

# Argyll and Bute Council

Audit of housing benefit

Risk assessment report



Prepared for Argyll and Bute Council  
July 2014

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# Introduction

1. This risk assessment was completed as part of Audit Scotland's housing benefit (HB) risk assessment programme. It does not represent a full audit of Argyll and Bute Council's benefit service.
2. The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The key objective of the risk assessment is to determine the extent to which the benefit service is meeting its obligations to achieve continuous improvement in all its activities.
3. Specifically, the risk assessment considers the effectiveness of the benefit service in meeting national and local priorities, business planning and reporting, and delivering outcomes.
4. Information for this risk assessment was gathered from a range of sources including:
  - the self-assessment, supporting evidence, and updated action plan provided by the council
  - Department for Work and Pensions (DWP) indicators and other performance measures
  - scrutiny of internal and external audit reports
  - discussions with the appointed external auditor
  - discussions with senior officers in the council during our site visit in May 2014.

## Executive summary

5. A risk assessment was previously carried out on Argyll and Bute Council's benefit service in July 2011 when Audit Scotland identified 17 risks to continuous improvement. These were reported to the Chief Executive in July 2011 and, in response, the council submitted an action plan in August 2011 to address these risks which Audit Scotland accepted as satisfactory, if fully implemented.
6. In April 2014, the council submitted a current self-assessment along with supporting evidence, and an updated action plan. Of the 17 risks identified, the council has made significant progress:
  - 13 actions fully completed
  - 2 actions on-going
  - 2 actions outstanding.

Appendix B covers this in detail.

7. In completing or partially completing 15 of these risks, the council has made a positive contribution to the delivery of the benefit service. In particular, by:

- developing clear links between the council's key strategic documents to show how the benefit service contributes to the council's wider corporate, national, and community objectives
  - ensuring that performance in respect of the recovery of all debt is accurately reported
  - carrying out detailed analysis of appeals and requests for reconsideration to help identify areas for improvement to the delivery of the service
  - addressing performance in respect of the number of claims that have been outstanding for more than 50 days from 16% in 2010/11, to 4% at April 2014.
8. Although the council demonstrates awareness of what constitutes an effective, efficient and secure benefits service, there are two risks outstanding and two risks where action is ongoing from our previous risk assessment and, in order to ensure continuous improvement, the council needs to address these and the new risks identified. The new risks include:
- updating key council documents to ensure that they reflect current policy and procedures. These include the Service Level Agreement (SLA) 2012/13 between the Revenues and Benefits service and the Customer Service Centre (CSC) and the HB Overpayment Recovery / Debt Collection policy 2010/11
  - ensuring that, in appropriate cases, the level of evidence requested by CSC staff at the first point of contact is sufficient to enable the Revenues and Benefits service to process claims without the need to request further information
  - addressing the reasons why the council has failed to meet its financial accuracy target of 95% since 2010/11
  - linking intervention outcomes to the value of overpayment/underpayment identified to determine the effectiveness of its approach, and to help inform future intervention strategies
  - addressing the reasons for the declining trend in the percentage of sanctions arising from completed investigations.

## National and local priorities

9. The UK Government's welfare reform agenda aims to make work pay and simplify the benefits system by bringing together a range of working-age benefits, including HB, into a single streamlined payment of universal credit (UC) administered by DWP. This is the biggest change to the welfare system for over 60 years and has a significant impact on local authorities and the services they provide.
10. The council has been very proactive in its approach to the changes arising from the Welfare Reform agenda. In June 2012 a Welfare Reform Working Group (WRWG) was established to address the impact of the proposed changes. This is a multi-agency group with representatives from a number of council departments including the Revenues and

Benefits service, Housing, Social Work, Community Learning, Finance and IT, and external agencies such as the Citizens Advice Bureau, the DWP, National Health Service and the council's main Registered Social Landlords.

11. The purpose of the group, as set out in its terms of reference, *is to act as the direction and oversight body for the development and delivery of an effective Council wide response to the measures brought in by the UK and Scottish Governments in relation to Welfare Reform.*
12. There are regular meetings of the WRWG and the group has been instrumental in the development of the council's Discretionary Housing Payment (DHP), Financial Inclusion and Debt Recovery policies, which were approved by members in March 2013. Looking forward a sub-group of the WRWG was created to look specifically at financial and digital inclusion and throughout 2013/14 the WRWG has provided regular updates to Strategic Management Team (SMT) on progress in respect of the council's delivery of DHP and Scottish Welfare Fund (SWF) services.
13. The council told us that it has forged excellent relationships with the DWP in respect of Welfare Reform and actively seeks opportunities to raise its profile. At the time of the site visit, we were told that the council was in communication with the DWP to become a pilot site for the delivery of a 'triage' service which provides support, training, work preparation and job opportunities to help people in receipt of benefits back to work.
14. Although the council has experienced increased workloads and demand on its front and back office services which have had a detrimental effect on claims administration, it is clear that it has taken the necessary steps to ensure that it is well prepared to meet the challenges and impact of the welfare reform agenda. By working in partnership with its key stakeholders, establishing a clear reporting framework and having regular meetings, issues identified are raised, documented and reported to the relevant working groups and senior management.

