

Report by the  
Benefit Fraud Inspectorate

***Broadland District Council  
Inspection of Security***

October 2007



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@dwpgsi.gov.uk](mailto:bfi-distribution@dwpgsi.gov.uk)

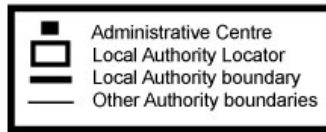
BFI reports are also available from the internet at  
<http://www.bfi.gov.uk>

# Contents

<b><i>Executive summary</i></b>	<b>1</b>
Background	1
Overall performance	2
Summary of recommendations	4
<b><i>BFI findings</i></b>	<b>7</b>
<b><i>Security</i></b>	<b>9</b>
Security of administration	9
Counter-fraud activities	13
Sanctions	19
<b><i>Claims administration</i></b>	<b>23</b>
Claims processing	23
Quality and reducing error	24
Overpayments	25
<b><i>Resource management</i></b>	<b>27</b>
Managing the Benefits service	27
Providing for a skilled and competent workforce	30
Value for money	31
Assurance	32

---

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



# Executive summary

## *Background*

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

**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>.

**1.3** In December 2006, the Parliamentary Under Secretary of State for Work and Pensions announced a programme of inspections designed to target specific areas of benefits administration and security activity.

**1.4** Broadland District Council was selected for an inspection of its security arrangements through the Department's risk engagement process.

**1.5** The Head of Revenues, supported by the Benefits Manager, were responsible for the day-to-day running of the Benefits service and counter-fraud operation.

**1.6** In 2006/07 the council's Housing Benefit (HB) and Council Tax (CTB) expenditure was £17,949,870 paid to 6,739 customers. This represented 49% of the council's gross revenue expenditure of £36,742,100.

**1.7** Our work to establish the effectiveness of Broadland District Council's security arrangements included:

- analysis of quarterly performance returns provided to the Department
- workshops and interviews with:
  - key managers and staff
  - staff from the Department's Fraud Investigation Service
  - Internal Audit
- randomly selecting and sampling:
  - 30 new claims decided between 1 January and 31 March 2007
  - 10 claims where there had been a change in the customer's circumstances, decided between 1 January and 31 March 2007
  - 20 fraud files closed between 1 April 2006 and 31 March 2007
  - 5 fraud files from investigations resulting in sanctions
- examining documents and management information
- observing post opening and customer service activities.

**1.8** We are grateful to Broadland District Council's managers and staff for their help and cooperation throughout this inspection, the on-site phase of which took place between 30 April and 17 May 2007.

## *Overall performance*

**1.9** We found considerable weaknesses in Broadland District Council's counter-fraud operation. The council considered its risk to benefit fraud was low as there was likely to be a correlation to the very low crime rate in its area. This was reflected in counter-fraud resource levels, which meant the council's capacity to tackle fraud was limited and its counter-fraud staff had little opportunity to meet best practice in all areas. A lack of effective casework controls and little in-depth investigation work had resulted in some poor quality investigations and low output. In addition opportunities to conduct in-depth investigations with the Department's Fraud Investigation Service had not been taken. The absence of management checking in this area also meant the council had little assurance that investigations were being conducted in line with legislation or the council's policies and standards of conduct.

**1.10** We were particularly concerned that although the council's reported level of sanctions suggested its processes were effective, our sampling revealed a high proportion of sanctions had been inappropriately applied.

**1.11** We were also concerned that in some cases the council had not complied with legislation by cancelling claims without allowing the customer a calendar month to respond to a request for additional information.

**1.12** We found staff had a good awareness of verification requirements, but our sampling of new claims identified a number of failures to fully verify evidence required to support them. We also found that some staff who were accepting and verifying documents had not been trained on the latest evidence requirements. These weaknesses increased the risk of fraud and error entering, and remaining in, the system.

**1.13** The council had made some good efforts to tackle fraud and error in its Benefits service. This was demonstrated by its commitment to undertaking intervention visits on claims in payment, where its annual target had been exceeded in 2006/07. A programme of fraud awareness training had been provided to all Benefits staff, and was being rolled-out to other council staff. This had resulted in a high proportion of fraud referrals from staff.

**1.14** The inspection concentrated on Broadland District Council's counter-fraud arrangements, which were found to be weak, but we did some work on claims administration and resource management, where performance was of a much higher standard. The council had effective procedures and processes in place to set and monitor comprehensive and stretching targets on claims administration.

**1.15** In addition, a comprehensive quality-checking regime had contributed to performance on accuracy improving to excellent during 2006/07.

