

Benefits

Service

Inspection

Milton Keynes Council

June 2009



Contents

Service Inspections	3
Summary	5
Scoring the service	6
Recommendations	8
Report	11
How good is the service?	14
What are the prospects for improvement to the service?	24

Service Inspections

This inspection has been carried out by the Audit Commission under section 10 of the Local Government Act 1999 and is in line with the Audit Commission's strategic regulation principles. These principles embody the objectives of our Strategic Plan and Strategic Regulation. They also reflect the principles from *The Government's Policy on Inspection of Public Services (July 2003)*. Audit Commission service inspections should:

- focus on public service outcomes from a user perspective;
- act as a catalyst to help inspected bodies improve their performance;
- concentrate inspection work where it will have most impact, so that it is proportionate and based on an assessment of risk;
- be based on a rigorous assessment of costs and benefits, with a concern for achieving value for money both by the inspected organisation and within the inspection regime itself;
- be, and be seen to be, independent of the inspected organisation;
- report in public, using impartial evidence to inform the public about the performance of public services so as to enhance accountability;
- involve collaborative working with other inspectorates and external review agencies to achieve greater coordination and a more holistic approach to the assessment of performance by audited and inspected bodies;
- share learning to create a common understanding of performance that encourages rigorous self assessment and better understanding of their performance by inspected organisations;
- be carried out objectively by skilled and experienced people to high standards and using relevant evidence, transparent criteria, and open review processes; and
- enable continuous learning so that inspections can become increasingly effective and efficient.

We assess services using published key lines of enquiry (KLOE) to inform our judgements. The KLOEs can be found on the Audit Commission's website at www.audit-commission.gov.uk.

This report is issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.

Inspection of Housing Benefit and Council Tax Benefit

Housing benefit (HB) and Council Tax benefit (CTB) are national welfare benefits administered by the Council on behalf of the Department for Work and Pensions (DWP). A complex legal framework is in place to define who is entitled to benefit and to reduce fraud and error in the system. The Benefits Service within a council has a responsibility to pay the right benefit to the right person at the right time.

From 1 April 2008, the Audit Commission became responsible for benefits inspections, following the transfer of powers from the Benefit Fraud Inspectorate (BFI).

The Local Government and Public Involvement in Health Act 2007 sets out the framework for giving local people and local communities more influence and power to improve their lives. Councils must therefore provide a service that meets ever changing customer and legislative requirements including:

- reporting on the Department of Communities and Local Government National Indicators (NIs) with effect from 1 April 2008; and
- contributing to the delivery of other national, regional and local priorities aimed at reducing poverty and addressing social and economic inequity, including targets within the Local Area Agreement.

Our responsibility to provide assurance (to government, councils, taxpayers and benefit customers) means that we will consider inspection where there is a current or future risk to the service and its customers. In the case of Milton Keynes Council, the reasons for commissioning the inspection were:

- the Council is one of only nine in England which have consistently not been able to claim subsidy incentive in relation to local authority (LA) error overpayments; and
- the level of performance in processing changes to claims was consistently in the bottom 25 per cent when compared against all England.

The key objective of this inspection was to provide assurance to the DWP and other stakeholders regarding the quality of service provision.

