that to ensure that it met the

annual interventions target for 2006/07, it would review performance at the end of the second quarter and use telephone and postal interventions if necessary.

3.7 Due to resourcing problems, the Control Team only produced the interventions list on average every 2 months. Once this list was exhausted, further intervention cases were selected by the Revenues Team Leader and the fraud team.

3.8 Upon completion of a visit, the outcome was recorded in a spreadsheet, which was controlled by a nominated officer. However, there was no monitoring of the quality and output of individual Visiting Officers.

3.9 There was a Benefits IT system enhancement available that would identify intervention cases, but this had not been implemented. The council had produced guidance detailing the necessary revised procedure in preparation of its implementation. **(See recommendations 2 and 13)**

Performance enablers

Compliance with the Verification Framework or to equivalent standard

Verification of claims

3.10 The Verification Framework sets out the standard of evidence required from customers that councils should use to help secure HB and CTB administration. Ashfield District Council adopted the Verification Framework in December 1999.

3.11 All Customer Services staff had received verification training, however not all officers who received documents were aware of the latest evidence requirements. The council accepted that there was a need for refresher training for some staff.

3.12 Customer Service staff at the Kirkby-in-Ashfield office had access to the Benefits IT system and were trained to a standard to be able to identify gaps in evidence presented. A verification check list was used and a copy of this check list was given to customers to confirm what evidence had been provided, what information remained outstanding and the date by which it was required. Staff at district offices did not have access to the Benefits IT system and did not provide a check list.

3.13 The council told us that as part of its restructure in March 2006, Customer Service staff dealt with enquires for all council departments and were not expected to identify whether further evidence was required. This meant that Benefit assessors had to check the evidence submitted and write to customers if further information was required, adding to processing delays.

3.14 Evidence submitted to the district offices was copied, date stamped and noted that the original document had been seen and passed to Kirkby-in-Ashfield for scanning and indexing.

3.15 Claims submitted at the counter at Kirkby-in-Ashfield were checked and staff immediately scanned documents onto the system. Customer Services staff identified copies of documents to say the original had not been seen and we saw evidence of this in our sampling.

3.16 We used our sample of 30 new claims to establish the level of verification. Our findings are shown in figure 3.2.

User focus

Customer service

4.1 This section reports on the council's performance in delivering accessible services to all its customers.

Performance enablers

Dealing with enquiries

Over-the-counter service

4.2 An over-the-counter service was provided by Customer Services staff at the main office in Kirkby-in-Ashfield and the district offices of Hucknall, Sutton-in-Ashfield and Selston, for customers submitting completed claim forms and supporting evidence. However, the council told us that there was no expectation for Customer Services staff to ensure the completeness of claims.

4.3 Failure to obtain all evidence at customers' initial visit may lead to further requests for information and additional work for Benefit assessors, therefore affecting processing times.

Partnership working

4.4 The council had service level agreements that met the requirements of the relevant national models with Jobcentre Plus, The Pension Service, the Rent Service, the Tribunals Service and Debt Management. These agreements were monitored through liaison meetings, informal contact on a day-to-day basis and, in the case of the agreement with Jobcentre Plus, by quarterly sample monitoring by the council of how quickly Jobcentre Plus was sending NHB1 forms to the council. There were nominated contact points at the council and at each of the other organisations.

4.5 Formal service level agreements were also in place between the council and several other organisations. These included the arm's length management organisation that managed the council's housing stock, 5 registered social landlords, and Nottinghamshire Social Services' Supporting People Team. These were maintained through regular meetings, in most cases held quarterly.

4.6 All the external organisations we spoke to confirmed that they had good relationships with the council and that procedures to address any problems worked well. We comment on the failure to resolve a specific issue with the Rent Service under *Rent Officer referrals*.

Appeals and complaints

4.7 Local authorities need to ensure that they:

- deal with complaints promptly and that the complainant is given an informative explanation, and if appropriate, an apology and rectification

- 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.

Performance Measures

4.8 Local authorities are set targets for dealing with applications for reconsiderations and timescales to submit appeals to the Tribunals Service. Figure 4.1 shows Ashfield District Council's reported performance against these measures.