## Summary of recommendations

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

<b>Recommendations</b>		
<b>High priority</b>		
<b>We recommend that Broadland District Council:</b>		<b>Paragraph</b>
<b>1</b>	<ul style="list-style-type: none"> <li>• reviews the management, control and security of its counter-fraud operation by:                             <ul style="list-style-type: none"> <li>○ introducing management checks at key stages of investigations</li> <li>○ monitoring the use of authorised officer powers, the correct recording of informal interviews and entries in QB50 notebooks</li> <li>○ reviewing the procedures for interviewing suspects under caution.</li> </ul> </li> </ul>	<b>2.56, 2.63, 2.65, 2.69</b>
<b>2</b>	<ul style="list-style-type: none"> <li>• improves the process for sifting and scoring fraud referrals to ensure:                             <ul style="list-style-type: none"> <li>○ an intelligence led approach to referral selection is developed</li> <li>○ only good quality referrals are accepted for investigation</li> <li>○ analysis of the origin, standard and success of referrals is routinely carried out.</li> </ul> </li> </ul>	<b>2.50</b>
<b>3</b>	<ul style="list-style-type: none"> <li>• commences investigations promptly and ensures:                             <ul style="list-style-type: none"> <li>○ caseloads are manageable</li> <li>○ good quality cases are prioritised.</li> </ul> </li> </ul>	<b>2.53</b>
<b>4</b>	<ul style="list-style-type: none"> <li>• ensures consistency in applying sanction decisions by reviewing its <i>Housing Benefit and Council Tax Benefit Fraud Revised Prosecution Policy</i> to include:                             <ul style="list-style-type: none"> <li>○ guidance on roles and responsibilities</li> <li>○ guidance on evidence and public interest criteria.</li> </ul> </li> </ul>	<b>2.82, 2.86</b>
<b>5</b>	<ul style="list-style-type: none"> <li>• reviews its Fraud Team Business Plan to ensure:                             <ul style="list-style-type: none"> <li>○ it provides details of arrangements for monitoring the progress and quality of investigations</li> <li>○ its links with the council's strategic aims are specified.</li> </ul> </li> </ul>	<b>2.68</b>
<b>6</b>	<ul style="list-style-type: none"> <li>• improves the standard of verification by providing:                             <ul style="list-style-type: none"> <li>○ refresher training on verification requirements</li> <li>○ training on the identification of false documents</li> <li>○ written guidance on its verification policy.</li> </ul> </li> </ul>	<b>2.13, 4.30</b>

<b>High priority</b>		
<b>We recommend that Broadland District Council:</b>		<b>Paragraph</b>
<b>7</b>	<ul style="list-style-type: none"> <li>ensures customers are given a full calendar month to respond to requests for additional information.</li> </ul>	<b>4.21</b>

<b>Medium priority</b>		
<b>We recommend that Broadland District Council:</b>		<b>Paragraph</b>
<b>8</b>	<ul style="list-style-type: none"> <li>introduces additional checks to ensure that reported performance is accurate before submitting it to the Department.</li> </ul>	<b>4.23, 4.49</b>

<b>Low priority</b>		
<b>We recommend that Broadland District Council:</b>		<b>Paragraph</b>
<b>9</b>	<ul style="list-style-type: none"> <li>changes its process to ensure management checks are undertaken before the customer is notified of the decision.</li> </ul>	<b>3.15</b>
<b>10</b>	<ul style="list-style-type: none"> <li>reviews its processes to ensure requests for additional information from customers or third parties are made within 7 days of receiving the claim.</li> </ul>	<b>3.5</b>



# **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. Broadland District Council explained that this would be difficult to achieve, as the impact of the latest announcement on Administration Grant would mean a 5% real-term reduction in each of the next three financial years.

2.2 The council met 6 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 own calculation and assessment of its performance in the Security of administration for 2006/07, as reported to the Department.

**Fig. 2.1: Performance measures – Security of administration**

Performance measure	Description	Target 2006/07	Performance 2006/07	Score
PM 10	Number of interventions for which review action completed since 1 April	2,960	3,341	Excellent
PM 11	% of data matches resolved within 2 months	100%	100%	Excellent
PM 12	Number of claimants visited	1,320	1,835	Excellent

Source: Broadland District Council



2.15 Benefits assessors had responsibility for assessing the quality of verification undertaken by Registered Social Landlord staff. They told us the level of verification was high and few issues were raised.

2.16 To establish the level of compliance with the requirements of the HB/CTB Security Guidance we examined a sample of 30 new claims and 10 changes of circumstances decided between 1 January and 31 March 2007.

Figure 2.2 shows the results of our analysis of the new claims sample.