## Business planning and reporting

15. An effective business plan provides an opportunity for the council to set out the aims and objectives for each service and should contain key deliverables against which performance can be measured, monitored and reported.
16. The Revenues and Benefits Service is part of the council's Customer and Support Services, which provides a range of services to internal and external customers. These include:
  - front line contact facilities at a number of service points throughout the council area

- the administration of HB, DHP, the Council Tax Reduction Scheme (CTRS), and the SWF.
17. The Customer and Support Service's Service Plan 2014/15 is comprehensive, provides an overview of the service, and details the significant challenges it faces. These include managing the transition to UC, the transfer of fraud officers to the DWP's Single Fraud Investigation Service, and improving claim processing times.
  18. It also contains the service's Operational Risk Register, Development Plan, Improvement Plan, and key targets for the benefit service. These targets, which link to an overall service outcome that 'benefit is paid promptly while minimising fraud' are the:
    - average time taken to process new claims
    - average time to process change events
    - financial accuracy of benefit payments
    - number of sanctions administered.
  19. The council has a clear and structured performance management framework and makes good use of an online performance reporting system which is regularly updated with 21 key benefit performance indicators covering all aspects of the service. Of these, performance in respect of the four key targets detailed in the Customer and Support Service's Service Plan 2014/15 are routinely reported to the Chief Executive, the Head of Service, and the Executive Director.
  20. Operationally, there are regular meetings with staff and senior management to discuss performance. These include:
    - monthly meetings between the Chief Executive and the Executive Director
    - monthly meetings between the Executive Director and the Head of Service
    - monthly meetings of the Financial Services Management Team (FSMT)
    - monthly meetings between the Revenues and Benefits Manager and the Benefit Performance and Development Manager
    - monthly meetings between the Benefit Performance and Development Manager and team leaders
    - weekly meetings between team leaders and benefit staff.
  21. In addition, each month benefit assistants are provided with a detailed breakdown of their individual performance to ensure that each member of staff fully understands how their performance impacts the overall performance of their team, and the service as a whole.

### Risks to continuous improvement

1	Although the council has a comprehensive performance reporting framework, there is limited reporting to senior management in respect of overpayment recovery and appeals and requests for reconsideration performance. This is particularly important
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Risks to continuous improvement	
	in respect of appeals as this work is outsourced and performance is below expectations.
2	The HB Overpayment Recovery/Debt Collection policy 2011 needs to be updated to reflect the council's current approach to the recovery of benefit debt, and to ensure that customers are being treated in a fair and equitable manner.
3	The council needs to update the SLA 2012/13 between the Revenues and Benefits service and the CSC to reflect current working practices, review and update targets as appropriate, and re-introduce the formal meetings of the Operational Working Group and the Benefit Review Group to comply with the SLA governance arrangements.

22. Audit Scotland identified one risk to continuous improvement during the previous risk assessment in that there were no clear links in two of the council's key strategic documents, the Corporate Plan and the Single Outcome Agreement (SOA), to show how the benefit service contributed to the council's wider corporate, national, and community objectives.
23. We consider that this risk has been addressed as the SOA, which has superseded the Corporate Plan as the key strategic document for the council, includes references to the work of the benefit service. Under the heading of 'Working with partners to mitigate against the effects of poverty across Argyll and Bute', there are three short term outcomes:
- ensuring maximum impact from the SWF by ensuring maximum assistance is provided to customers
  - ensuring maximum uptake of available income and benefits
  - minimising adverse impacts from welfare reforms.

## Delivering outcomes

24. Effective operational processes and IT systems, along with skilled staff help benefit services deliver sound performance and continuous improvement. The council has a number of management arrangements in place to support this.

### Speed of processing

25. When customers claim benefit, it is a time of financial uncertainty for them and, as such, it is essential that the service has sufficient fully trained and effective benefit processors in place who can make informed decisions on complex benefit claims and pay benefit promptly.
26. Since 2012/13, the council has experienced a significant impact on its claims processing times as a result of a number of pressures placed on the benefit service. In 2011/12, the



benefit service received approximately 18,000 ATLAS notifications which were being processed manually. In 2012/13, the number of ATLAS notifications increased to approximately 37,000 which the benefit service continued to process manually until December 2012, when a software solution was implemented allowing approximately 70% of these notifications to be automatically processed by February 2013.

