

Report by the
Benefit Fraud Inspectorate

***Basildon District Council
Inspection of Security***

June 2007

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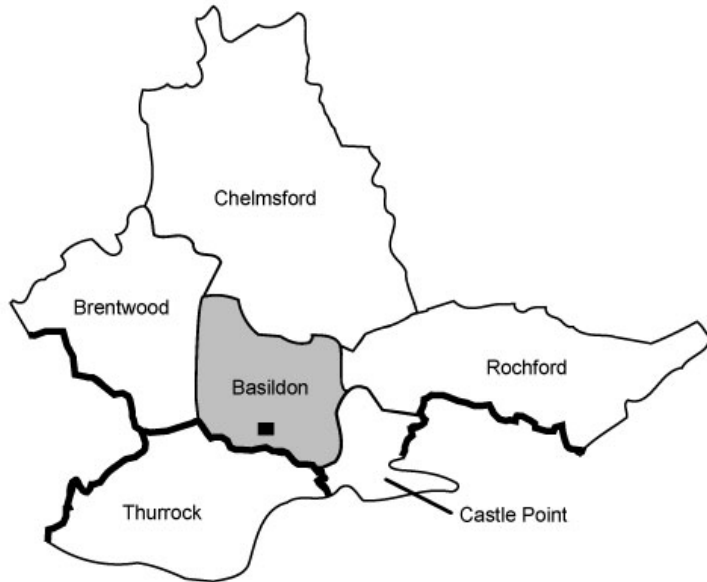
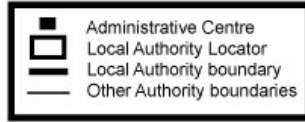
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The maps on this page show the area covered by Basildon District Council in relation to neighbouring authorities, and its geographical location in the country.



Executive summary

Introduction

1.1 This report assesses Basildon District Council's Security arrangements. We have limited the scope of this inspection to those Performance Standards' components that have a direct impact on Basildon District Council's Security performance, which includes counter-fraud.

1.2 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 at:

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

Background

1.3 Basildon District Council was selected for inspection because it failed to provide any data on sanctions for the first quarter of 2006/07 and had achieved a low level of sanctions up to the end of September 2006. During this same period, the council also had a poor performance for clearing data matches and was well below its target for interventions.

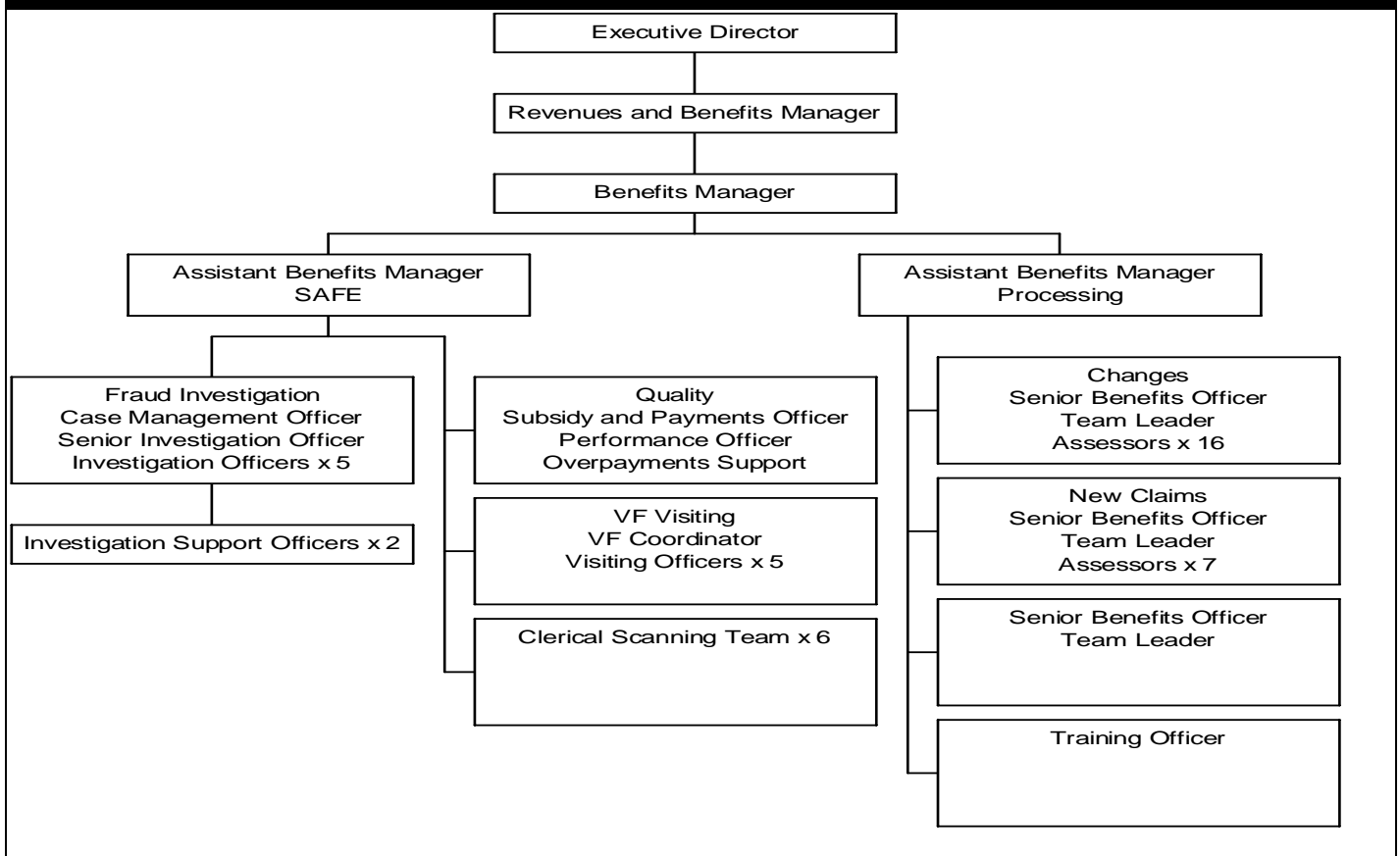
1.4 The Fraud Investigation team was part of the Security Against Fraud and Error unit within the council's Benefits service. Responsibility for the staffing aspects of the Fraud Investigation team fell to the Assistant Benefits Manager (SAFE). A Case Management officer, supported by 2 assistants, was responsible for the investigation work.