**Fig. 2.2: Broadland District Council's performance in verifying new claims**

Verification item	Number requiring verification	Number where sufficient evidence held on file	% verified
National Insurance number – customer	30	30	100%
National Insurance number – partner	8	8	100%
Identity – customer	30	30	100%
Identity – partner	8	8	100%
Liability to pay rent	30	30	100%
Residency	30	26	87%
IS, JSA (IB) and Pension Credit	9	9	100%
Income – customer	17	16	94%
Income – partner	6	6	100%
Capital – customer	16	12	75%
Capital – partner	6	6	100%
Non-dependants' circumstances	2	2	100%
<b>Total</b>	<b>192</b>	<b>183</b>	<b>95%</b>

Source: BFI analysis



**2.26** Staff located in Thorpe Lodge had access to the Benefits IT system to deal with enquiries. Although staff in the other locations did not have access, they had direct telephone lines to the Benefits service to obtain answers to customers' enquiries.

### *Compliance with data integrity*

**2.27** Broadland District Council met this enabler.

**2.28** The council had provided the Department with all required data in an appropriate format and within specified timescales. The Housing Benefit Matching Service confirmed there were no incidents rated 1 or 2 during the period 3 April 2006 to 23 February 2007.

**2.29** The Housing Benefit Matching Service also confirmed that 99.9% of customer and 99.8% of partner National Insurance numbers matched with Departmental records during the same period.

### *Counter-fraud activities*

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

**2.31** To assess the quality, speed and effectiveness of counter-fraud work we randomly selected 20 fraud files closed during 2006/07.

**2.32** Figure 2.3 shows the council's reported performance for its Counter-fraud activities in 2006/07.

<b>Fig. 2.3: Performance measures – Counter-fraud activities</b>		
<b>Performance measure</b>	<b>Description</b>	<b>Performance 2006/07</b>
<b>PM 13</b>	Number of fraud referrals per 1,000 caseload	47.5
<b>PM 14</b>	Number of fraud investigators employed per 1,000 caseload	0.15
<b>PM 15</b>	Number of fraud investigations per 1,000 caseload	41.4

Source: Broadland District Council

**2.33** Broadland District Council considered its exposure to fraud was low risk. Although it had no specific evidence of this, it had made the link with its crime statistics, which showed its crime rate was low nationally. It had, therefore, chosen to operate a very small fraud team. Its Counter-Fraud Section comprised one Fraud Officer supported by a Fraud Clerical Assistant, which meant its investigator to caseload ratio was amongst the lowest in the country. The Fraud Officer reported directly to the Benefits Manager.

**2.34** The Counter-Fraud Section received 333 referrals during 2006/07. 286 of these were passed for investigation. We consider this to be an unmanageable load for one investigator and comment on its impact in subsequent sections, although it was clear from the standard of many cases in our sample that a significant number should not have been passed for investigation or closed at an early stage.

## Enablers

### *Fraud referrals*

**2.35** Broadland District Council met one (E21) of the 2 enablers.

**2.36** Benefits and Council Tax staff had all received a *Housing Benefit Fraud Manual* and attended fraud awareness sessions in the first 3 months of 2007. We were told these sessions would eventually be offered to Housing staff, other council employees and Registered Social Landlord staff with an intention to repeat the sessions on an annual basis.

**2.37** We were encouraged to find 3 (15%) referrals in our sample of 20 closed cases had originated from the Council Tax section. Referrals received from Benefits staff suggested a good awareness of potential underlying fraud. However, visiting staff we interviewed were still unclear about their responsibilities if the suspicion of fraud arose during an intervention visit.

**2.38** We noted that 152 (46%) of the 333 referrals received in 2006/07 had originated from Benefits staff. Referrals from Benefits staff were made using a free-text entry facility on the document image processing system. Referrals from other council departments were accepted by e-mail. Both these methods increased the risk of potentially important information being omitted from the referral. We were also concerned that the details of referrals from Benefits staff were viewable by all staff with access to the document image processing system, seriously undermining the security of the process.

**2.39** Feedback to the referral source was routinely provided at regular intervals and at the closure of an investigation. This is good practice.

**2.40** Steps taken to maximise referrals from the public included the provision of guidance on the council's website and publicity of its dedicated telephone hotline in council publications. Benefits staff were provided with clear guidance to ensure important information was obtained from callers. We found the hotline answer phone message was clear and comprehensive.



**2.49** We also noted and were concerned that only one of the 39 anonymous or hotline referrals received in 2006/07 had resulted in a 'fraud proven' result. Ongoing analysis of the quality of referrals received from the public and a review of the council's approach to the investigation of unsupported allegations need to be undertaken to ensure the effective use of scarce resources.

**2.50** It is essential risk assessment and scoring procedures are regularly reviewed to ensure only worthwhile cases are selected and accepted for investigation. The process should be based upon the effective use of intelligence sources and ongoing analysis of investigation results.