27. To help manage the increased workloads and backlog that had accrued during this period, in June 2012 the council outsourced the processing of ad-hoc change events to an external provider.
28. In addition, in 2012/13 the Revenues and Benefits service took on responsibility for establishing and implementing the council's SWF and CTRS by April 2013. In order to prepare for this, the Benefit Performance and Development Manager, who manages the day to day running of the benefit service, was taken offline from December 2012, and in March 2013, the benefit service lost four experienced benefit assistants who formed the staffing complement of the SWF team.
29. To reduce the impact on the benefit service from the loss of these staff, we were told that the Fraud Manager covered the duties of the Benefit Performance and Development Manager from February 2013 by utilising overtime, and that in April 2013, two staff from the CSC were appointed as benefit assistants as part of the council's redeployment scheme. However, these staff were inexperienced and therefore required considerable training. In July 2013, the Revenues and Benefits service recruited two staff to the SWF team which allowed two experienced benefit assistants to return to benefit processing duties.
30. However, it is clear that the benefit service was under-resourced for the period December 2012 until the two benefit assistants returned from the SWF team in July 2013 and this, coupled with the additional workloads arising from the increase in ATLAS notifications, contributed to the decline in new claims processing performance.
31. The council took steps to address this level of performance and, as a result of concerns raised by the Chief Executive, Executive Director and Head of Service, the Revenues and Benefits Manager produced a report in June 2013 detailing the reasons for the decline in new claims processing performance, and setting out a plan for recovery.
32. In addition, since 2011/12, the benefit service has utilised a performance management tool that helps the service to identify and analyse 'Waste' in the claims process that affects performance. This exercise is carried out every two months and the 'Waste' report produced in February 2014 by the Benefit Performance and Development Manager detailed the results of the analysis of 15 claims that had been reviewed. This analysis highlighted the following three key areas of concern:
  - the time taken to allocate a claim from the front office to the back office for processing
  - the lack of evidence checklists being provided to customers who had not provided sufficient information in support of their claim. In 10 of the 11 claims reviewed where further information was required, an evidence checklist had not been issued to the customer by CSC staff

- the over verification of claim information by benefit assistants.
33. In order to address these issues, the Benefit Performance and Development Manager set out the remedial action required to deliver improvements in claims processing times. These actions, which included changes to workload allocation and additional staff training, in conjunction with the gradual return to normal benefit processing resource levels, have helped improve claims processing times.
34. Exhibit 1 illustrates the council's current and previous performance

<b>Exhibit 1: Speed of processing performance (average number of days)</b>					
	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15 (April)</b>
<b>New claims</b>	22 days	24 days	30 days	32 days	20 days
<b>Change of circumstances</b>	11 days	10 days	11 days	8 days	6 days

Source: Argyll and Bute Council

35. In 2013/14, when compared to the DWP's most recently published national figures for quarter three 2013/14 of an average of 25 days for new claims and an average of 13 days for change events, the council's performance in respect of new claims placed it in the bottom quartile of all 32 Scottish councils. However, it should be recognised that performance in respect of the time taken to process change events places the council in the top quartile of all 32 Scottish councils.
36. Although the overall trend from 2010/11 to 2013/14 shows a continued decline in new claims performance, the direction of travel for 2013/14 as detailed in *Appendix A* shows a clear improvement in performance on a month-to-month basis. For example, in April 2013, the council processed new claims in an average of 47 days; however, as benefit service staffing levels increased and new staff became more competent, new claims processing performance has improved significantly to an average of 20 days in April 2014. This level of improvement is commendable.

<b>Risk to continuous improvement</b>	
4	The level of evidence being requested by CSC staff at point of contact is insufficient to enable the benefit service to process claims without requesting further information which is causing delays, and is having a detrimental effect on claim processing times.

37. Audit Scotland identified one risk to continuous improvement during the previous risk assessment in that the percentage of new claims outstanding for more than 50 days had increased from 9% in 2009/10, to 16% in 2010/11.

38. We consider this risk to have been addressed as the council is currently reporting its over 50 days performance at 4% for April 2014, which is well below its local target of 10%.