1.5 This split of responsibility was introduced in 2005 following the failure to recruit a replacement when the Fraud Investigations Manager stepped down. It was subsequently realised that further support for the Fraud Investigations team was needed and a new post of Senior Investigations officer was created. Before this post could be filled however, the Case Management officer and the 2 assistants resigned in early 2006 and it was not until the end of September 2006 that all 4 posts were finally filled.

1.6 The Benefits Manager had overall responsibility for management of the Benefits service, customer service, benefit fraud investigation and interventions. The Benefits Manager reported to the Revenues and Benefits Manager who in turn, reported to the Chief Financial Officer.

1.7 Figure 1.1 shows the organisational structure of the council as it related to the Benefits service.

Fig. 1.1: The Benefits service organisational structure



Source: Basildon District Council

1.8 Benefit administration and the handling of all benefits telephone enquiries from customers were centralised at the council offices in Basildon. Customer contact was provided by specialist Visiting officers, at the council's public counters in Basildon town centre and through the council's local area housing offices. Customers calling at counters could be connected by internal telephone directly to the Benefits assessors.

1.9 Our work to establish the effectiveness of Basildon District Council's performance included:

- analysing management information
- examining policies, procedures and process guidance
- interviews and workshops with staff, managers and internal auditors
- sampling of:
 - new claims
 - changes of circumstances
 - fraud investigations.

1.10 We are grateful to Basildon District Council for its help and cooperation throughout this inspection, the on-site phase of which took place from 19 to 28 March 2007.

Overall performance

1.11 Basildon District Council had very good arrangements in place for dealing with new claims. It maximised the use of telephones and supported this by providing customers with detailed information on evidence required. Visiting all new customers also ensured a secure claims process, as well as providing a high level of service to those claiming benefit.

1.12 Although initial training on verification was provided and we identified no real weaknesses during our sampling, training was not always kept up to date and we make recommendations on the council's training arrangements.

1.13 The council provided accurate and timely information for data matching to the Department and cleared any resultant data matches within the required timescale. By the end of 2006/07 it had also achieved an excellent level of performance on interventions.

1.14 Guidance for staff on making fraud referrals was issued during our inspection and while feedback on investigations would be provided on request, there was no formal system for doing so. The council had a fraud hotline, which was widely publicised and regularly used.

1.15 Risk assessment was used effectively to decide on cases for fraud investigation, although the council could make improvements by undertaking an analysis of referrals and outcomes. Fraud referrals were usually sifted within one day of receipt but our sampling showed that it took an average of 30 days to start an investigation after sifting. This timescale had improved with more recent cases and the council made further changes to address this issue during our inspection.

1.16 Fraud investigation staff correctly followed guidance and legislation in the investigation of fraud cases and there was proper use and recording of authorised officer's powers.

1.17 The low level of sanctions during the early part of 2006/07 had been addressed. At the end of the year the council had achieved 60 sanctions, which was higher than the number achieved in 2005/06.

1.18 The council had good processes in place for deciding on appropriate sanctions and clearly demonstrated its willingness to take cases for prosecution where the customer had failed to attend for an interview under caution.

1.19 The council had signed a letter of intent and had a good working relationship with the Department's Fraud Investigation Service.

1.20 There was a Member approved fraud policy in place, but there needed to be a better linkage between other documents relating to fraud such as the *Benefits Investigation Service Plan* and the *Revenues and Benefits Service Plan*.

1.21 The council met the 7-day target for identifying evidence for new claims but not for changes of circumstances and did not make regular use of employer's certificates of earnings forms.

1.22 The level of accuracy achieved in claims processing also needed to be improved but there were indications that management attention was strongly focused on this issue. The beneficial impact of the emphasis on quality checking and follow-up special training was clearly evident.

1.23 The council made good use of management information and the results of its checking regime to inform training.

1.24 While there was facility within the benefits IT system to do so, the council failed to separately monitor the recovery of fraud overpayments and administrative penalties. It also failed to comply with the *Do Not Redirect* requirements for benefits post.