**See recommendation 2.**

### *Action on referrals*

**2.51** Broadland District Council met neither enabler.

**2.52** Targets to risk assess referrals within 10 days and commence investigations within 10 days were included in the *Fraud Team Business Plan 2006/07*. Performance was not actively monitored to ensure these targets were met and we were told that the referral process would be adversely impacted when staff were absent or workloads increased. Senior officers told us that the council would prioritise payment of benefit over anti-fraud work should there be workload or staffing issues, in view of the reduction in the Administration Grant. We noted that in the 8 cases in our sample that had been risk assessed, this had taken an average of 5 working days.

**2.53** Once accepted, it is important investigations are undertaken promptly to ensure action is taken on relevant and up-to-date information and to protect the rights of those subject to investigation. **See recommendation 3.**

**2.54** We identified long delays in subsequent action and found there were unnecessary delays at different stages of the investigation in the majority of cases in our sample. For example, in the 6 sampled cases where an investigation was pursued, it took an average of 23 working days before the first action was taken following risk assessment. The 20 cases in our sample were eventually closed in an average of 112 working days. There were a variety of factors involved. Lack of prioritisation, monitoring and control, high caseloads, lack of cover, inefficient processes and customer delays were all contributing, but not all were in evidence on every case.

**2.55** The audit trail to record the action taken on investigations was clear and comprehensive on the majority of cases we examined. Cases were logged onto the fraud management system and also recorded on a spreadsheet to track progress.

**2.56** We found there was no management intervention at key stages of the process and it was left to the Fraud Investigator to decide whether to continue with an investigation or to end it. Case reviews were not routinely undertaken at key stages of the process to ensure further action was warranted or likely to prove effective. **See recommendation 1.**

## *Fraud investigators' code of conduct*

**2.57** Broadland District Council met none of the 4 enablers.

**2.58** Both the Fraud Officer and Fraud Clerical Assistant had received investigative training including Professionalism in Security accreditation. We found the 2 investigative staff lacked procedural guidance or sources of advice to ensure a consistent approach to investigations.

**2.59** In addition, the absence of regular management intervention failed to provide assurance that investigations were being conducted professionally and in accordance with relevant legislation. We were told that the council operated with minimum levels of management capacity and had adopted a method of trusting staff to undertake the duties that they were employed for. This method of working was underpinned by a stringent twice-yearly formal appraisal system, which was tied in to performance-related pay.

**2.60** Our sampling showed only 7 (35%) of the 20 cases we examined resulted in an interview with the customer before the case was closed. This involved either an interview under caution or an informal interview to discuss the change in the customer's circumstances. Informal interviews were not adequately recorded. They failed to record whether the customer was aware the Fraud Officer was conducting the interview or that the customer was advised they did not have to answer questions regarding the allegation.

**2.61** We looked at a joint interview under caution with the Department's investigator where the council had failed to introduce material evidence into the interview. This had a direct bearing on the outcome of the investigation and eventually led to the inappropriate offer of an administrative penalty to the customer, which was accepted. The council told us that it would take urgent action to contact the customer to apologise and withdraw the penalty.

**2.62** We were concerned that an anonymous but identifiable referral source was disclosed to the suspect in one interview transcript we examined. In another, the interview was brought to a swift conclusion by the investigator because the tape had almost run out. The circumstances of this case and the course of the interview suggested the customer had more relevant information to disclose. It is important that customers are given the opportunity to provide a full explanation for their actions.

**2.63** Other weaknesses we identified included 3 interviews conducted in customers' homes without any recorded explanation as to why this was necessary and 2 interviews in which a partner or representative answered questions put to the customer about the allegation. There were delays in arranging interviews under caution in 2 cases we examined and in one case the interview under caution took place before sufficient evidence had been collected. The decision to interview suspects under caution was not subject to management intervention. **See recommendation 1.**

**2.64** The council maintained a separate fraud file for each referral. We found effective controls had been established for the storage and security of evidence, fraud files and interview tapes. Counter-fraud staff were located in the main benefits section and therefore lacked a discrete environment to work on files or discuss cases.

**2.65** We found entries in QB50 notebooks were not comprehensive and were not subject to any management check. It is important that detailed records of investigations are maintained to protect counter-fraud staff and the subjects of investigation, particularly when interviews are conducted away from the office. **See recommendation 1.**

### *The council fraud policy*

**2.66** Broadland District Council met 2 (E32 and E34) of the 5 enablers.

**2.67** Broadland District Council had developed an *Anti-fraud and Corruption Strategy* which was available on its website. This stated the council's commitment:

*to encourage prevention, promote detection and identify a clear pathway for investigation.*

**2.68** The *Fraud Team Business Plan 2006/07* failed to describe how the strategic aims of the council would be assisted by the operational activities of its counter-fraud staff. Nor did it explain how the progress, quality and outcome of investigations would be monitored. **See recommendation 5.**

**2.69** Although elected Members were provided with quarterly updates regarding performance against sanctions targets, we found measures taken to monitor the standard and quality of investigations work were inadequate. Without an adequate checking regime in place, the Benefits Manager lacked assurance regarding the activities and performance of counter-fraud staff. As a result elected Members and senior officers also lacked assurance that:

- quality investigations and sanctions were being progressed
- the council's counter-fraud strategy was working
- trained investigative resources were being deployed effectively.