## Accuracy

39. The accurate and secure administration of HB should be a key priority for every council, and to support this it should have a robust quality assurance framework in place.
40. The benefit service has a dedicated Quality Assurance (QA) officer and a clear management checking process is in place which consists of a daily check of a minimum of 4% of claims processed. Although the majority of management checks are post payment, pre-payment checks are carried out on the work of new staff, and staff who are subject to additional checking. New staff are also subject to a 100% check of their work, which is reduced incrementally as competence levels increase.
41. The outcomes of management checks are recorded on a comprehensive spreadsheet and analysed to identify trends and patterns of error which is used to help inform training requirements. Where recurring errors have been identified and remedial training carried out, we were told that the QA officer would carry out a 1% targeted check to test if the remedial training had been effective.
42. The information on the QA spreadsheet is also used to derive the benefit service's financial accuracy rate which is reported monthly to senior management.
43. Exhibit 2 illustrates the council's current and previous performance.

**Exhibit 2: Accuracy performance**

	Target	Achieved
2010/11	95%	93%
2011/12	95%	94%
2012/13	95%	92%
2013/14	95%	90%

Source: Argyll and Bute Council

44. Audit Scotland identified three risks to continuous improvement during the previous risk assessment in that:
- the council needed to address the reasons why it had not met its financial accuracy rate of 95% in 2010/11
  - there was no target to reduce the level of non-financial errors
  - there was only limited analysis of checks carried out in respect of appeals, reconsiderations, and overpayments and therefore the council did not have sufficient good quality information to help identify trends and patterns of error across the service as a whole.

45. We consider that one of the risks has been addressed as the council introduced a target for non-financial errors following our previous visit, and performance against this target is recorded on the QA spreadsheet.
46. However, although the council does carry out some analysis of appeals, reconsiderations and overpayments data, it is not to the level that would facilitate a holistic view of error across the service, and therefore we consider that this risk is ongoing. The remaining risk is outstanding as the council has not met its financial accuracy target since 2010/11.

Risks to continuous improvement	
5	The council needs to address the reasons why it has failed to meet its financial accuracy target of 95% since 2010/11.
6	The council needs to address the reasons why it has met its non-financial accuracy target of 70% in only five of the last 33 months.

## Interventions

47. To minimise error in the caseload, councils must encourage customers to report changes of circumstances on time and have a robust intervention programme to identify changes and take appropriate corrective action.
48. In February 2012, as part of the council's rolling three year service review, the benefit service was restructured which resulted in the removal of the visiting team and the legislative team that dealt with appeals and requests for reconsideration. In April 2012, the visiting officers were subsequently redeployed within the Revenues and Benefits service as benefit assistants, to help increase processing capacity.
49. Consequently, the council uses postal and telephone interventions as its primary means of identifying unreported change events. However, it also makes good use of the benefit IT system diary facility to highlight claims where future changes are expected, or known. For example, an increase in earnings, or a significant birthday that would affect the customer's benefit entitlement.
50. The outcomes from the council's interventions activity are recorded on a spreadsheet and analysed to establish any trends and patterns that could help inform future work or improvements to benefit processes. We were also told that outcomes are summarised and reported quarterly to the Revenues and Benefits Manager and the Benefit Performance and Development Manager.
51. When we analysed the results of the council's interventions, we found a high number of cases resulted in a change to the customer's benefit as detailed in exhibit 3 below.

**Exhibit 3: Intervention outcomes**

	<b>No. of interventions</b>	<b>No. of changes identified</b>	<b>No. resulting in a benefit decrease</b>	<b>No. resulting in a benefit increase</b>
<b>2010/11</b>	5066	3157 (62%)	670 (21%)	2487 (79%)
<b>2011/12</b>	4742	2997 (63%)	699 (23%)	2298 (77%)
<b>2012/13</b>	3026	1959 (65%)	539 (28%)	1420 (72%)
<b>2013/14</b>	1678	1116 (67%)	427 (38%)	689 (62%)

Source: Argyll and Bute Council

52. The high percentage of cases resulting in a change to the customer's benefit is testament to the targeted approach that the council has been undertaking. However, we consider that the council should carry out further analysis of these outcomes in order to fully understand why a significant percentage of these cases result in an increase in the amount of benefit the customer receives.
53. In March 2014, the council developed an HB Intervention Strategy which sets out its approach for 2014/15, and contains a detailed plan setting out the type of intervention to be carried out, the type of claim to be targeted, and the date the activity should be completed. For example, the council plans to carry out a postal review of all claims where the customer is in receipt of a private pension, by 31 May 2014.
54. Audit Scotland identified two risks to continuous improvement during the previous risk assessment in that the interventions target for 2011/12 did not represent a commitment to continuous improvement compared to performance in 2010/11, and the council was not making best use of the information from its interventions outcomes to determine the effectiveness of its approach.
55. Since our last visit, the DWP ceased the requirement for councils to report against the 'Right Benefit' performance indicator and therefore we consider that the risk in respect of setting an interventions target is no longer relevant. However, we consider that the remaining risk is ongoing.