1.25 We also identified problems with the way in which copies of original documents were authenticated and with the quality of some scanned documents. This could lead to difficulties if cases were taken to court.

1.26 Basildon District Council placed great emphasis on its counter-fraud activities and information on performance was recorded on the council's *Performance Plus* system. This was reviewed at fortnightly one to one discussions between the Revenues and Benefits Manager and the Chief Financial Officer, as well as at the monthly and quarterly meetings with the lead Cabinet Member. Statistical information was subjected to testing by Internal Audit.

1.27 Access to and use of the Department's Customer Information System was checked and a previous issue with the re-setting of passwords had been overcome. However, the council did not operate a fully documented password management system for its benefits IT system.

1.28 The Benefits Manager's role as a member of the software supplier's IT user group helped to ensure that the maximum benefit was derived from the benefits IT system.

1.29 The recommendations made in this report are intended to help Basildon District Council achieve a higher standard of security for the Benefits service. The council was enthusiastic and responsive throughout the inspection and told us it would be using this report to review areas of weakness, introduce change and promote best practice.

Summary of recommendations

1.30 The following tables list the recommendations we have made in this report in priority order.

Recommendations		
High priority		
We recommend that Basildon District Council:		Paragraph
1	<ul style="list-style-type: none"> • ensures that all staff responsible for receiving and verifying documents are always kept fully aware of the latest evidence requirements through: <ul style="list-style-type: none"> ○ provision of regular formal update and refresher training • provides and maintains a verification manual that is readily available to all staff and contains all current evidence and document recognition requirements. 	2.14
2	<ul style="list-style-type: none"> • ensures that all scanned images are fully legible by: <ul style="list-style-type: none"> ○ providing specialist training in the use of digital cameras for photographing documents ○ providing refresher training for all staff who photocopy and scan documents • reviews the effectiveness of its scanning equipment, enhancing its capabilities if appropriate. 	2.17
3	<ul style="list-style-type: none"> • reviews and updates its corporate and Benefits service documents which relate to counter-fraud activities. 	2.50
4	<ul style="list-style-type: none"> • obtains legal advice on the scope of the data sharing declaration on the Council's claim form, changing the wording if necessary, so that the Council can: <ul style="list-style-type: none"> ○ use the <i>Employer's certificate of earnings</i> form in all appropriate cases ○ send this form directly to the employer in all cases where it is used • provides employers with guidance on completing the form, and staff with guidance on verifying their authenticity when returned. 	3.5

Medium priority		
We recommend that Basildon District Council:		Paragraph
5	<ul style="list-style-type: none"> • ensures that the authenticity of all photocopies of verified original documents is certified in accordance with the Department's guidance, and that this information is always fully legible on the photocopies. 	2.19
6	<ul style="list-style-type: none"> • encourages fraud referrals by providing written acknowledgements and feedback to all staff making a referral. 	2.32
7	<ul style="list-style-type: none"> • improves the linkage to the fraud referral form on the council's website. 	2.33
8	<ul style="list-style-type: none"> • fully complies with the Department's guidance on the Do Not Redirect scheme. 	2.53
9	<ul style="list-style-type: none"> • reviews and enhances its use of management information in delivering continuous performance and service delivery improvements by: <ul style="list-style-type: none"> ○ expanding the role and function of the dedicated performance officer ○ introducing formal structures and procedures for the collation, analysis, reporting and use of information ○ developing additional information sources to ensure that all aspects of the Benefits service are included • uses short-term information collection, including temporary local performance indicators, to monitor specific issues and the effectiveness of actions taken to address them. 	3.11
10	<ul style="list-style-type: none"> • monitors separately the recovery of administrative penalties and those overpayments classified as fraudulent, incorporating this information within its formal management information structure. 	3.13
11	<ul style="list-style-type: none"> • develops and maintains a business strategy for the training and development of benefits staff, underpinned by a formal training programme that includes: <ul style="list-style-type: none"> ○ all staff and managers from all areas of the service ○ the skills and competencies specified in each job description ○ liaison with other local authorities, agencies and organisations to achieve the benefits of joint training where appropriate ○ evaluating the effectiveness of training • maintains detailed records, with personal training logs, of all training requests and deliveries. 	5.15

BFI findings

Security

2.1 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. Sufficient resources must also be employed to investigate suspected fraud thoroughly and professionally, and appropriate sanctions should be applied.

2.2 Basildon District Council achieved Standard in all 3 of the performance measures for which a Standard had been set and met 16 of the 21 enablers for Security.

Security of administration

2.3 This section reports on the arrangements for interventions and the verification of claims. The performance measures are designed to measure the impact of the council's performance in detecting fraud and error.

Performance measures

2.4 Figure 2.1 shows the council's reported performance for 2006/07.

Fig. 2.1: Performance measures – Security of administration				
Performance measure	Description	Target	Performance 2006/07	Score
PM 10	Number of interventions for which review action completed since 1 April	7,160	7,293	Excellent
PM 11	% of data matches resolved within 2 months	100	100	Excellent
PM 12	Number of customers visited	2,390	7,940	Excellent

Source: Basildon District Council

2.5 These findings reflect the high number of visits undertaken by the council and show that it met the security of administration performance measures in 2006/07.