**See recommendation 1.**

**2.70** In April 2007 the Fraud Officer had completed training and received authorisation to request information under Section 109B of the Social Security Administration Act 1992 as amended. Measures to monitor the use of these powers and establish clear divisions between the investigative and information gathering functions had still to be established at the time of our inspection in May 2007.

**2.71** We were told that the council's senior officers were considering using a centralised intelligence resource for information gathering, such as the National Anti-fraud Network. We were told no investigation had so far required contact with the Department's Operational Intelligence Unit for information to be requested from Her Majesty's Revenues and Customs.

**2.72** The council operated the Do-not Redirect scheme effectively by ensuring all Benefits post was despatched in designated envelopes. Very few referrals had been generated by returned mail.

**2.73** Although both the council and the Department's Fraud Investigation Service reported a positive and improving working relationship, we found no evidence of a joint approach to investigations. All referrals received by the council where the customer was found to be in receipt of Income Support or Jobseekers Allowance were raised as investigations but then passed to the Fraud Investigation Service for the Department to begin enquiries.

**2.74** We were told the council lacked the resources to participate in this type of investigation and had instead decided to concentrate on cases where only HB or CTB were in payment. This meant that opportunities for an organised approach to joint working, where the action taken to investigate allegations could be planned and shared, were missed.

**2.75** Where the Department's investigation uncovered fraud, the council's Fraud Officer was invited to attend a joint interview under caution arranged by the Department's investigators. We noted that the council recorded 3 joint prosecutions and 5 joint sanctions in 2006/07.

**2.76** Arrangements for liaison with other local fraud practitioners were effective and included quarterly meetings at the council's offices for all Norfolk councils and their Departmental counterparts.

## Sanctions

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

## Performance measures

**2.78** Figure 2.4 shows the council's reported Sanctions performance for 2006/07.

<b>Fig. 2.4: Performance measures – Sanctions</b>		
<b>Performance measure</b>	<b>Description</b>	<b>Performance 2006/07</b>
<b>PM 16</b>	Number of successful sanctions per 1,000 caseload	4.9

Source: Broadland District Council

**2.79** Broadland District Council reported 4 successful prosecutions, 24 formal cautions and 5 administrative penalties. However, this inspection identified serious weaknesses in the council's administration of sanctions.

## Enablers

### *A balanced sanctions policy*

**2.80** Broadland District Council met 2 (E36) and (E37) of the 3 enablers.

**2.81** The council had created a sanctions panel to decide which sanction should be applied when evidence of fraud was identified. Members had adopted a *Housing Benefit and Council Tax Benefit Fraud Revised Prosecution Policy* in March 2006 to provide:

*a framework to ensure a fair and consistent approach to the use of formal sanctions.*

**2.82** We found this policy failed to identify key roles and responsibilities including how evidential and public interest tests should be considered or applied. **See recommendation 4.**

**2.83** Our sample of 20 fraud files included 4 cases where a sanction had been administered. We found the audit trail to support the decisions of the council's sanctions panel was inadequate on these cases. We also found fundamental weaknesses in 3 (75%) of the 4 cases. These included:

- an administrative penalty issued when there was no evidence of fraud
- a formal caution offered but no reliable admission of guilt was obtained during the interview under caution
- a formal caution issued when the circumstances of the case indicated a prosecution was appropriate.

**2.84** Our concerns at these findings led us to examine a further 5 sanction cases also closed during 2006/07. Our additional sampling highlighted similar serious weaknesses. These included 3 cases where a formal caution was issued but no reliable admission of guilt was obtained during the interview under caution. Two of these cases also contained evidential weaknesses, which would have made prosecution unlikely had the formal caution been refused.





# 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.

**3.2** We limited the scope in this area to one Performance measure (PM 6) and 4 enablers (E3, E9, E10 and E16).

## Gathering information

**3.3** Broadland District Council did not meet this enabler.

**3.4** To ensure claims are dealt with promptly a council should request any additional information from the customer or third party within 7 days of receipt of the claim. In 2006/07 the council had not monitored performance against this measure.

