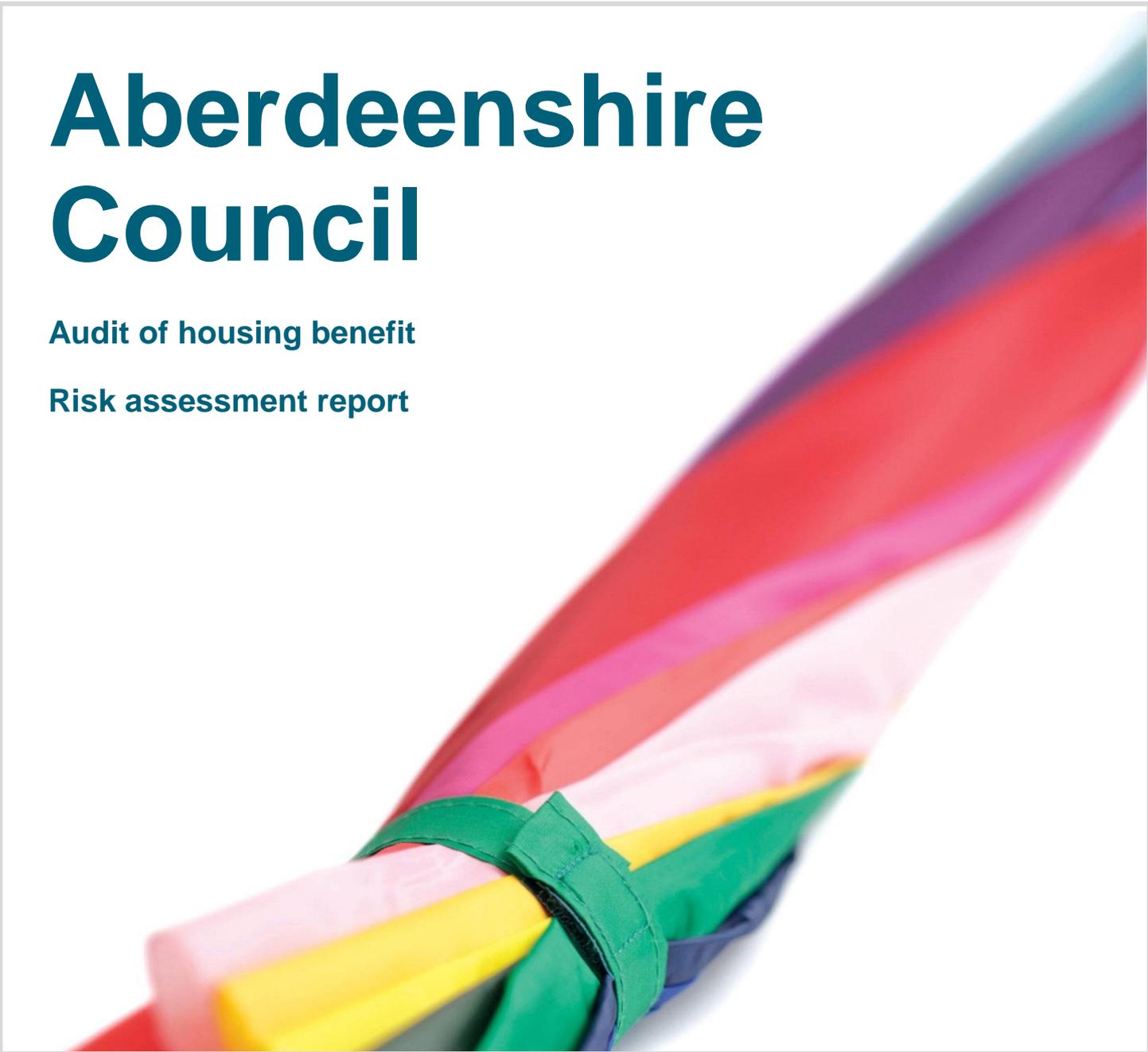


Aberdeenshire Council

Audit of housing benefit

Risk assessment report



 AUDIT SCOTLAND

Prepared for Aberdeenshire Council

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Introduction	4
Executive summary	4
Background	5
Business planning and reporting	7
Delivering outcomes	8
Speed of processing.....	8
Accuracy	10
Interventions.....	11
Overpayments.....	12
Appendix A	14

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 Aberdeenshire 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 senior officers in the council during our site visit in August 2016.