Enablers

Compliance with HB/CTB Security Guidance

2.6 Basildon District Council met enabler E17 but not E18.

2.7 The Department's *Security Guidance* requires a local authority to ensure that customers provide all of the documentary evidence needed to support the statements that they make in their claims. All evidence must be in its original format. However, where customers receive certain Departmental benefits then the council may rely upon the evidence already verified by the Department.

2.8 During 2006, Basildon District Council introduced a significantly more secure new claims procedure. This required that all claims be made by telephone, followed by face-to-face contact, either at the customer's home address or at a public counter, to complete the claim form and verification process. The change had been introduced as a result of the Benefits service's regular use of management information to review its *Service Improvement Plan*.

2.9 The council used an image-based document management system. All documents in support of a claim were either scanned or photographed and the images linked to the claim. Visiting officers used digital cameras to record the customer's evidence while counter staff used photocopiers. Although the photographs could be downloaded directly into the benefits IT system, this was very slow and a software update was to be installed to overcome this. Most photographs were printed out instead. These printouts, along with photocopies taken at the counters, were sent to specialist clerical staff to be scanned into the document management system. Documents received by post were also scanned in and then returned to the customer.

2.10 Customers were given a receipt for the documents they had presented but this simply stated the number of documents seen and not what they were. These receipts and the lists of any further evidence required were also scanned in and linked to the claim.

2.11 It is essential that staff verifying evidence are fully trained to recognise false and altered documents and that they are kept up-to-date on changes and new requirements. While the Benefits service was effective in ensuring that all staff received the same detailed initial training, it was less effective in keeping this knowledge up to date.

2.12 Customer services staff had a well-maintained procedure manual that covered all aspects of their work but its verification sections were not made generally available to benefits assessors, visiting officers or area housing office staff. These verification sections formed the basis for the comprehensive handouts provided as part of the initial training but revisions to them were not sent to staff that had attended previous courses.

2.13 The Benefits service provided a *Daily Update* e-mail process for notifying staff of changes and new information. Fraud alerts and similar notices were circulated. However, not all Housing staff involved in verification received or had access to these updates and circulars.

2.14 There was no formal provision of refresher and update training that would have ensured that all staff received and understood changes to verification requirements. As a result, Basildon District Council could not be assured that it was preventing knowledge gaps from developing, with the resultant risk of new forms of fraud entering the system. **See recommendation 1.**

2.15 Where documents are not retained, scanned images become evidence should a legal issue arise. It is imperative therefore that images are completely legible, with their authenticity clearly established. Poor image quality creates the potential for fraudulent and otherwise unsatisfactory documents to become accepted as evidence.

2.16 The Benefits service did not have a formal document retention policy but we were told that scanned documents were usually kept on file for 2 – 3 months and then destroyed. While this allowed assessors to look at a recent document if the scanned image was unclear, there was no link between claim status and document destruction. This could cause problems if the original documents were destroyed before the assessment was made.

2.17 During our sampling, we found a number of scanned images that were of poor quality, including some being wholly illegible. Our sample sizes were too small, and were not intended, to provide detailed quality analyses by image type, scanning location or method. But the proportion of unsatisfactory images in the cases we examined was significant. Staff expressed some concerns to us about image quality. We were told that the visiting officers had not received specialist training in the use of digital cameras for photographing documents. **See recommendation 2.**

2.18 We were also told that the scope for image clarification on the scanning equipment was limited. Basildon District Council advised us that this had been recognised as an issue and reported this as a call of the highest priority to its software suppliers on two occasions.

2.19 [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

See recommendation 5.

2.23 The date range from which we selected the sampled cases included a period before the telephone claim system was introduced. Although our sample size was small, there were clear indications that the standard of verification had improved following the introduction of home visiting. In addition, while the results of sampling indicated verification weaknesses in the areas of income and capital, these did not require specific action over and above the daily quality checking and formal training needs analysis. These arrangements were effective in quickly identifying such remedial training needs.

Compliance with data integrity

2.24 Basildon District Council met enabler E19.

2.25 Recent reports from the Department confirmed that the council had:

- provided on time all the required data inputs for Housing Benefits Matching Service
- cleared all reported data matches within 2 months
- matched the National Insurance numbers held by the Department in over 99% of cases.

Counter-fraud activities

2.26 This section reports on the council's efforts to detect and deal with fraud.

2.27 As part of the inspection we selected 30 fraud investigations carried out between November 2005 and April 2007. The sample included 15 cases where a sanction had been applied. We also held interviews with managers and investigation staff.

Performance measures

2.28 Figure 2.3 shows the council's reported performance for 2006/07.

Fig. 2.3: Performance measures – Counter-fraud activities		
Performance measures	Description	Performance 2006/07
PM 13	Number of fraud referrals received and accepted for investigation per 1,000 caseload	20.04
PM 14	Number of fraud investigators employed per 1,000 caseload	0.34
PM 15	Number of fraud investigations per 1,000 caseload	12.27

Source: Basildon District Council

2.29 At the time of the inspection Basildon District Council employed 4 full-time equivalent investigators, one of whom was designated a Senior Investigator. A Case Management officer, employed on contract until a permanent officer could be employed, oversaw their work.