**Risk to continuous improvement**

7	In order to ensure that resources are being used to best effect, and to help inform future intervention strategies, the council should link its intervention outcomes to the value of overpayments/underpayments identified.
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## Overpayments

56. To protect public funds, councils should take appropriate steps to ensure that overpayments are minimised and that when they do occur they are correctly classified and rigorously recovered.
57. The Overpayment Recovery/Debt Collection policy 2011 details the council's approach to the recovery of benefit overpayments. The main aims of the policy are to:
- ensure that all staff involved in the recovery of overpayments operate in a fair and consistent manner
  - set out a clear debt recovery strategy
  - demonstrate the council's commitment to the delivery of a quality service to its customers
  - minimise losses to the council and the DWP from overpayments.
58. The council has a dedicated overpayment recovery officer and makes good use of all available options to pursue and recover outstanding debt. These include recovering overpayments from ongoing benefit when the customer has continued entitlement, raising an invoice when the customer is no longer in receipt of benefit, and working in partnership with the DWP's debt management unit to recover from DWP benefits, where appropriate.
59. The council has also entered into a contract with an external provider, which is due to commence in June 2014, to pursue debt that is difficult to recover, and told us that it is one of the first councils in Scotland to use Direct Earnings Arrestment (DEA) as a means of recovering benefit overpayments.
60. Although the council has yet to serve an employer with a DEA order, it has amended its overpayments letters to make reference to this option, and told us that this has had a positive effect on the repayment of overpayments. This is an innovative approach by the council which is commendable.
61. As part of the duties of the overpayment recovery officer, overpayment reasons are recorded electronically and analysed to help inform the benefit service's training and QA processes. At the time of the site visit, information on trends and patterns identified was being provided on an ad-hoc basis to the Benefit Performance and Development Manager, and to team leaders. However, going forward we were told that the production and reporting of this information would be more regular and formalised.
62. The council has targets in place for in-year and all debt recovery performance and has performed exceptionally well in this area as illustrated in Exhibit 4.

**Exhibit 4: Overpayment levels and recovery performance**

	2010/11	2011/12	2012/13	2013/14
<b>Total overpayments</b>	£1,611,613	£1,697,980	£1,503,390	£1,689,812
<b>Total overpayments</b>	£725,943	£806,013	£715,650	£860,518

**Exhibit 4: Overpayment levels and recovery performance**

raised in-year				
<b>HB debt recovered</b>	£600,136	£679,262	£612,299	£709,923
<b>% recovered of in-year debt</b>	83%	84%	86%	82%
<b>% recovered of total HB debt</b>	37%	40%	41%	42%

Source: Argyll and Bute Council

63. To act as a deterrent to others considering benefit fraud, the council prioritises the recovery of fraudulent overpayments and administrative penalties. Where appropriate the higher rate of recovery for fraudulent overpayments is applied.
64. Audit Scotland identified two risks to continuous improvement during the previous risk assessment in that the council was unable to carry out detailed analysis of its overpayments data due to the limitations of the benefit IT system, and that performance in respect of the recovery of all debt had been overstated due to a an error in the calculation methodology.
65. We consider that both of these risks have been addressed as we are satisfied that the correct calculation method is being used to report overpayment recovery performance, and the council carries out detailed analysis of its overpayments data to help inform the service's training requirements, and to identify areas for improvement to processes and procedures.

## Appeals and Reconsiderations

66. Customers who disagree with the council's decision on the manner in which their benefit application is processed have a right to request the claim to be reconsidered, and to appeal against the decision.
67. As reported under *Interventions*, in February 2012, as part of the council's rolling three year service review, the benefit service was restructured which resulted in the removal of the visiting team, and the legislative team that dealt with appeals and requests for reconsideration. Although staff were subsequently redeployed, as a consequence, the council took the decision to outsource its appeals work, and entered into a contract with an external provider to provide an appeals service, and an ad-hoc benefit processing facility from March 2012.
68. The council told us that requests for reconsideration are dealt with by the same benefit assistant that carried out the original assessment. If the customer's request is upheld, the benefit assistant would make the necessary amendments to the claim and re-issue a revised letter of entitlement. However, if the benefit assistant overturns the request, to ensure that the correct decision has been reached, the case is referred to a team leader for approval.