Fig. 4.1: Performance Measures – Appeals and complaints			
Performance Measure	Description	Standard	2005/06
PM 17	Percentage of application for reconsideration actioned and notified within 4 weeks	65%	Full data unavailable
PM 18	Percentage of appeals submitted to the Tribunals Service in 4 weeks	65%	18%
PM 19	Percentage of appeals submitted to the Tribunals Service (including those in PM18) in 3 months	95%	27%

Source: Ashfield District Council

4.9 We were concerned that the council was unable to provide the information to calculate PM17 for 2005/06, although it did tell us that the performance for quarter 4 was 68%. We were told that appeal and reconsideration decision notices were identified under the same code on the Benefits IT system. During 2005/06, a record of appeals had been kept, but this was not the case for reconsiderations. As a result, the council was only able to provide information for PM18 and PM19 for the full year.

4.10 Eleven appeals were submitted to the Tribunals Service during 2005/06. From these, 2 (18%) were submitted within 4 weeks of receipt and 3 (27%) were submitted within 3 months of receipt.

4.11 There were a further 46 appeals and 65 reconsiderations cases awaiting action at 12 May 2006. The oldest of these cases was dated 5 April 2004. The monitoring of the progress of appeals had not commenced until 28 April 2006, this meant that the council had been unable to evaluate its performance prior to that date.

4.12 A failure to give sufficient priority and allocate adequate resources to this area of work had resulted in a poor performance against these performance measures. **(See recommendation 7)**

Performance enablers

Appeals

4.13 A nominated member of staff had received the relevant training and had the appropriate skills for handling queries, requests for reconsideration, appeals and presenting appeals at tribunal hearings.

4.14 We examined 5 appeal cases that progressed to the stage of a formal tribunal hearing between January 2006 and May 2006. In 3 of these 5 cases, the customer withdrew the appeal before the hearing date. From the remaining 2 cases, one decision was made in favour of the council. We found that the decisions from both cases heard by an appeal tribunal were implemented within the required 4 weeks.

Complaints

4.15 The council had:

- clear procedures for dealing with complaints
- an effective system for monitoring the progress of each complaint
- set targets for the speed of response
- resolved to take remedial action to address the causes of complaints.

4.16 A complaints leaflet, *Do You Have Something to Say About Our Services*, was available to the public at the council offices and on its website. The guidance provided information about how to make a complaint and the stages of a complaint.

4.17 Ashfield District Council received 2 complaints in 2006 and both were effectively dealt with in line with its policies and procedures.

4.18 We were told that all complaints were monitored and reported to senior officers and Members on a quarterly basis.

Resource management

Strategic management

5.1 Claims administration has to be set within the broader context of a local authority's overall strategies and responsibilities. Members, managers and staff should therefore have a clear sense of direction, purpose and focus for their work. Members and senior officers should also have assurance that HB and CTB administration is effective and secure.

Performance enablers

Managing the Benefits service

5.2 The Benefits service produced a *Business Plan* covering the period 1 April 2005 to 31 March 2008. The plan included the aim and purpose of the service and its links with corporate plans and objectives. Performance and achievements for past periods was included as well as targets for 2006/07. It also included a *Service Delivery Plan* showing specific actions required to meet performance targets, together with lead responsibilities and target dates for completion.

5.3 The targets in the *Business Plan* for 2006/07 were realistic and stretching and included all the statutory performance indicators.

5.4 There were effective arrangements in place to monitor performance against key indicators. A quarterly report was provided to Cabinet detailing performance for each performance indicator. It showed achievement and variance, including any necessary explanations. A report was sent to senior officers each month for new claims as it was regarded as a key performance indicator and managers monitored performance each week. A report was also made each year to the Overview and Scrutiny committee.

5.5 There was a section in the *Business Plan* identifying key risks to the Benefits service. There was a risk matrix and a risk log that assessed the likelihood and consequences for each risk. Crucially the plan did not include the possibility of a disaster or major disruption and how the council would recover from it and ensure continuity of the service. The council acknowledged this failing and told us that this had been raised at corporate level.