Enablers

Fraud referrals

2.30 Basildon District Council met enabler E21 but did not meet enabler E20.

2.31 At the time of our inspection there was no published guidance available for staff on how to make a referral but the council was in the process of introducing this as we completed our on-site phase. Fraud awareness training was provided to all new staff, including counter staff. Internal Audit also provided further training on an annual basis but there was no requirement for staff to attend this.

2.32 Although we were told that staff regularly enquired about the progress of referrals and were also given feedback on outcomes should they ask for it, there were no formal arrangements for doing so. This meant that an opportunity to fully engage staff in preventing fraud was lost. **See recommendation 6.**

2.33 Basildon District Council provided a hotline number which was publicised in council offices and on its website. Posters showing the hotline number were also displayed in the council's public enquiry points, libraries and doctors surgeries. The number was also publicised on the annual Council Tax bills sent out to all residents. The hotline used an answering machine so that callers could leave messages outside office hours. Members of the public could also make a referral using a form on the council's website. We found however that this form was hard to locate. **See recommendation 7.**

Risk profiling referrals

2.34 Basildon District Council met enabler E23 but did not meet enabler E22.

2.35 Referrals were risk assessed using a facility on the fraud module of the benefits IT system. The assessment used a number of criteria to give each referral a score that determined if it was to be investigated.

The criteria included:

- source of referral
- length of claim
- potential overpayment
- resource outlay
- ease of obtaining evidence
- risk to the reputation of the council
- risk to the integrity of the Benefits IT system.

2.36 The council did not analyse the source and outcome of referrals. Consequently, it was losing a valuable opportunity to inform reviews of the risk assessment process, in particular identifying the most successful source of referral. During our inspection a new report process was developed which would provide this essential piece of management information.

2.37 We analysed the source and outcome of referrals between January and March 2007, which showed that the most fruitful source of referrals was data matching. Full details are set out in Figure 2.4.

Fig. 2.4: Source and outcome of referrals

Source of Referral	Not investigated	Referred to DWP	No fraud	Fraud proven	Total
Benefits staff	7	0	32	3	42
Members of the public	23	2	26	2	53
Data matching	5	0	22	34	61
The Department	0	0	0	3	3
Fraud drive	0	0	5	0	5
Visiting officers	5	0	11	0	16
Other council staff	7	0	6	1	14
Total	47	2	102	43	194

Source: Basildon District Council

2.38 The Council used the National Anti-Fraud Network to gather intelligence for investigations. In particular it used the network to obtain information from financial institutions and utilities under the extended powers granted under the Social Security Administration Act 1997.

2.39 However, the Benefits Service Manager told us that, following training on the use of extended powers, a member of the Fraud Investigation team was to be appointed in the near future to undertake this function.

Action on referrals

2.40 Basildon District Council met enabler E24 but did not meet enabler E25.

2.41 Our sampling showed that referrals were sifted on average within one working day and were then allocated to an investigator. The fraud module of the Benefits IT system tracked the referrals issued and progress made on them.

2.42 However, the council failed to commence investigations within 10 days of being sifted. Our sampling showed it took an average of 30 days from sift to first action. The Assistant Benefits Manager (SAFE) was aware that this enabler was not being met and during our inspection introduced processes to ensure that the first stages of an investigation were undertaken within 10 days.

Fraud investigators' code of conduct

2.43 Basildon District Council met all four enablers E26, E27, E28 and E29.

2.44 Our sampling and interviews identified that investigators understood that under section 67(9) of the Police And Criminal Evidence Act 1984 they were persons charged with the investigation of crime and were, therefore, subject to the same constraints as the police, especially those contained in the Police And Criminal Evidence Act 1984 and its Code of Practice.

2.45 The council maintained separate fraud files for all investigations and restricted access to them. Such records as were needed for the purposes of disclosure under the Criminal Procedure and Investigations Act 1996, Regulation of Investigatory Powers Act 2000 and Data Protection Act 1984 and their Codes of Practice were properly kept.

2.46 All investigators maintained notebooks for their own use, which could be used when giving evidence. Our sampling showed that photocopies of relevant pages were also placed in the corresponding fraud file. The Case Management officer checked these notebooks when issued and retained them securely when complete.

2.47 We examined the transcripts of 7 interviews under caution and listened to 3 others. We found that all were conducted in accordance with the Police And Criminal Evidence Act 1984 and its Code of Practice.

The council fraud policy

2.48 Basildon District Council met enablers E30, E31, E33 and E34 but did not meet enabler E32.

2.49 The council had a Member approved anti-fraud policy that was supported by a *Benefit Investigation Service Business Plan*. The anti-fraud policy provided a good foundation for the Benefits service's counter-fraud activities and provided a link to many corporate policy and personnel procedures, such as the Prosecution and the Whistle-blowing policies.

2.50 Although the anti-fraud policy had been reviewed and updated in January 2006, some of the documents it referred to, in particular those relating to staffing issues, had not been reviewed for at least 3 years. In addition, the council's *Benefit Investigation Service Business Plan* had not been reviewed and updated since 2003/04. **See recommendation 3.**

2.51 All fraud investigators who had achieved appropriate accreditation in Professionalism in Security were nominated as authorised officers. Their appointments had been correctly authorised by the council's Head of Paid Services.