**3.5** Our sample of 30 new claims showed that, on average, requests for further information and evidence were made within 8 days of receipt of the claim. In April 2007, the council changed its procedures for dealing with claims by checking the claim immediately on receipt, and requesting any outstanding evidence promptly. **See recommendation 10.**

**3.6** The certificate of earnings form instructed the employer to return the form directly to the council. It also advised that the form should be authenticated by an employer's stamp and signature.

**3.7** Benefits assessors, customer service staff and visiting officers had a good understanding of the procedures for issuing a certificate of earnings form, and what to look for to authenticate the information provided.

## Quality and reducing error

**3.8** 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. A council 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 measures

**3.9** Figure 3.1 shows the council's reported performance for accuracy for 2005/06 and 2006/07.

**Fig. 3.1: Performance measures – Quality and reducing error**

Performance measure	Description	2005/06 (%)	Score	2006/07 (%)	Score
PM 6	% of cases for which the calculation of the amount of benefit due is correct	97.4	Meeting minimum requirements	99.4	Excellent

Source: Broadland District Council

**3.10** We found that Broadland District Council's Checking Officer undertook quarterly Best Value statistical accuracy checks in accordance with Departmental guidance.

**3.11** In 2005/06 Broadland District Council was meeting minimum requirements for accuracy. To improve performance additional training was provided for staff and the appraisal process was reviewed to include individual accuracy performance. We consider these measures contributed to the council's improvement in this area in 2006/07.

### Performance enablers

#### Quality checks

**3.12** Broadland District Council met one (E10) of the 2 enablers.

**3.13** The council's Checking Officer undertook quality checks on 10% of decisions made by individual officers. This check covered all aspects of claims administration. In addition, a pre-notification check was carried out on all cases where the first payment was in excess of £750.

**3.14** During the period November 2005 to May 2006, the council increased the level of checking to 100% for each assessor on a rolling basis to provide an assessment of each individual's error rate. Although no fundamental errors were found the council told us that it would repeat this exercise in the near future to ensure performance levels were being maintained.

**3.15** We were concerned that the standard 10% check was normally carried out after the customer had been notified of the decision. To prevent overpayments or underpayments occurring, it is important that management checks are conducted before the customer is notified of the decision.

**See recommendation 9.**

**3.16** A database was used to record the checks and results were analysed. This information was used to monitor team and individual performance and to inform training and development needs. The results of all quality checks were fed back to individuals and their team leaders.

**3.17** Where common errors were found the Checking Officer issued minutes to provide guidance to all staff.

## *Overpayments*

**3.18** 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.

**2.89** We limited the scope in this area to one enabler (E16), which Broadland District Council did not meet.

**2.90** We examined the council's overpayment policies and records for the collection of administrative penalties. Although recovery was taking place in relevant cases, we found that recovery was not actively monitored.



# Resource management

4.1 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.

4.2 The council met 12 of the 16 relevant enablers for Resource management.

## *Managing the Benefits service*

4.3 Broadland District Council met all 3 enablers.

4.4 The *Best Value Performance Plan 2006/07 and Annual Report 2005/06* included a priority to introduce benefit visiting to support homeless clients in temporary accommodation to assist them in maintaining their tenancies and:

- provided a baseline of performance against local and national targets
- set targets against these measures for the next 3 years
- set out the council's priorities for improvement in 2006/07.

4.5 This plan was supported by the *Revenues Services Performance Management Service Improvement Plan 2007/08*, which detailed its service vision and documented its achievements in 2006/07.

It also set priorities for 2007/08, which included:

- *to continue to improve the speed of processing and payment of benefit claims, changes of circumstances and also improve levels of accuracy...*
- *to continue to reduce levels of fraud in the system by investigating all potential fraud and taking appropriate sanctions as defined within the fraud prosecution policy...*
- *to provide regular benefit and fraud training to all staff.*

4.6 In addition, the council had a number of targets relating to customer service, including:

- answering telephone calls within 9 seconds
- responding to written correspondence within 10 working days
- dealing with 100% of personal callers within 15 minutes.

4.7 Benefits performance information was recorded on a *Corporate Performance Information Database* and provided monthly to the Overview and Scrutiny Panel for review. A monthly *Benefit Status Report* was also circulated at the Cabinet briefing meeting.

**4.8** The council was focused on improving in all areas and proactively monitored performance to ensure it continued to achieve its targets. In addition the *Best Value Performance Plan 2006/07 and Annual Report 2005/06* detailed the council's commitment to year on year improvement.

**4.9** At an operational level, the *Revenues Monthly Quality Meeting* between the Head of Revenues, the Benefits Manager and team leaders ensured that day-to-day performance issues were raised and addressed quickly.

**4.10** We reported under *Security* that the council's *Counter-fraud Business Plan* was inadequate. It was therefore unable to provide assurance to elected Members on the quality of its investigation work.