Executive summary

5. Audit Scotland's last report on Aberdeenshire Council's benefits service was for the Accounts Commission in August 2012. This was to provide an update on progress made by the council in addressing the findings in the Section 102 report to the Accounts Commission in July 2011.
6. In the 2012 report, Audit Scotland concluded that the council had completed sufficient remedial action to address 20 of the 21 risks identified in the 2010 risk assessment and that progress had been made in addressing the one remaining risk.
7. Since our previous risk assessment, the service has experienced significant change; not least the substantial resources required to implement the various changes being introduced as part of the welfare reform agenda. However the most significant change from an organisational perspective has been the implementation of a new staffing structure.
8. In October 2013, the council's management team approved a project to establish the Aberdeenshire Support and Advice Team (ASAT) to handle all means tested and entitlement scheme work administered by the council. However as a result of delays, phase one of the structure was not agreed until April 2015.
9. Since then, the agreed structure has been established with all permanent staff in post by January 2016, following an internal and then external recruitment exercise.

10. However, from April 2013 to 30 June 2015 any vacancies within the team were filled with temporary staff resulting in 45% of staff on temporary contracts. This turnover and loss of experienced processors, along with long term sick absences, resulted in a slight dip in new claims speed of processing performance from 2014/15.
11. A further and more significant dip in performance followed in September 2015 which coincided with a substantial increase in the number of new claim applications the service received, most likely as a result of the oil industry downturn. Consequently, a backlog of work built up from February 2016.
12. Management arrangements put in place to clear this backlog and improve performance include the use of controlled overtime, introducing a more streamlined new claim process and securing additional resources.
13. The backlog of work has been separated from day-to-day processing and then passed to an agency member of staff to clear. Management information shows that the backlog is reducing and there was no need to add any further cases to the backlog during August 2016. Although still below the Scottish average, the latest new claims performance for July has improved to 37 days from a high of 41 days for June.
14. In addition, nine new processors have been receiving training on an incremental basis which allows them to consolidate their learning, thus gaining in experience and contributing more effectively to the team's current new claims processing target of 22 days.
15. Despite the lack of experienced staff and the backlog of new claims, the service has maintained its focus on accuracy with routine quality checking in place. Importantly, annual work by both external and internal audit has raised no significant issues, which provides assurance that the checking regime is effective in helping to ensure the quality and accuracy of awards.
16. The one outstanding risk from 2012 related to the council's intervention activity which has since been addressed in full. The Intervention Strategy has been revised from 2016 and an additional officer has been employed to work specifically on intervention activity.

Background

17. Since our previous risk assessment, the service has experienced significant change; not least the substantial resources required to plan, implement and answer the increased enquiries on the various changes being introduced as part of the welfare reform agenda.
18. The Welfare Reform cross-service working group was established in 2012 to identify risks and mitigating actions to prepare and help residents, staff, partners and stakeholders with the welfare reform agenda. During the winter of 2012/13, the service planned and implemented the significant welfare reform changes from April 2013. These included taking on the

responsibility for administering council tax reduction, Scottish welfare fund and an increased discretionary housing payment budget.