- 69. The outcomes from requests for reconsideration are recorded on a spreadsheet which provides an audit trail of decisions made, and is used to determine if the target to action requests for reconsideration within one month has been met.
- 70. When Audit Scotland analysed this spreadsheet for the period April 2013 to February 2014 we found that, of the 267 requests for reconsideration that were received by the council, 168 (67%) were revised in favour of the customer.
- 71. Although this is exceptionally high, and could be indicative of processing errors, further scrutiny of 91 requests for reconsideration received between April 2013 and September 2013 that were found in favour of the customer showed that 67 (74%) were as a result of the customer advising the council of additional information that had either not been known, not been requested, or had not been received at the time claim had been processed. The information recorded in respect of the remaining 24 (26%) claims indicated that the revision was as a result of an error on the part of the council, or the reason recorded was unclear.
- 72. Exhibit 5 illustrates the council's current and previous performance.

**Exhibit 5: Performance in dealing with appeals and requests for reconsideration**

	<b>% of requests for reconsideration actioned and notified within four weeks (Target 90%)</b>	<b>% of appeals submitted to the Tribunals Service within four weeks (Target 50%)</b>	<b>% of appeals submitted to the Tribunals Service within three months (Target 100%)</b>
2011/12	67%	0%	16%
2012/13	55%	10%	55%
2013/14	56%	0%	70%

Source: Argyll and Bute Council

- 73. Audit Scotland identified three risks to continuous improvement during the previous risk assessment in that it had not met any of its internal targets for submitting appeals to the Tribunals Service or for dealing with requests for reconsideration, there was limited analysis of appeals and reconsiderations data, and the council had been unsuccessful in the seven recent appeals submitted to the Tribunals Service.
- 74. We consider that two of these risks have been addressed as the information spreadsheet used to capture reconsideration outcomes is being analysed and the results used to inform the benefit service's training requirements, and in 2012/13 and 2013/14 the council has met its internal target that 70% of appeals submitted to the Tribunals Service are found in favour of the council.
- 75. However, as the council is not meeting its internal targets for submitting appeals to the Tribunals Service within four weeks or three months, or for dealing with requests for reconsideration within four weeks of receipt, this risk remains outstanding.



### Risks to continuous improvement

8	Since 2010/11, the council has not met any of its internal targets for dealing with requests for reconsideration or for submitting appeals to the Tribunals Service.
9	Requests for reconsideration are carried out by the same benefit assistant that carried out the original assessment and therefore there is limited assurance that when a decision is revised in favour of the customer, that errors made are being recorded properly, or that appropriate remedial action is being taken.
10	The council needs to carry out detailed analysis of its request for reconsideration data to establish the reasons why customers are not providing the requested information, or where a processing error has been identified to ensure that it is properly recorded as part of the council's QA process.

## Counter-fraud

76. The prevention, detection and investigation of fraudulent claims are important aspects of a secure and effective benefit service. Counter-fraud activities help to protect public funds by ensuring that fraudulent claims are identified and sanctions are applied where appropriate.
77. The council's Anti-fraud strategy sets out the context within which the team operates and details the council's approach to ensuring that the opportunity for fraud and corruption is reduced to the lowest possible risk. The Anti-fraud strategy also includes the council's:
- Fraud Response plan
  - Public Interest Disclosure policy
  - Prosecution and Sanction policy
  - Benefit Fraud strategy.
78. The council has a dedicated counter-fraud team which consists of a fraud manager and two fraud officers. The fraud manager and a fraud officer are trained to Professionalism in Security (PINS) standard, a recognised counter-fraud qualification, while the remaining fraud officer was in the process of completing this training at the time of the site visit.
79. The fraud manager is responsible for sorting, sifting, and allocating fraud referrals to investigators, and all cases are logged onto the fraud module of the benefits IT system. To monitor and manage the caseload, the fraud manager utilises a spreadsheet which records comprehensive information about each investigation and includes key dates against which performance against targets are measured. This includes the time taken to:
- sift a referral
  - allocate a referral to an investigator
  - commence an investigation.

- 80. To ensure that investigations are being carried out properly, the council told us that the fraud manager carries out a management check of each investigation approximately 13 weeks and 26 weeks after commencement, and a further 10% check is carried out on investigations that have been completed.
- 81. It is testament to the quality of information being referred that the fraud manager accepts a high percentage of referrals for investigation as this allows for the council's limited fraud resources to work on cases that are more likely to result in a positive outcome. However, the percentage of cases resulting in a successful sanction has been in decline since 2011/12, as detailed in exhibit 6 below.