**4.11** The council had a corporate *Business Continuity Plan*, which included the Benefits service as a high priority due to its legislative obligations. There were emergency plans to provide alternative accommodation for staff to work from in the event of an emergency or disaster. Staff were aware of these plans.

**4.12** The Benefits IT system was backed up daily by its service provider and back-up tapes were stored remotely to minimise any potential loss of work. Tests had been carried out to confirm that the system could be fully restored from the back-up tapes.

### *Monitoring performance*

**4.13** Broadland District Council met one (E54) of the 2 enablers.

**4.14** Senior officers told us they met monthly to discuss progress against corporate priorities and performance against the *Best Value Performance Plan 2006/07 and Annual Report 2005/06*. We were told that any failure to meet targets was taken seriously. Service managers were required to explain reasons for deterioration in performance to Members and senior officers and to advise what actions would be taken to address performance.

**4.15** The council provided timely data returns to the Department, reporting on Performance measures, management information and the Housing Benefits Matching Service.

**4.16** Management information was collected and analysed to monitor the throughput of new claims and changes of circumstances taking over 21 and 9 days respectively. Although these arrangements challenged poor performance we report under *Internal control mechanisms* that the council needed to increase its checking of Performance measure data to validate its accuracy prior to submission to the Department.

**4.17** Although Broadland District Council completed a self-assessment against Performance Standards, we had concerns regarding the reliability of its scoring. During our inspection we examined 42 enablers and found that the council met 19. The council's self-assessment reported that it met 39.

**4.18** We had a number of concerns regarding the council's new claims returns. In our sample of 30 new claims we found 6 cases where the council had refused the claim because the customer had failed to provide all relevant information within a calendar month from the date of first contact.

**4.19** If an incomplete claim was received Broadland District Council's staff took the following action:

- if the claim was looked at after one calendar month had expired it was determined as nil entitlement
- if the claim was looked at within one calendar month, further information was requested from the customer but the time allowed for the customer to respond was restricted to one calendar month from the date of first contact by the customer.

**4.20** In the second scenario the claim was determined as nil entitlement if the customer failed to complete the claim by the given date without the customer having had a full calendar month to provide the additional information.

**4.21** Determining a claim without giving the customer adequate time to respond distorts performance figures. Although the council advised the customer what was still outstanding and allowed the customer a further calendar month to request a review or appeal, this failed to meet legal requirements and represented poor customer service. We noted that in 3 of the 6 cases where an early nil determination was sent, the customer did not pursue their claim. **See recommendation 7.**

**4.22** The council told us that it had implemented this process following a visit to a *Beacon Council*, where it was considered good practice. We also found that a number of other councils in the area were following the same process. As a result we asked the Department to provide clear guidance on this area and a circular was issued in June 2007.

**4.23** We found that in 2 of the 3 cases in our sample where the customer pursued the claim, the council treated the request for review as a new claim. We also found that the date of claim had been incorrectly recorded in 2 of the new claims in our sample. These findings indicated that new claims statistics were overstated and raised further concerns regarding the accuracy of reported performance. **See recommendation 8.**

## *Providing for a skilled and competent workforce*

**4.24** Broadland District Council met neither of the enablers.

**4.25** The council had corporate policies and procedures covering recruitment, induction, training and appraisal.

**4.26** Pre-appointment checks were carried out by the Personnel Department, for all new staff. These included verifying the applicants' employment details for the previous 5 years and also taking up references from the most recent employer.

**4.27** Staff were not asked to complete a declaration of interest form on appointment, or annually, even if they had no interests to declare. Where a declaration of interest was made, this was not reviewed.

**4.28** While there was a clear corporate commitment to providing relevant training for all council staff, there was no structured training programme for Benefits staff. Training for new Benefits staff was adapted to meet their individual needs and previous experience levels. Our interviews established that some customer services staff providing benefits advice in the council's information centres or the Mobile Information Centre had not received training on benefits administration.

**4.29** The need for ongoing training for Benefits staff was identified as part of the appraisal process. Information regarding training requests and completed training events was retained by the Benefits Manager. In addition, Benefits staff received information from Departmental circulars through bi-monthly team meetings and a council publication called the *Benefit Bugle*. Neither minutes of these meetings nor copies of the *Benefit Bugle* were circulated to staff who worked in the council's information centres or the Mobile Information Centre.

**4.30** In addition, these 2 groups of staff had not been included in the verification and refresher training that was delivered to other Benefits staff in February 2007. Although plans were in place to do this, no dates had been agreed at the time of our inspection in May 2007. The lack of an inclusive training programme meant that the council had no assurance that claims were dealt with appropriately. This was a weakness and a risk to the safe administration of the Benefits service. **See recommendation 6.**

## *Value for money*

**4.31** Although there is no definitive costing structure for benefits administration, local authorities should have regard to Departmental guidance which does cover efficiency.