19. However, the most significant change from an organisational perspective has been the implementation of a new staffing structure.
20. In 2012, Audit Scotland reported that in order to help sustain improvements made to date, the council had agreed that the service should retain its current staffing levels. This continued but recognising that the service would change under Universal Credit (UC), which at that time was planned for all new claims from October 2013, the council made a decision to fill any vacancies with temporary staff.
21. Additionally, the service developed its Staff Development & Qualification Strategy with a view to giving benefit staff the skills to carry out different roles. However, with the associated uncertainties around job security at that time, experienced staff left the service, some to other posts within the council and others choosing to retire. By January 2013, 45% of the team were on temporary contracts. Given the strong private sector environment in the area at that time, these posts were extremely difficult to fill.
22. As a result, the service management team along with HR colleagues carried out a workforce planning exercise in order to identify the workforce strategy options. This resulted in a Workforce Strategy Report which outlined two options for the service. These were:
 - option one – a planned disaggregation of the benefit service across other council services, such as revenues and housing, and the restructuring of these services into which benefit staff would be transferred
 - option two – the creation of the Aberdeenshire Support and Advice Team (ASAT) responsible for carrying out all means tested assessments, administering financial support, and the provision of welfare benefits, money and debt advice.
23. In October 2013, the council's management team approved the project to establish ASAT to handle all means tested and entitlement scheme work administered by the council. However despite being agreed at this high level there was resistance from other services which caused delays. As a result, a report was submitted to the Strategic Leadership Team in April 2015 where phase one of the ASAT structure, which added administering the blue badge scheme to current responsibilities, was agreed.
24. It was agreed on the understanding that all other financial assessments would come within the remit of ASAT in due course. The primary purpose remains that customers will only have to provide information once to get all financial help and assistance at the time of application.
25. Since then, the agreed structure has been established with all permanent staff finally in post by January 2016, following an internal and then external recruitment exercise.
26. A further approach to sustaining the service is optimising automation. The service launched an online application form in May 2013 so that customers could get used to the online claim process in advance of UC. Further plans include enhancing this online application form to have it fully integrated with the workflow management and the core benefits IT systems by

March 2017. This will remove the time consuming manual processes of scanning the form and then populating the core system with information from it.

27. UC was rolled out to limited customers across Aberdeenshire between May 2015 and April 2016. Having learned lessons from another Scottish council, the service established effective arrangements with local Jobcentre Plus staff and had provided training to them in advance of the roll out. The council reports that UC is heavily clerical and there are problems with updates but that this is managed by the one officer responsible for UC liaison.

Business planning and reporting

28. 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.
29. There are two business plans that guide the work of the service. The first is the Finance Service Plan 2016/17 which includes three priorities for ASAT. These are to:
 - improve new claims performance
 - work with the Improving the Customer Experience (iCE) programme to enhance the online application form
 - work with other services to implement Phase two of the ASAT structure with a view to creating a one-stop-shop for all financial assistance.
30. The second is the ASAT action plan which is detailed on the electronic performance management system. This allows for more efficient monitoring, with reminders to the responsible manager when a completion date is approaching and the easy identification of any tasks that are outstanding beyond their completion date.
31. Rather than the normal practice of using the electronic performance management system for key performance indicators only, ASAT uses the system to collate all its performance both at team and individual level. By doing so, the service can use the information to automatically populate committee reports and produce individual quarterly scorecards for processing staff.
32. The workload and performance stats timetable makes clear the frequency and when the system has to be populated to ensure that reports are up to date and accurate.
33. There is both monthly and quarterly monitoring of speed and accuracy, and quarterly monitoring of interventions and overpayment recovery.
34. Scrutiny arrangements ensure that:
 - workload and performance is monitored by the ASAT Management Team, the Head of Finance and the ASAT Steering Group (which replaced the former Benefits Policy Board)

- speed and accuracy performance is reported quarterly to the Policy and Resources Committee on an exception basis when performance is not within an accepted tolerance of target
- all workload and performance figures are reported annually to the Scrutiny and Audit Committee.