<b>Exhibit 6: Fraud referral outcomes</b>			
	<b>No. of fraud referrals received</b>	<b>No. of fraud referrals accepted for investigation</b>	<b>Number of investigations resulting in a sanction</b>
2011/12	242	195 (81%)	67 (34%)
2012/13	248	171 (69%)	45 (26%)
2013/14	294	219 (74%)	49 (22%)

Source: Argyll and Bute Council

- 82. The council told us that the counter-fraud team has an excellent working relationship with the DWP's Fraud Investigation Service (FIS) and has participated in a number of successful joint fraud operations with DWP FIS, Police Scotland, the Driver and Vehicle Licencing Agency, and other key agencies.
- 83. The performance of the counter-fraud team in respect of the number of sanctions achieved is reported as part of the monthly highlight report provided by the Revenues and Benefits Manager to the FSMT, and quarterly to senior management and members through the council's performance reporting system. In addition, a summary of the team's performance is publicised annually on the council's website.
- 84. Despite the decline in the percentage of sanctions arising from investigations, the council continues to perform well in the number of sanctions administered, and has exceeded or met its annual target each year since 2010/11, which is commendable. Of particular note, is the increase in the number of cases referred to the Procurator Fiscal (PF) for prosecution which has increased from two in 2010/11, to four in 2013/14.
- 85. However, set against an annual target of one referral to the PF we consider that the council should review this target to demonstrate a commitment to continuously improving in this area of its work.

86. Exhibit 7 illustrates the council's current and previous performance.

<b>Exhibit 7: Benefit fraud sanctions performance</b>				
	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
<b>Administrative Cautions</b>	56	58	20	16
<b>Administrative Penalties</b>	9	9	20	29
<b>Referred for prosecution</b>	2	0	5	4
<b>Total</b>	67	67	45	49