2.52 The application of authorised officers' powers was recorded and the continued requirement for appointments was regularly reviewed. The council had clear procedures covering the codes of practice for authorised officers.

2.53 The council did not use *Do Not Redirect* envelopes for all benefits related post, although it did use the envelopes for cheques, bulk issues and annual letters to benefit customers. **See recommendation 8.**

2.54 The council had a current signed *letter of intent* relating to the Fraud Partnership Agreement. Regular meetings were held with the Department's Fraud Investigation Service, at which performance against and issues arising from the agreement were reviewed. Staff told us that the relationship between the council and the Fraud Investigation Service was very good.

2.55 The council had systems in place to ensure that requests for financial information made from Her Majesty's Revenues and Customs were processed correctly. Formal application forms were available on the benefits IT system.

Sanctions

2.56 This section reports on the arrangements for applying sanctions against benefit fraudsters.

Performance measures

2.57 Figure 2.5 shows the council's reported performance for 2005/06.

Fig. 2.5: Performance measures – Sanctions		
Performance measure	Description	Performance 2005/06
PM 16	Number of successful sanctions per 1,000 caseload	1.05

Source: Basildon District Council

2.58 However, the information reported by the council was incorrect. Our analysis showed that in fact performance was better, with 3.25 successful sanctions per 1,000 caseload, in 2005/06.

2.59 During 2005/06 Basildon District Council carried out 52 sanctions. In 2006/07 the council improved on this with a total of 60.

Enablers

A balanced sanctions policy

2.60 Basildon District Council met all 3 enablers E35, E36 and E37.

2.61 The Council had a Member approved prosecution policy which set out the financial guidelines for the application of the different types of sanctions. It stated that formal cautions and administrative penalties could only be considered if the evidence was strong enough for a prosecution and that while in general the guidelines should be followed, each case must be considered on its own merits.

2.62 At the conclusion of an investigation, the Case Management officer made a recommendation, based on the council's financial guidelines and the available evidence as to the appropriate sanction. If a formal caution was offered and accepted the Revenues and Benefits Manager carried this out. The Benefits Manager issued administrative penalties. Cases recommended for prosecution were passed to the council's Legal Officer, who determined if the case should proceed. The council's Legal Officer then ensured that the case was ready for Court and represented the council at the hearing.

2.63 Prior to carrying out a sanction, the council checked the Department's database and through Essex Police, the Police National Computer for previous benefit fraud sanctions. When a caution or administrative penalty was given, the council notified the Department for it to be recorded on the Department's sanctions database.

2.64 If a caution or penalty was refused, the council ensured that the case was considered for prosecution. We found two cases in our sample where an administrative penalty had been refused and the council took prosecution action.

2.65 Where there was sufficient evidence, the council also took legal action if the customer failed to attend for an interview under caution without good cause. We found two cases in our sample where this had occurred, both resulted in convictions. In one case the customer had also failed to attend Court and was convicted in his absence.

Claims administration

Claims processing

3.1 It is important that new claims and changes of circumstances are processed rapidly and accurately in order to eliminate the risk of fraud or error entering the system.

Enablers

3.2 Basildon District Council met enabler E10 but not enablers E3 and E16.

3.3 Basildon District Council's new claims process ensured that the 7-day target was almost always met. However, because the processing remained paper-based and priority was given to new claims, the target was not being met for changes of circumstances.

3.4 Basildon District Council told us that it did not routinely use the *Employer's certificate of earnings* form as there had been cases where fraud had occurred when these were sent direct to the employer.

3.5 The council also believed that the customer's data-sharing declaration in the claim form did not provide the legal authority for it to be sent directly to the employer. If there were no alternatives, the form would be given to the customer rather than the employer. But staff had not received clear guidance on how to authenticate the forms when they were returned. **See recommendation 4.**

Quality and reducing error

3.6 Members and senior managers, who are accountable for the delivery of effective and secure Housing Benefit (HB) and Council Tax Benefit (CTB) administration, need assurance that the Benefits service and counter-fraud efforts are working as planned. Councils should therefore ensure that it has arrangements to make full use of management information and checking data across the full range of their benefit activities.

Performance measure

3.7 As part of its regime of management and quality checking, local authority should conduct specific and regular checks on the accuracy of its benefit calculations and the results should form an important part of the authority's performance management procedures.

Figure 3.1 sets out Basildon District Council's performance on accuracy.

Fig. 3.1: Performance measures – 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: Basildon District Council

3.8 While Figure 3.1 shows the overall level of accuracy was consistently below that required by Performance Standards, the figure for each quarter varied widely. There had been a significant fall at the end of 2004/05 but sustained improvement had been evident since then. The council had exceeded 99% in the second quarter of 2006/07 and told us that it had done so again in the final quarter.

3.9 The council's checking regime and regular performance management procedures were used to focus close attention on the reasons for inaccuracy. There had been staff shortages and recruitment difficulties but subsequent training and integration of new starters had been well managed. The results of daily quality checking were discussed regularly at management level and a training needs analysis had also been conducted in Autumn 2006. This had led to an urgent short-term remedial training programme being put into effect, which had almost been completed at the time of our inspection.