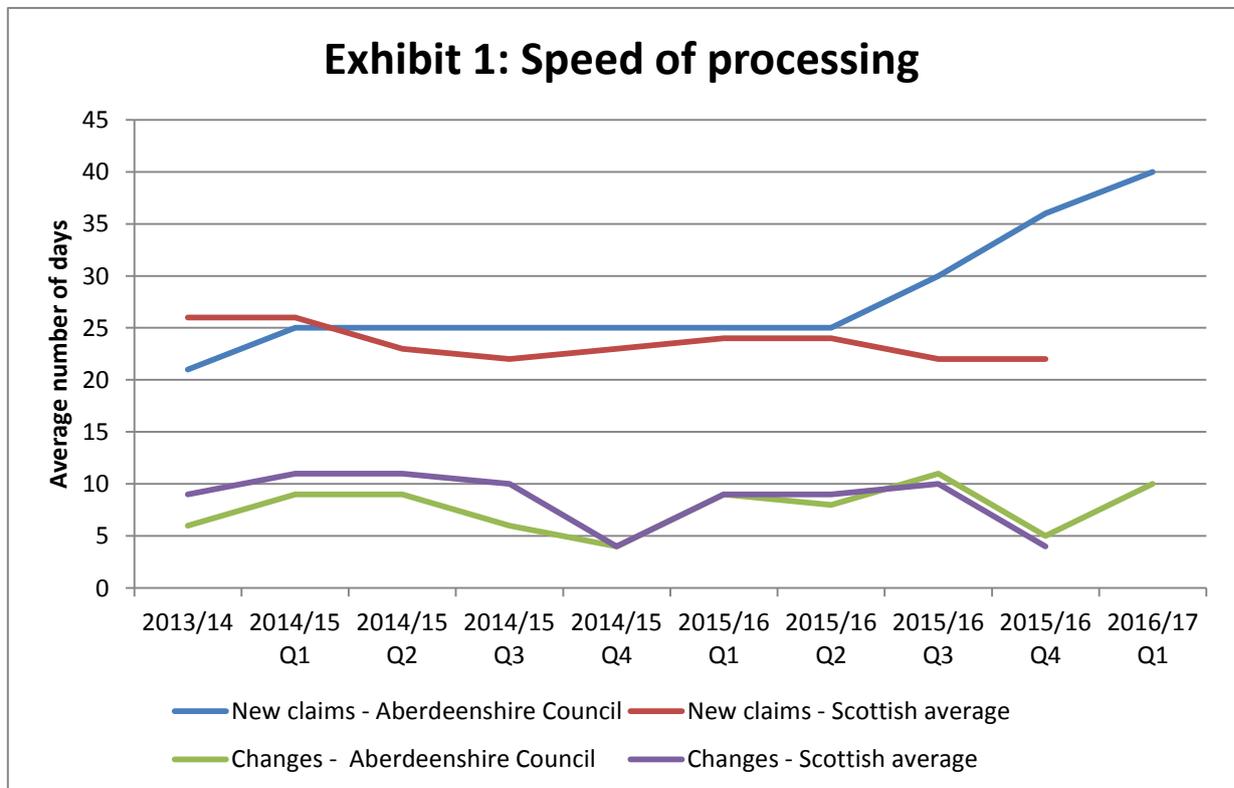
35. These planning, performance management and scrutiny arrangements facilitate an effective focus on performance especially at a time of increasing demand.

Delivering outcomes

36. Effective operational processes and IT systems, along with skilled staff, help benefit services deliver sound performance and continuous improvement.

