

**REPORT TO:** SCRUTINY COMMITTEE - 16 APRIL 2014

**REPORT ON:** AUDIT SCOTLAND RISK ASSESSMENT REPORT ON THE REVENUES DIVISION'S HOUSING BENEFIT SERVICE

**REPORT BY:** DIRECTOR OF CORPORATE SERVICES

**REPORT NO:** 181-2014

## **1.0 PURPOSE OF REPORT**

This report is to inform the Elected Members of the recent risk assessment audit undertaken by Audit Scotland on the Revenues Division's Housing Benefit service. The key objective of the risk assessment was to determine the extent to which the benefit service is meeting its obligations to achieve continuous improvement in all its activities.

## **2.0 RECOMMENDATIONS**

It is recommended that the Committee approve the Action Plan prepared by officers to address the recommendations contained within the Audit Scotland report.

## **3.0 FINANCIAL IMPLICATIONS**

None

## **4.0 MAIN TEXT**

The Council's Housing Benefit service has been subject to inspection by Audit Scotland in 2008 and 2010. In their latest report, Audit Scotland focused on the following three areas:-

- national and local priorities
- business planning and reporting
- delivering outcomes

### **4.1**

In the Executive summary of the report it is noted that the Council has made significant progress towards addressing the risks identified in 2008 and 2010, demonstrating an awareness of what contributes to an effective, efficient and secure benefits service.

The Council has:-

- introduced a fast-track process for new claims in 2011, which has delivered improvements to service delivery
- maintained an excellent level of performance in claims processing during 2012/13
- continuously improved pre-payment accuracy levels since 2010/11 and regularly reports performance to senior management and members
- reviewed and implemented improvements to the services training programme.
- a proactive approach to the recovery of fraud overpayments and administrative penalties.
- delivered an excellent counter-fraud performance and having all 123 cases referred to the procurator Fiscal since 2010/11 accepted for prosecution.

### **4.2**

The risks raised in the report are highlighted in the action plan together with the actions officers are to take, or have taken, to address these issues.

## **5.0 POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Quality Impact Assessment.

There are no major issues.

**6.0 CONSULTATIONS**

The Chief Executive and the Head of Democratic and Legal Services

**7.0 BACKGROUND PAPERS**

None

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| <b>M M Stewart</b><br><b>Director of Corporate Services</b> | <b>Date:</b> |  |
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AUDIT SCOTLAND ACTION PLAN – 07/02/14

|    | Recommendation/Risk<br><b>BUSINESS PLANNING</b>  | Lead Officer(s) | Scheduled Action by DCC  | Target Date for Completion | Audit Scotland query/request |
|----|--|-----------------|--|----------------------------|------------------------------|
| 1. | <p>Although the Accounts and Benefits service reports performance widely to staff, senior management and members, the service is not routinely reporting its performance across all aspects of the business. This includes the <b><u>average time to process changes of circumstances</u></b>, which has declined significantly, <b><u>the recovery of benefit overpayments</u></b>, and <b><u>the time taken to deal with appeals and requests for reconsideration</u></b>.</p> <p>Additionally, we found that the Corporate Services annual performance report and the Corporate Performance Scorecard contained no information in respect of benefit service performance and therefore the <b><u>council is missing an opportunity to raise the profile of the service internally and externally</u></b>.</p> | Ian Gillanders  | Although these indicators are not reported to Committee, they are reported to the Director of Corporate Services and discussed at the Corporate Services Management Team. In line with the Council's service performance reporting, the range of indicators is chosen to represent a broad overview of the services provided by the department. The Director would argue that 3 indicators to measure benefits administration is sufficient to provide such an overview. | <b>Not applicable.</b>     |                              |