Enabler

Using quality checks to improve performance and reduce error

3.10 Management information and the results of the daily quality checking were used in the preparation and regular monitoring of the *Benefits Service Improvement Plan*. This plan included targets, objectives and prioritised development actions. Its effectiveness was evident from the outcomes that had already been achieved in relation to new claims, improved accuracy of benefit calculations and a training programme that addressed individually identified needs.

3.11 However, collation and analysis of the available management information was not formally co-ordinated and structured and, as a result, the opportunity to develop still further the Benefits service's improvement planning was not being exploited. **See recommendation 9.**

Overpayments

3.12 To minimise loss to public funds, councils must process HB and CTB effectively to prevent overpayments. Councils should have clear policies and procedures to manage overpayments and should pursue recovery by the speediest, most cost-effective and efficient methods available, in line with legislation.

Enabler

Recovery

3.13 Although the council's Fraud system had a facility to separately record the recovery of fraud overpayments and administrative penalties, it had not been fully developed. Until this was done the council could not monitor or prioritise the recovery of these debts and could not be assured that recovery was effective. **See recommendation 10.**

User focus

Customer service

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

- deliver modern, efficient and secure customer-focused public services, and empower individuals to influence them
- ensure that customers are not deterred from claiming because the Benefits service does not address their particular need
- make sure that relationships with stakeholders support good customer service while reducing administrative costs and fraud and error.

Enablers

Dealing with enquiries

4.2 Basildon District Council met enabler E43.

4.3 The council's new procedure required all claims to be made by telephone, with customers who came into public counters being connected directly to benefits assessors by internal telephone from a private booth. Initial calls were primarily used to arrange a mutually convenient time and date for an assessor to call the customer back. During the call back, full claim details were obtained and entered into the benefits IT system.

4.4 Individual benefits assessors were rostered daily onto telephone answering duties to ensure that all calls were answered rapidly and that the callbacks could be arranged for specific times and dates. These telephone arrangements were automatically monitored by the council's telephone IT system that recorded call volumes, waiting times and numbers of abandoned calls. This information allowed the Benefits service, if necessary, to adjust the rosters to ensure that calls were answered quickly.

4.5 Once the claim details had been recorded, the Benefits IT system automatically produced a list of the specific evidence required to support the details given in the claim. A key part of the call back was also to arrange for a specialist visiting officer to visit the customer at their home. The required evidence list was posted to the customer in advance of the visit but the claim form itself was taken by the visiting officer.

4.6 At the visit, the visiting officer confirmed the details that the customer had given over the telephone, obtained their signature on the claim form declaration and verified the evidence provided. Where all of the requested evidence had not been provided, the customer was given a further list and told to either bring the items into a public counter or to post them to the council.

4.7 Using assessors to take the claim details ensured that customers fully understood the questions and the evidence needed to support their answers. When coupled with home visits to confirm claim details and verify the evidence, this procedure minimised the need to ask for further information and provided strong safeguards against fraud and error entering the system. We commend this approach as being good practice.

4.8 Where visits were declined or could not be arranged, the customer was told to bring their evidence into a public counter where staff would perform the same checks as the visiting officer. The council had public counters at its main town centre offices, staffed by customer services officers, and in each of its local area housing offices, staffed by housing officers. Counter staff at all of these locations were able to perform the full range of claim checking and verification work and could telephone the benefits assessors for assistance if required.

Resource management

5.1 Benefit administration, including counter-fraud activity, 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.

5.2 The council met 10 of the 12 relevant enablers for Resource management.

Managing the Benefits service

Enablers

5.3 Basildon District Council met enablers E50 and E51.

5.4 Targets for the Benefits service and Fraud Investigation Team were set out in the council's annual *Revenues and Benefits Service Plan*. This included numbers of investigations and sanctions to be achieved. Targets were set in line with Performance measures but also took account of performance achieved by other councils in Essex and available staff resources.

5.5 Performance of the Benefits service against the *Revenues and Benefits Service Plan* targets was monitored monthly and the counter-fraud work quarterly. Information on performance was reported by each team through a performance officer and entered onto the council's *Performance Plus* system. This system recorded actual performance against targets set by the council and against average performance of other Essex councils. It also used a coloured symbol coding to show whether targets were being met.

5.6 *Performance Plus* information was passed to the council's Service Improvement Team who could challenge any of the figures and to the Overview and Scrutiny Committee each quarter. Both the Revenues and Benefits Manager and the Benefits Manager could be asked to appear at the Overview and Scrutiny Committee meetings to explain areas of performance that had fallen short of target.

5.7 Performance against targets was also reviewed at the fortnightly one to one discussions between the Revenues and Benefits Manager and the Chief Financial Officer and at the monthly and quarterly meetings with the lead Cabinet Member. In addition, performance of the Benefits service formed part of the council's Directorate Management Team meetings chaired by the Deputy Chief Executive, as well as being reported to the council's Strategic Management Board.

Monitoring performance

5.8 Basildon District Borough Council met enablers E53 and E54.

5.9 Part of the function of the council's Internal Audit section was the monitoring of performance indicators. Internal Audit undertook a sample check on Best Value performance indicators covering security and tested these for accuracy. In the past there had been problems with the accuracy of some Benefits service statistics. But Internal Audit told us that it was now fully satisfied that these issues had been resolved.

