

REPORT TO: FINANCE COMMITTEE – 16 FEBRUARY 2004

**REPORT ON: REPORT BY THE BENEFIT FRAUD INSPECTORATE (BFI) ON
ADMINISTRATION OF HOUSING AND COUNCIL TAX BENEFIT BY
DUNDEE CITY COUNCIL**

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 97-2004

1 PURPOSE OF REPORT

- 1.1 This report appraises members of the main findings and recommendations contained in the Benefit Fraud Inspectorate (BFI) report on the administration of Housing and Council Tax Benefits and counter-fraud activity by Dundee City Council.
- 1.2 The report also refers to the Action Plan to address the recommendations of the BFI report. A copy of the full BFI report and the Council's Action Plan has been passed to each Group Secretary and is available in the Members Lounge.

2 RECOMMENDATIONS

- 2.1 Members are asked to note the contents of the BFI report and endorse this report, along with the Action Plan as Dundee City Council's response to the recommendations made by the Benefit Fraud Inspectorate.
- 2.2 Members are also asked to note the progress that has already been made in addressing the issues raised by the Benefit Fraud Inspectorate as set out in paragraph 9.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report. Several of the actions included in the Action Plan have already been the subject of reports to previous Finance and Personnel Committees. Any future actions which have resource implications will be reported to the appropriate committee for consideration in due course.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 The increasing use of electronic data input and scanning continues to reduce the level of paper used and stored by the Finance Department. This has a positive impact on the environment.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 The efficient and effective administration of the benefits system should ensure that the people in need of financial support in respect of their rent and Council Tax liability receive it promptly and correctly.
- 5.2 Support is also available to assist ethnic minorities to apply for and receive their entitlement to benefit.

6 BENEFIT FRAUD INSPECTORATE (BFI)

- 6.1 The BFI is an independent unit within the Department for Works and Pensions, which began operating in November 1997 as part of the Government's initiatives to reduce the high levels of fraud in the social security system.

- 6.2 The BFI has a statutory role to inspect social security benefit administration and counter-fraud activity within DWP agencies and local authorities and reports its findings direct to the Secretary of State for Works and Pensions. All BFI reports are published to promote good practices.
- 6.3 In April 2002 DWP published new Housing Benefit (HB) and Council Tax Benefit (CTB) Performance Standards. These are standards which DWP wishes local authorities to aspire to; and not standards which they expect local authorities to achieve immediately. Local authorities can use these to make a comprehensive self-assessment of whether they deliver benefit effectively and securely. The BFI inspection assesses local authorities' administration of HB and CTB against the Performance Standards. The aim of the Performance Standards is to provide a modern, customer focused, efficient, effective and secure Housing Benefit and Council Tax Benefit service that is continuously seeking to improve.

7 BFI INSPECTION OF DUNDEE CITY COUNCIL

- 7.1 Members may recall that a BFI inspection of Dundee City Council's administration of Housing and Council Tax Benefits was carried out in February 1999 and the findings and conclusions reported to the Finance Committee on 16 August 1999.
- 7.2 As part of the above report, an Action Plan was prepared addressing all of the BFI recommendations.
- 7.3 A follow-up inspection was undertaken by the BFI with the main focus of their activity taking place during July and August 2003. The main aims of the follow-up inspection were to measure and report on the progress made by Dundee City Council against the findings and recommendations made in the first BFI inspection report and measure the Council's performance against the Housing Benefit and Council Tax Benefit Performance Standards.
- 7.4 The Inspection focussed on the following areas:
- Strategic Management
 - Customer Service
 - Processing of Claims
 - Working with Landlords
 - Internal Security
 - Counter-Fraud
 - Overpayments
- 7.5 The BFI operates a policy of working in partnership with the local authorities being inspected. From the outset of the review, Dundee City Council management and staff involved in benefit administration and counter-fraud activity have co-operated fully with the Inspection staff, and this was acknowledged in the report.
- 7.6 A major change since the first BFI review is that the BFI now provide help to local authorities to implement their recommendations through the BFI Performance Improvement Action Team.

8 FINDINGS AND CONCLUSIONS OF THE BFI FOLLOW-UP INSPECTION

- 8.1 As stated in paragraph 6.3 the BFI report assesses Dundee City Council's administration of HB and CTB against the Performance Standards. It also reports on progress made since the findings from the first inspection were published in June 1999.

- 8.2 The BFI report highlights both the positive aspects and areas for improvement identified by the Inspection Team.
- 8.3 In particular the report highlights the following positive aspects found by the BFI Team during their inspection.
- Fair standard overall
 - Key policies introduced
 - Modern integrated IT systems introduced
 - Increased investment in staff resources
 - Effective working arrangements with major landlords
 - Overpayment and counter-fraud teams growing in effectiveness
 - Significant improvement in evidence gathering
 - 71% of recommendations implemented from first inspection
 - Well trained staff with IT system access
 - Enquiry Office open Saturday mornings
 - Good service to customers in terms of reception facilities and services for people with special needs or language difficulties
 - Introduction of Verification Framework in February 2004
- 8.4 The report also identifies a number of areas where improvements can be made in the way benefits are administered and in the Council's approach to counter-fraud activity.
- 8.5 At the time of the BFI inspection, the Council's benefit service was in a significant backlog situation. Although a recovery plan had been put in place to eradicate the backlog prior to the implementation of the Verification Framework in February 2004, the beneficial results of this additional investment in staff and other resources were not fully achieved until some time after the BFI inspection. This situation obviously had a significant bearing on the Council's performance on benefit administration which was measured by the BFI review.
- 8.6 A detailed Action Plan has been prepared by Dundee City Council in response to the BFI recommendations and this is already being actively addressed. A copy of the Action Plan is available in the Members Lounge.