|    | Recommendation/Risk<br><b>SPEED OF PROCESSING</b>   | Lead Officer(s) | Scheduled Action by DCC   | Target Date for Completion | Audit Scotland query/request |
|----|---|-----------------|---|----------------------------|------------------------------|
| 2. | Claims processing performance is in decline and the council's ability to recover is considerably affected by the lack of benefit processing capacity within the Accounts and Benefits team. As a consequence, <b><u>the increased time taken to process changes of circumstances could significantly increase the number and value of local authority error overpayments.</u></b>             | Ian Gillanders  | Managers will be preparing a report with a view to seeking approval to fill all vacancies on a permanent basis. | 28/04/14                   |                              |
|    | Recommendation/Risk<br><b>ACCURACY</b>  | Lead Officer(s) | Scheduled Action by DCC   | Target Date for Completion | Audit Scotland query/request |
| 3. | With the exception of staff that are on an improvement plan, the council has temporarily suspended its management checking programme until it improves its claims processing times. This means that <b><u>there is a significant risk that fraud and error will go undetected and consequently the council has reduced assurance that benefit is being paid correctly and accurately.</u></b> | Jacqui Kopel    | The management checking programme has been re-instated from the 03/02/14  | <b>COMPLETED</b>           |                              |
| 4. | As the majority of the council's management checks are pre-payment, and the recorded outcomes from these checks do not include information on whether an incorrect payment had been made, the council is unable to accurately   | Jacqui Kopel    | A procedure for recording post-payment checks will be introduced.   | 30/04/14                   |                              |

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|    | report its post-payment performance.  |                        |   |                                   |                                     |
|    | <b>Recommendation/Risk</b><br><b>INTERVENTIONS</b>  | <b>Lead Officer(s)</b> | <b>Scheduled Action by DCC</b>  | <b>Target Date for Completion</b> | <b>Audit Scotland query/request</b> |
| 5. | The council does not have a targeted programme of proactive interventions activity and therefore has a reduced level of assurance that claims are being paid correctly and that overpayments are being minimised where possible. In addition, opportunities are being missed for the early identification of fraud and error. | Jacqui Kopel           | Interventions will be re-introduced once Accounts and Benefits staff are back up to maximum capacity and have been fully trained.   | 31/12/2014                        |                                     |
|    | <b>Recommendation/Risk</b><br><b>OVERPAYMENTS</b>   | <b>Lead Officer(s)</b> | <b>Scheduled Action by DCC</b>  | <b>Target Date for Completion</b> | <b>Audit Scotland query/request</b> |
| 6. | The proposed transfer of benefit overpayments to a corporate debt recovery system in 2014 could have a detrimental effect on the council's benefit overpayment recovery performance if such debt is not treated with the same priority as at present.   | Greg Colgan            | As a result of the establishment of the new Corporate Debt and Welfare Reform Division a Corporate Debt policy will be developed. At this time no decisions have been made with regard to the allocation of funds in respect of allocation of payments. | Pending                           |                                     |
| 7. | There are no targets for the work of the overpayments recovery team and, with the exception of the monthly spreadsheet provided for information only to the Head of Revenues and Customer Services, overpayment recovery performance is not a key performance indicator. It is therefore                                      | Greg Colgan            | Performance monitors and targets are currently being reviewed due to the establishment of the new Corporate Debt and Welfare Reform Division.   | Pending                           |                                     |

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|    | not routinely monitored or reported as part of the service's performance management regime.   |                        | The monthly information reported at present on the recovery of overpayments will be reviewed monthly at the Corporate Debt and Welfare Reform Management Team meeting as part of the Division's Performance Reporting.   |                                   |                                     |
|    | <b>Recommendation/Risk</b><br><b>APPEALS AND RECONSIDERATIONS</b>   | <b>Lead Officer(s)</b> | <b>Scheduled Action by DCC</b>   | <b>Target Date for Completion</b> | <b>Audit Scotland query/request</b> |
| 8. | The number of requests for reconsideration and appeals that are found in the favour of the customer are exceptionally high and may have a significant impact on the council's reported accuracy rate. | Donald Olejnik         | A further analysis on the reasons for reconsiderations being upheld in favour of the claimant was carried out. It was established that approximately 85% of the cases were an automatic reconsideration. Information was originally requested but not provided within the required timescales. The information was subsequently received within one calendar month of the decision to refuse or cancel benefit resulting in an automatic reconsideration. In light of the overall analysis, a procedure will be introduced to attempt to mitigate the refusal or cancellation of benefit due to requested information not being provided timeously. This procedure will be a pilot exercise and have staff phoning the claimant to remind them that if they do not provide the requested information, their benefit will be cancelled or refused. The outcome of the | <b>30/06/2014</b>                 |                                     |

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|  |  |  | pilot exercise will be analysed. It is intended that the pilot will run for the months of April to June 2014. |  |  |
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