(See recommendation 8)

Monitoring performance

5.6 The Department requires accurate management information to be provided in support of subsidy claims. The council acknowledged that 4 late returns had been made to the Department during 2004/05 and 2005/06, including the main subsidy claim for 2004/05.

5.7 Incorrect recording of new claims and changes of circumstances discussed under *Claims administration* indicated that inaccurate figures had been reported to the Department for some performance measures.

5.8 We found that 5 (17%) of the 35 new claims selected should not have been included in the calculation of the Best Value Performance Indicator. The cases incorrectly recorded consisted of:

- 3 cases that should have been treated as continuous under the temporary absence rules
- 2 cases that should have been treated as continuous following the death of a partner.

5.9 In our sample of decisions recorded as changes of circumstances we found a number of errors that made the reported performance for the Best Value Performance Indicator unreliable. We found that 15 (37%) of the 41 changes of circumstances cases selected should not have been included in the calculation of the Best Value Performance Indicator. The cases inappropriately counted consisted of:

- 6 cases where there was no change in the amount of benefit payable
- 4 intervention cases where the information about the change was received in connection with a risk-based review
- 2 corrections
- 2 cases where the decision was a new claim
- one case where the only change was an annual uprating.

5.10 Our sampling of changes of circumstances decisions also identified user errors that had led to inaccuracies in the figure recorded for the number of days taken to decide the case in 9 (35%) of the 26 cases properly included for Best Value Performance Indicator purposes. We identified the following errors:

- 3 cases where the scanning date was used instead of the date the document was received
- 3 cases where the wrong document was taken as being the initial notification
- 2 cases where the date that the council received notification of the change for Council Tax purposes should have been used, but was not
- one case where the date of an interim decision was entered as a final decision.

5.11 While we were on site, the council issued guidance to staff to address the problems that our sampling had identified. It needs, however, to include the validation of accuracy of data held on its Benefits IT system as part of its management checking. **(See recommendations 2 and 4)**

IT systems

5.12 The Benefits IT system supported all aspects of payment and accounting. It was capable of producing management information, but we found that some reports were not being effectively used to monitor and manage work. For example, we report under *Rent Officer referrals* the management reports that were available but were not being used to monitor and manage outstanding work.

5.13 We also found double counting of some decisions used to calculate the Best Value Performance Indicators for new claims and changes of circumstances. We deal with this under *Internal control mechanisms*.

The administration of claims had been adversely affected by delays in implementing changes to the IT system...

5.14 It is important that councils implement new releases to their Benefits IT systems promptly on receipt. The administration of claims had been adversely affected by delays in implementing changes to the IT system that had been available since March 2006. **(See recommendation 2)**

Assurance

5.15 Large numbers of HB and CTB payments pass through a council's accounting and payment system. It is, therefore, essential that there are rigorous internal control mechanisms to provide assurance that the benefit system is secure.

Performance enablers

Internal control mechanisms

5.16 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.

5.17 The council had documented post-opening procedures in place. However, these were out of date and had not been reviewed annually. There was no evidence of management checks of the post-opening process to provide assurance of its security.

5.18 Post opening involved one member of staff for the benefits post, with another 2 sorting the rest of the council's post in the same room. There was no supervision during the process. The staff involved in the process signed a register, which included the starting and finishing time.

5.19 Post was not opened in a secure controlled area as staff not involved in opening and sorting the post gained access to the post room using the door key-code during the process. These staff did not sign the register, therefore there was no record of who had entered the room.

5.20 All post was stamped with the date of receipt. Valuables were recorded in a valuables register and returned to customers by recorded delivery. However, the valuables register was not countersigned or subject to any management check. **(See recommendation 9)**

5.21 We were concerned to find that the Benefits IT system double counted some decisions used to calculate the Best Value Performance Indicators for new claims and changes of circumstances. The council had identified this as a problem but had been unable to identify the cause. We were told, however, that one of the outstanding IT system enhancements was designed to reduce double counting.

5.22 Valuable staff resource was used each week to go through a list of new claims processed during the week and identify instances of double counting. A manual adjustment was made to the reported Best Value Performance Indicator to take the identified cases into account. Full records of these cases were retained, but there were no checks to ensure these manual adjustments were complete and accurate.