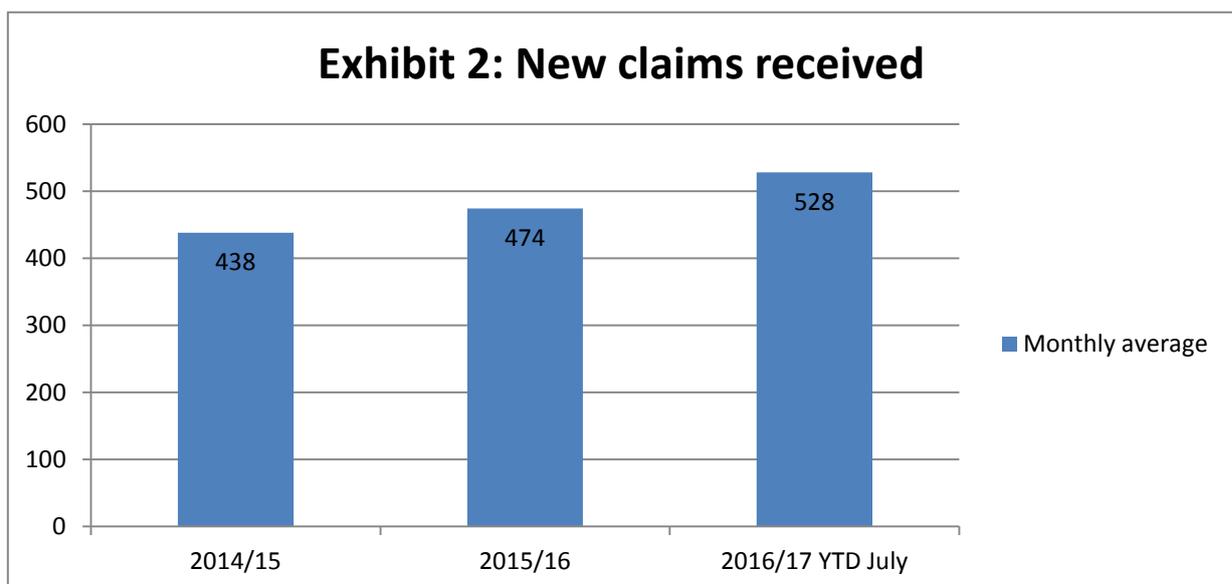
Speed of processing

37. 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. Exhibit 1 illustrates the council's current and previous performance.



Source: DWP and Aberdeenshire Council

38. While changes of circumstances performance has mirrored that of the Scottish average, this shows a slight increase in the average number of days to process new claims from 2014/15. This was due to the:
- lack of experienced and fully trained decision makers
 - long term sick absences which at one point included two team leaders (40%)
 - organisational restructure and the associated uncertainties during that time.
39. A further and more significant dip in new claims performance followed in September 2015, to such an extent that the council's annual performance of 29 days was below the Scottish average performance of 23 days. This placed the council in position 29, equal with another council, when compared to all other councils in Scotland.
40. This dip in performance coincided with a substantial increase in the number of new claim applications the service received, most likely as a result of the oil industry downturn. Exhibit 2 shows the average number of new HB claims received each month from April 2014 and clearly illustrates an upward trend.



Source: Aberdeenshire Council

41. The number of claims received monthly first exceeded 500 in February 2016 which was when a backlog of work began to build up.
42. Management arrangements put in place to clear this backlog and improve performance include the use of controlled overtime, benchmarking with other Scottish councils and engaging with DWP's Performance Development Team (PDT) which resulted in a more streamlined new claim process.
43. Additional resources have been secured as follows:
- specialist agency staff, equating to one full time equivalent, have been contracted to clear backlog cases

- visiting officers are dealing with enquiries at reception two days each week to allow staff to concentrate on processing claims
 - part-time staff have increased their hours
 - two additional temporary posts, one financed by the council and one through FERIS maintenance funding.
44. Quarterly individual scorecards continue to evaluate individual performance against targets, with additional support available for those staff not achieving their individual target based on experience.
 45. The backlog of work has been separated from day-to-day processing periodically and then passed to the agency member of staff. Management information shows that of the 1,724 cases separated between March and the end of July there were, at 23 August 2016, 204 (12%) cases outstanding. Of those cases remaining, 129 (60%) cases had been added at the end of July 2016.
 46. Looking forward the direction of travel is more positive; the backlog is reducing and there was no need to add any further cases to the backlog during August 2016.
 47. In addition, nine new processors have been receiving training on an incremental basis, starting with straightforward rent rebate (RR) claims in receipt of a DWP passport benefit in March and then standard RR claims in June. Further training will include rent allowance (RA) Housing Association claims in September, and finally RA private landlord claims later in the year. This allows the trainees to consolidate their learning, thus gaining in experience and contributing effectively to the team's new claims processing target.
 48. The service's new claims target for 2016/17 remains at a challenging 22 days and for July performance has improved to 37 days from a high of 41 days for June. It hopes that with the new structure in place and staff gaining in experience the annual target will be achieved.

Risk to continuous improvement

1	While the council's new claim performance has improved to 37 days for July 2016 it still remains below the Scottish average which of late has been between 22 and 24 days.
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Accuracy

49. 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.
50. Guided by the service's Quality Assurance Procedures, checking is done by the five team leaders. Cases are selected by the principal officer responsible for processing from both the workflow management and the benefit systems to include on average 124 HB claims every month; six from each full time processor and three from those working part time. Exhibit 3 illustrates the council's current and previous performance.