5.10 The council's Benefits Service Improvement Plan covering the period September 2005 to April 2007, set out a number of actions and outcomes, along with timescales and responsible officers. This plan was intended to bring about both general and specific improvements in the service. It included aspects of training to be developed and delivered and the retention of staff, as well as reorganisation of some parts of the service. This plan was subject to monthly review and updated at that stage to show progress against targets.

Providing for a skilled and competent workforce

5.11 Basildon District Council met enabler E55 but did not meet enabler E56.

5.12 There were comprehensive corporate policies and procedures covering all aspects of the proper and effective management and conduct of the Benefits service and its staff.

5.13 During our inspection we were told that the corporate staff appraisal scheme had been in abeyance for some time but that training was underway for its re-introduction in 2007/08. Appraisal schemes are important for staff development and for linking staff's objectives to those of the Benefits service and the council's corporate objectives. We recognise however, that it would be difficult for the Benefits service to have operated a scheme independently from the corporate scheme.

5.14 The effective and efficient administration of a customer-focussed benefits service entails staff and managers deploying a wide range of personal and professional skills and competencies. Acquiring and retaining these necessitates the development and maintenance of a structured training programme, underpinned with high quality training materials, that covers:

- a business strategy for staff training and development, including succession planning and liaison with other local authorities and agencies to achieve the benefits of joint training
- the skills and competencies specified in the job descriptions of staff and managers at all levels in all functions involved in delivering the Benefits service
- individual career progression and personal development needs identified through quality checking and the staff appraisal process
- keeping detailed records of all training requests, provisions and outcomes, together with personal training logs for all staff and managers
- formal evaluation of all delivered training to ensure that objectives are achieved.

5.15 The Benefits service did not have such a training programme but in August 2006 the council had appointed a dedicated training officer, who quickly developed well-prepared and effective training for new starters. This had been effective in meeting the needs of individuals where quality checking or training needs analyses had identified knowledge gaps. However, the training only covered induction, verification and assessment and did not cover other benefits functions such as fraud, visiting, appeals and overpayments. In addition, once staff had been trained there were no formal arrangements for follow-up training to keep them aware of changes. **See recommendation 11.**

IT systems

5.16 Basildon District Council met enabler E59.

5.17 The council's Benefits IT system was able to provide accurate and timely management information. Users were able to produce reports either directly, or by request through the Benefits Manager.

5.18 The Benefits service had 3 full-time staff employed as IT system support officers, who were able to test software updates and install these with little or no disruption to the daily use of the Revenues and Benefits IT system. This resulted in minimal system downtime and improved data integrity.

Assurance

5.19 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.

Enablers

Internal control mechanisms

5.20 Basildon District Council met enablers E62 and E63 but not enabler E61.

5.21 The council did not operate a fully documented password management system. New users were allocated access profiles, given passwords accordingly and initial request documentation was retained. However, if a subsequent password reset was required, the council accepted a verbal request. This arrangement provided no audit trail and could allow internal fraud to enter the system.

5.22 The Benefits Manager was able to check access to and use of the Department's Customer Information System. Testing and security checking was undertaken and recorded and any issues arising highlighted for action.

5.23 There had been a long running problem with the renewal of corporate network access passwords, highlighted in Internal Audit reports. However, during our inspection this issue was resolved and all corporate staff, commencing with the Benefits service staff, were required by the corporate IT system to renew their passwords. This renewal process was set at 90 days.

5.24 Staff and managers told us that there was a high level of confidence in the council's benefits IT system. Additional system enhancements were regularly installed to allow users to operate the system more efficiently.

5.25 The Benefits Manager was an active member of the IT system provider's user group and this gave the council the opportunity to test and implement system upgrades.

5.26 A secure opening and distribution system for all Benefits service related post was operated by the council. Valuables were recorded and securely stored in a controlled environment.

5.27 An audit trail existed for all cheques raised by the Benefits service from the cheque production request to the point of dispatch in the external post.

5.28 Internal Audit undertook a sample check of all security related Best Value performance indicators and tested these for accuracy. In the past there had been problems with accurate statistics from the Benefits service but Internal Audit told us that it was now fully satisfied with these.

Secure administration

5.29 Basildon District Council met enablers E64 and E65.

5.30 The council operated a risk-based Internal Audit programme for the Benefits service based on a 3-year cycle, 20 days for 2 years, followed by 30 in the third. In 2006/07 20 days were used. Housing Benefits was reviewed annually with security every 3 years. Security was last tested in 2005 and was due to be reviewed again in 2008. Counter-fraud was normally examined every 5 years and was next due in 2008. However, this timescale was subject to review on the basis of perceived risk.

5.31 Reports from Internal Audit went to the service head in draft format for agreement on recommendations and timescales. Once agreed, reports then went to service directors and to the council's Audit Committee. Where recommendations were not accepted, the escalation process was through the management chain and then to the Audit Committee.

5.32 Any recommendations made by Internal Audit were followed up in the next audit report. In addition, a test was undertaken to check that recommendations had been implemented. Any outstanding recommendation had a commentary added which related to the risk associated with the recommendation.