9 **MAIN AREAS OF PROPOSED IMPROVEMENT AND PROGRESS TO DATE**

9.1 Strategic Management

- 9.1.1 Whilst the BFI Inspection Team acknowledged that there had been major improvements implemented within the benefits service since the 1999 review, they identified a need to more closely link both the Council and the Revenues Division strategic planning processes to ensure that the Council's objectives on poverty and social exclusion are addressed through an efficient and effective Housing Benefit and Council Tax Benefit service.
- 9.1.2 This is being addressed through the Council Plan which was approved by the Policy and Resources Committee on 20 October 2003 and the Revenues Division Service Plan which will be submitted to an early Finance Committee. As part of the reporting arrangements, regular reports will be submitted to the Finance Committee advising members of performance against targets.
- 9.1.3 The BFI also recommended the introduction of a performance management framework to support performance monitoring, planning and improvement throughout the Revenues Division.

- 9.1.4 This process had already commenced prior to the BFI inspection and is continually being developed to provide meaningful management information to management and elected members. In addition, work performance measures are being introduced in consultation with staff and the Trade Unions. Regular reports will be submitted in the future to the Finance Committee for information and monitoring purposes.
- 9.1.5 The BFI report makes recommendations in respect of Internal Audit activity and assurance on benefit systems.
- 9.1.6 The Chief Internal Auditor has included the completion of a mini-strategic audit plan of the various systems operated within the Revenues Division within the 2003/04 Internal Audit Plan. Further Internal Audit reviews of the benefit system will form an integral part of the 2004/05 Internal Audit Plan.

9.2 Customer Services

- 9.2.1 The main recommendations under this area relate to monitoring and reporting arrangements for customer enquiries and complaints, revision of claim forms and other documentation to comply with the Verification Framework, benefit publicity and customer consultation arrangements.
- 9.2.2 The Council committed to introducing the Verification Framework (VF) by 1 February 2004 (Report No 137-2003, Personnel Committee 10 February 2003) and this will address a number of the recommendations in respect of the various claim forms and benefit notification letters. The implementation of VF commenced on Monday, 2 February 2004.
- 9.2.3 The main Enquiry Office at City Square is now open all day Monday to Friday and Saturday morning with effect from 2 February 2004 and monitoring and reporting arrangements to measure customer enquiries is being introduced at the same time.

9.3 Processing of Claims

- 9.3.1 This section covers performance, monitoring and quality check arrangements for the processing of both new benefit claims and benefit reviews.
- 9.3.2 The majority of the action points raised by BFI have already been addressed or will be addressed by March 2004. In particular, benefit processing performance has improved significantly since the BFI inspection and the Council is meeting the statutory target of processing benefits within 14 days of receiving all the required information. Report No 129-2004 considered by the Finance Committee on 9 February 2004 advised members that there is now effectively no backlog of outstanding work.
- 9.3.3 The Revenues Division is currently reviewing the quality check arrangements before making a final decision regarding the BFI recommendations on the level of checking to be implemented.

9.4 Working with Landlords

- 9.4.1 The recommendations within this section of the report mainly cover communication, control checks and payment arrangements in respect of landlords. The report recognised that the Revenues Division already had good communication arrangements with Registered Social Landlords, however, a communications strategy needed to be developed with the smaller private landlords.

9.4.2 A Landlords Forum has now been established and the first meeting was held on 30 January 2004. This was a very productive meeting which addressed most of the points raised within the BFI report and in particular addressed the concerns of the local landlords. It is intended that the Landlords Forum will be held once every 4 months in future.

9.5 Internal Security

9.5.1 This section covered the Council's arrangements for security of benefit data, cheques and post opening arrangements.

9.5.2 All of the recommendations within this section are currently being addressed.

9.6 Counter-Fraud

9.6.1 As expected, the BFI review focuses heavily on counter-fraud activity and has made a number of recommendations to improve the efficiency and effectiveness of the Council in this area.

9.6.2 Likewise the Revenues Division place a high emphasis on counter-fraud activity and the recent restructure of the Revenues Division has freed up the Fraud Manager to concentrate entirely on these activities. The majority of the recommendations have already been implemented and the Fraud Team are working closely with the DWP Counter-Fraud Investigation Service to maximise the appropriate sanctions against fraudulent claimants.

9.6.3 In addition further fraud awareness campaigns are being undertaken and the work of the Fraud Team is being used in a proactive manner to assist in preventing fraud entering the system at the point of access.

9.7 Overpayments

9.7.1 The recommendations by the BFI Team focus on two main areas; 1) minimising the level of overpayments and 2) monitoring and administering the recovery of overpayments.

9.7.2 The BFI Team acknowledge considerable progress in the administration and recovery of overpayments since their last visit. It is also recognised that a backlog of outstanding work has an impact on the level of overpayments arising in the benefit system and the levels should therefore reduce now that the backlog has been cleared. The specific actions raised within the report will be addressed during 2004.

10 **CONCLUSION**

10.1 The overall conclusions of the BFI Inspection were that the Council had improved since the first inspection in 1999 and that it was achieving a fair standard overall.

10.2 The recommendations contained within the BFI report are addressed within the Council's Action Plan, a significant number of which have already been put in place.

10.3 The performance of the benefits service has improved substantially since the time of the BFI Inspection and the detailed progress on benefits workload was reported to the Finance Committee on 9 February 2004.

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