## Performance enablers

### *Achieving value for money*

**4.32** Broadland District Council met both enablers.

**4.33** The council undertook an annual review of the costs of providing the Benefits service. It benchmarked its costs against those of similar councils in the area who were part of the Anglian Revenues Partnership. The council also undertook annual customer surveys to review its costs against the levels of customer satisfaction with the service provided.

**4.34** The council regularly considered joint working with other councils in the area. The majority of its more recent joint working was through sharing access to and the costs of training provision with other councils. The council had also participated in a joint bid for Performance Standards funding in 2005 to review letters produced by the Benefits IT system. It had also taken an innovative approach to tackling a backlog situation in 2005. The Benefits service negotiated with other nearby councils and secured the temporary loan of 2 experienced assessment staff to help clear the backlog. This option was more cost effective than employing agency staff.

### *IT systems*

**4.35** Broadland District Council met both enablers.

**4.36** We found the council's Benefits IT systems supported all aspects of paying and accounting for benefits, interfaced effectively with other relevant council IT systems, and produced a wide range of management information reports.

**4.37** The council had introduced the full suite of applications from its IT provider enabling effective integration between council tax, fraud, debt recovery and quality assurance systems. Internal Audit had confirmed that its Benefits IT systems provided comprehensive control over benefits and counter-fraud administration.

**4.38** The IT Support Officer had responsibility for escalating any issues relating to its Benefits IT system with its IT provider. An escalation process was in place, but this had not been required.

## Assurance

**4.39** 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 benefits system is secure.

## Performance enablers

### *Internal control mechanisms*

**4.40** Broadland District Council met one (E62) of the 3 enablers.

**4.41** The council had effective corporate procedures in place to secure its IT systems. New users were confirmed to the council's IT network by the Personnel Department before being given access to its Benefits IT systems. This process meant that users were automatically deleted from the network and Benefits IT systems when their employment with the council ended.

**4.42** An IT Support Officer provided access to the Benefits IT systems following authorisation from a nominated officer. We were concerned the council did not have a standard authorisation procedure and that requests were made by e-mail. Although we were told e-mails had not been deleted a lack of formal control meant that Broadland District Council had little assurance that access to its Benefits IT systems was adequately controlled.

**4.43** Following our feedback the council immediately introduced formal procedures for authorising access to its Benefits IT systems to ensure that an effective audit trail of requests was maintained.

**4.44** We were told staff were automatically suspended from the system following a period of 30 days of user inactivity. In addition an annual review of user access was carried out as part of the end of year account. This is good practice.

**4.45** All systems were password controlled and staff were aware of the protocols required to maintain system security, for example, changing the password every 90 days and not using an easily identifiable password.

**4.46** New releases for its Benefits IT system were virus checked and tested on its test system, before being loaded onto the live system. User-testing ensured that existing procedures were not affected by new releases.

**4.47** Post opening operated under secure conditions and we observed that staff adhered to the council's procedures for secure control of all documents.

**4.48** The council carried out a check on some performance measure data before submission to the Department. We found this was limited to new claims and changes of circumstances that had taken in excess of 21 days and 9 days respectively.

**4.49** To ensure the integrity of reported performance, authorities are expected to complete a random check of all cases decided to validate that data provided by the Benefits IT system is accurate. Any irregularities should be noted and performance figures adjusted accordingly before submission to the Department. **See recommendation 8.**

### *Secure administration*

**4.50** Broadland District Council met both enablers.

**4.51** Internal audit work was outsourced to an external provider and the council's auditors had responsibility for overall management of the work. A comprehensive audit of the Benefits Service was conducted annually. The areas to be audited each year were based on risk assessments using the Chartered Institute of Public Finance and Accountancy control matrices. The audit report covered a range of benefits work including checking work practices for compliance with documented procedural guidance and legislative requirements.

**4.52** To supplement the annual audit report, additional audits were carried out during the year. The areas to be audited were based on a risk assessment process. For example in July 2005 the Benefits IT system was audited to ensure it was both secure and effective.

**4.53** Oversight of the work of Internal Audit was undertaken in a number of ways. Internal Audit reported on a six monthly basis to the Overview and Scrutiny Committee. This involved a Management Summary of the annual audit report in May, with a progress report on the implementation of recommendations in November. The Benefits Manager also provided a quarterly report on Benefits administration to the Cabinet, which included progress on audit recommendations.

**4.54** As part of their annual audits both Internal and External Audit checked to ensure that relevant action on recommendations had been taken. If not, recommendations were carried forward to the next audit. An escalation procedure, through elected Members and the Chief Executive was in place for any recommendations not implemented within the agreed timescales. This had not been used in recent years as recommendations were implemented within required timescales.