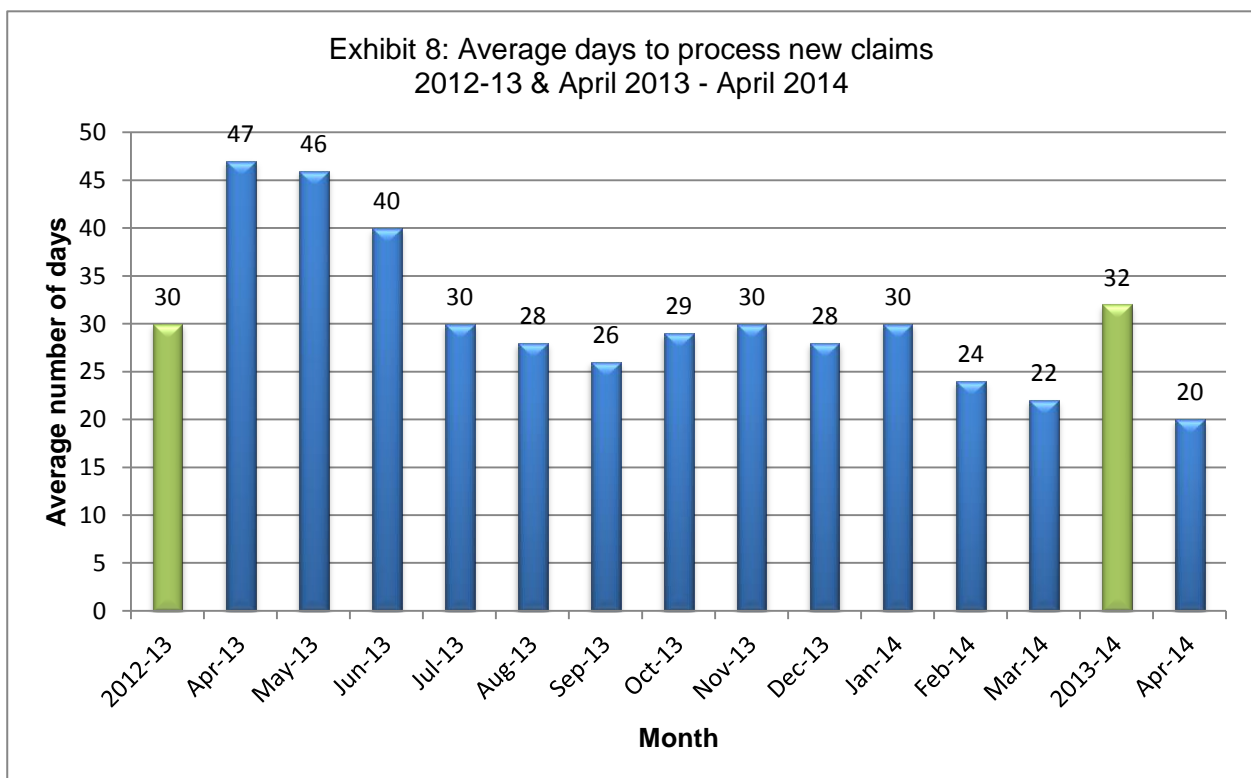
Source: Argyll and Bute Council

87. In December 2012, Internal Audit carried out a review of the counter-fraud team to determine compliance against the DWP's Good Practice Guide in respect of fraud activities. This review found that best practice was in place and noted that the team was operating well. Consequently there were no recommendations for improvement. This provides senior management and members with an assurance that the fraud function is operating efficiently and effectively.
88. Audit Scotland identified one risk to continuous improvement during the previous risk assessment in that the proposed retirement of the counter-fraud manager in December 2011 might have a detrimental effect on the counter-fraud team's ability to meet its annual sanctions target. However, as the council has met or exceeded its annual sanctions target since 2010/11, we consider that this risk has been addressed.

<b>Risk to continuous improvement</b>	
11	The council needs to address the reasons for the declining trend in the percentage of successful sanctions arising from investigations.

# Appendix A

- 90. Exhibit 8 below details the council's speed of processing performance in respect of new claims for 2012/13, and for the period April 2013 until April 2014. This illustrates the sharp decline in performance at the time the SWF and CTRS were implemented in April 2013, and the significant improvement in June, July, August and September 2013 as two benefit assistants returned from the SWF team, and the two benefit assistants appointed through the council's redeployment scheme became more effective. Although processing times declined slightly in November 2013 and January 2014, the council told us that this was a result of annual leave in October, and the closure of the benefit service during the Christmas period.
- 91. It is clear that the council has made significant improvements in the time taken to process new claims which is illustrated by comparing the time taken to process new claims in April 2013 at an average of 47 days, to the corresponding month in 2014, when the time taken to process new claims had improved considerably to an average of 20 days.



# Appendix B

Progress against action plan dated March 2014	
Risk identified	Status
There are no clear links in two of the council's key strategic documents, the Corporate Plan and the Single Outcome Agreement, showing how the benefits service contributes to the council's wider corporate, national and community objectives	Completed
<p>The council website contains detailed information on the work of the benefits service. However, accessing this information is not straightforward and the website could be improved further by:</p> <ul style="list-style-type: none"> <li>• having a facility to complete and submit a benefits application online</li> <li>• providing quick access to benefits service information from the council homepage</li> <li>• publicising the work of the counter-fraud team.</li> </ul>	Completed
The performance targets in the Customer Service Centre service level agreement need to be finalised, and performance monitored and reported regularly.	Completed
There has been a steady increase in the number of complaints about the service which have been received, and partially or wholly upheld.	Completed
Although the council works closely with its private landlords, there has been no formal consultation with them to determine the effectiveness of this relationship, and to seek their views on the type and level of service they are receiving.	Completed
The percentage of new claims outstanding for more than 50 days has increased from 9% in 2009/10 to 16% in 2010/11.	Completed
The council needs to address the reasons why it failed to meet its accuracy target of 95% for 2010/11.	Outstanding
There is no target to reduce the level of non-financial errors identified from the management checking process.	Completed
There is only limited analysis of checks carried out on overpayments, and appeals and reconsiderations data and therefore the council does not have sufficient good quality information from these checks to help identify trends and patterns of error across the service as a whole.	Ongoing
The interventions target for 2011/12 does not represent any improvement when compared to the council's performance in 2010/11.	Completed

Progress against action plan dated March 2014	
Although the council has improved its interventions performance, it is not making best use of the information available from the outcomes of this work to determine the effectiveness of its approach and to identify trends and patterns which may help the council to improve and develop the service.	Ongoing
Due to the limitations of the benefits IT system, the council is unable to carry out detailed analysis of its overpayments data which could help it further improve its overpayments recovery performance. For example by establishing the: <ul style="list-style-type: none"> <li>effectiveness of its recovery methods</li> <li>type and frequency of errors found</li> </ul>	Completed
The reported performance for the recovery of all debt had been overstated as a result of an error in the calculation methodology.	Completed
The council did not meet any of its internal targets for dealing with requests for reconsideration or submitting appeals to the Tribunals Service in 2010/11.	Outstanding
There is limited analysis of appeals and reconsiderations data and therefore the council is missing an opportunity to learn and develop the service.	Completed
The council has been unsuccessful in the seven most recent cases submitted to the Tribunals Service.	Completed
The proposed retirement of the Counter-fraud Manager in December 2011 may have a detrimental effect on the counter-fraud team's ability to meet its annual sanctions targets.	Completed