5.23 There was no formal checking procedure or sample case check in place to ensure the integrity of the performance measure data. Neither did the council validate user input before submitting to the Department. This meant that the council could not give assurance over the accuracy of its data returns.

(See recommendations 2 and 4)

Secure administration

5.24 The council operated an Internal Audit programme to examine and provide assurance on the operation and adequacy of key controls throughout the authority. The draft *Internal Audit Strategy 2006/07-2008/09* set out the council's Internal Audit purpose as well as performance measures and criteria to assist in delivering the strategy. The strategy had been compiled in accordance with the Chartered Institute of Public Finance and Accountancy Code of Practice.

5.25 Internal Audit used a risk-based approach to determine work plans that considered overall levels of expenditure and individual risk factors such as the adequacy of control and impact on corporate objectives. Under these arrangements benefits was designated as a high-risk area and audited each year.

5.26 Internal Audit recorded all recommendations in a database to monitor their implementation. The database showed that the most recent Internal Audit report had 7 outstanding recommendations, of which 6 were past the target implementation date. The lack of a formal follow-up of recommendations meant that Members and senior officers had only a limited assurance about the effectiveness of internal controls and security of the administration of HB and CTB.

5.27 We were told that implementation of recommendations was normally included as part of the next year's audit rather than as a separate piece of work. Some recommendations were repeated year-on-year, such as recommendations relating to security of the post-opening operation and management quality checking. We were particularly concerned about these delays as we also raised issues regarding these areas as part of our inspection.

(See recommendation 10)

5.28 The council had created an Audit Committee in 2005 and it had met twice. Instances of high-risk recommendations not implemented by the due date were reported to the Audit Committee. The minutes of the meetings do not specify which recommendations were included in the report.

5.29 The self-assessment against Performance Standards submitted for our inspection did not match our findings. We concluded it met 15 (50%) of the 30 enablers that we assessed. However, in its self-assessment the council said that it met 29 (97%) of these enablers. Internal Audit reported against some of the same Performance Standards enablers in its latest report, but we considered that this also lacked sufficient challenge. The council needs to be more rigorous in its examination of its performance in order to provide a reliable picture to its Members, senior managers and the Department.

(See recommendation 11)

5.30 External Audit confirmed that its work was undertaken in accordance with the Audit Commission Code of Practice. It used the 'managed audit' approach that meant it relied heavily on Internal Audit to conduct reviews of the council's fundamental systems. External Audit reviewed the reports and working papers of Internal Audit to confirm the quality of work carried out on its behalf.

Appendices

Appendix A: Inspection scope and enabler scores

39

Appendix A: Inspection scope and enabler scores

The following tables detail the scope of our inspection, the council's self-assessment of enablers met or not met and BFI's final assessment of performance against the enablers we inspected.

Inspection scope and enabler scores		
Enablers included in the inspection scope	Local authority self-assessment Enabler met?	BFI inspection assessment Enabler met?
Claims administration		
Claims processing		
E1	Yes	No
E2	Yes	Yes
E3	Yes	No
E4	Yes	Yes
E5	Yes	Yes
E6	Yes	No
E7	Yes	Yes
E8	Yes	Yes
Quality and reducing error		
E9	Yes	No
E10	Yes	No
Security		
Security of administration		
E17	Yes	No
E18	Yes	No
E19	Yes	No

Enablers included in the inspection scope	Local authority self-assessment Enabler met?	BFI inspection assessment Enabler met?
User Focus		
Customer service		
E43	Yes	No
E44	Yes	Yes
E45	Yes	Yes
E46	Yes	Yes
Appeals and Complaints		
E47	Yes	Yes
E48	Yes	Yes
E49	Yes	Yes
Resource management		
Strategic management		
E50	Yes	Yes
E51	Yes	Yes
E52	No	No
E53	Yes	No
E54	Yes	Yes
Value for money		
E59	Yes	No
Assurance		
E62	Yes	No
E63	Yes	No
E64	Yes	Yes
E65	Yes	No