Exhibit 3: Accuracy performance		
	Target	Achieved
2013/14	98%	96%
2014/15	98%	97%
2015/16	98%	96%
2016/17 (YTD June)	98%	97%

Source: Aberdeenshire Council

51. This exhibit illustrates a steady performance despite the turnover in staff.
52. The results from the quality checks are included in the quarterly scorecards and discussed with each processor. Any identified trends in error are used to inform the agenda of operations meetings, team briefs and the content of any refresher training programmes where necessary.
53. In addition, there is a 100% check on the processing work of any new starts, and the team leader will provide additional training and mentoring where appropriate.
54. Importantly, annual work by both external and internal audit has raised no significant issues, which provides assurance that the checking regime is effective in helping to ensure the quality and accuracy of awards.

Interventions

55. 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.
56. Audit Scotland identified a risk to continuous improvement during the previous risk assessment in that there was no effective review processes in place to ensure its intervention activity was effectively and efficiently targeted. In Audit Scotland's progress report in August 2012 we found that progress had been made in addressing this risk and that following a review of intervention activity an intervention strategy had been agreed in June 2012.
57. The Intervention Strategy sets out the types of high risk cases to be reviewed and the preferred contact method to be used, either visit, postal or telephone. It also includes diary events which are those cases previously identified as likely to change at a future date.
58. Exhibit 4 illustrates the council's previous performance.

Exhibit 4: Intervention performance			
	Interventions completed	Changes identified	%
2013/14	2814	1456	52%
2014/15	2580	1355	53%
2015/16	1468	771	53%

Source: Aberdeenshire Council

59. The service submitted a successful bid to the DWP's Fraud and Error Reduction Incentive Scheme (FERIS) Maintenance Fund and has used this to employ an additional officer to work on diary events and pro-active intervention activity.
60. As a result, the Intervention Strategy has been revised from 2016 and the campaigns are run through new FERIS software implemented in June 2016. This new functionality identifies high risk cases for intervention and automatically issues notifications to customers asking for information and evidence specifically relating to the element of the claim that is the subject of the intervention.
61. Management information shows that performance has improved since then with interventions for June and July 2016 identifying changes in 56% of the cases targeted and 59% during the first three weeks in August 2016. As such, Audit Scotland considers that the previous risk has been addressed in full.

Overpayments

62. 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.
63. The service has a number of practices in place to minimise overpayments and these include:
- cases prioritised where a change is likely and prompt suspension of benefit where appropriate
 - optimal automation of DWP's ATLAS notifications.
64. Staff are guided by the HB Overpayment Policy that sets out the council's commitment to minimise the loss to public funds by ensuring that HB overpayments are accurately and timeously calculated, pursued and recovered.
65. The service runs a monthly report to identify any overpayments where no recovery action has been taken. Staff then take the appropriate action, which includes:
- initiating recovery through deductions from ongoing benefit
 - raising a sundry debt invoice
 - submitting the overpayment for write-off through the formal process.

66. The Income Recovery Team responsible for recovering HB overpayments, as well as other council debt, through the sundry debt process sits within the revenues service. Exhibit 5 illustrates the council's current and previous performance.

Exhibit 5: HB overpayment recovery performance			
	2013/14	2014/15	2015/16
Total overpayments	£5,281,245	£5,951,367	£4,999,761
HB debt recovered	£774,280	£1,040,945	£875,176
HB debt written off	£63,574	£1,796,696	£14,884
% recovered of total HB debt	15%	17%	18%

Source: Aberdeenshire Council

67. This illustrates that the service has failed to meet its challenging target to recover 35% of all HB overpayments. While it aims to recover the maximum weekly amount allowed this may well have to be reduced where, for example, there is competing debt or rent arrears are accruing as a result of the loss of income. As such, the service believes that its recovery performance is as effective and efficient as it can be in what is a complex and sensitive area.

Appendix A

Progress against the risk outstanding in the progress report of August 2012		
No	Risk identified	Addressed in full
17	The council has no effective processes in place to review the effectiveness and efficiency of its risk criteria to ensure its intervention activity is effectively and efficiently targeted.	Yes