Summary

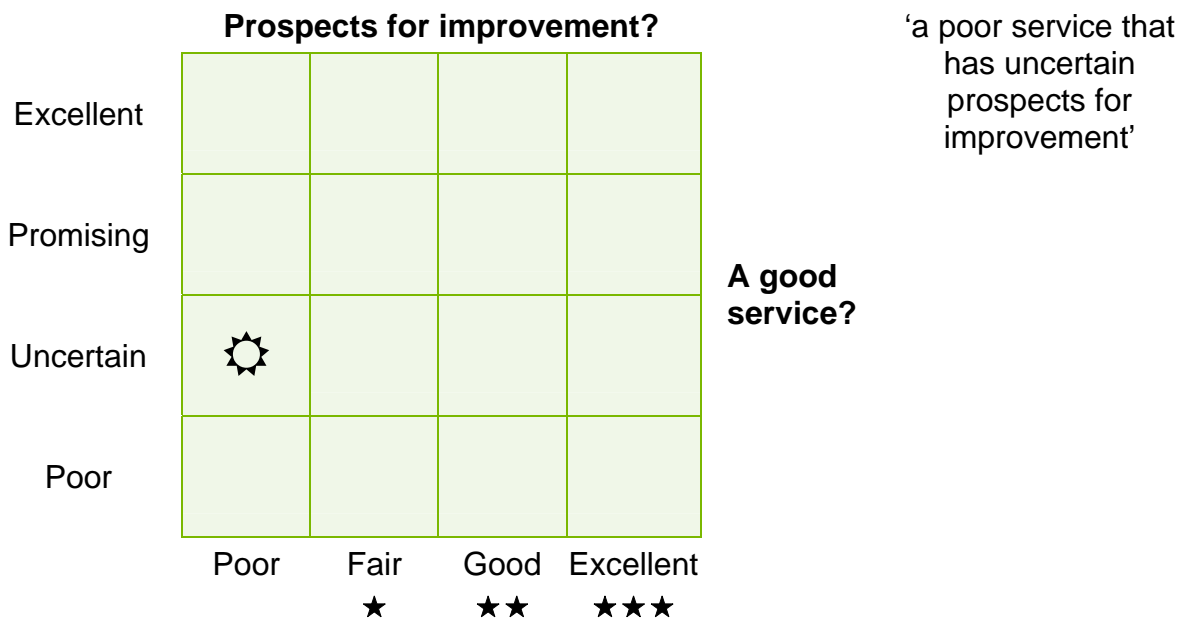
- 1 The Benefits Service (the Service) at Milton Keynes Council is 'poor' with 'uncertain prospects' for improvement. The Service delivers a two tier service which concentrates its efforts on people who can visit Council offices in person and neglects the needs of many other users who may be more vulnerable. It takes too long to deal with postal claimants and changes of circumstances and many claims are not processed accurately. Delays in dealing with changes of circumstances and its lack of accuracy have lost the Council around £1.2 million of government subsidy over the last four years due to unnecessary overpayments.
- 2 Consultation arrangements are underdeveloped and it is difficult to contact the Service by telephone. The Service is not designed around the needs of local people. Benefit processing is primarily provided by an external business partner but this arrangement is not giving all customers a high quality of service as set out in contractual arrangements and in the aims of the service. The Council can impose financial penalties on the contractor but this does not provide customers with redress for poor service and lengthy waiting times for the correct amount of benefit to be paid.
- 3 The Service is not delivering effective value for money. It does not have enough information about performance and does not effectively benchmark against other providers. It is not maximising the take-up of benefits or recovery of overpayments and information provided to customers is not easy to understand. No specific service standards exist for the Service.
- 4 However, some aspects of the Service are better. It processes new claims quickly and people who visit the Service in person receive an effective service from a high quality one stop shop in Milton Keynes Town Centre.
- 5 The prospects for improvement of the Service are uncertain. It does not have a clear and consistent track record of service improvement. Leadership is not effectively driving service improvements. Staff capacity is limited in some key areas such as quality checking and counter fraud. Service plans are not well coordinated. Data is lacking in some key areas and not all improvement plans are SMART.¹
- 6 However, the Service is improving in some areas. The speed of processing new benefit claims has improved, clear priorities for the Service exist and there are some good examples of partnership working. Safeguards are in place to improve the performance of the external business partner.

¹ Specific, Measurable, Achievable, Realistic and Timebound.

Scoring the service

- 7 We have assessed Milton Keynes Council as providing a 'poor', zero-star service that has 'uncertain' prospects for improvement. Our judgements are based on the evidence obtained during the inspection and are outlined below.

Figure 1 Scoring chart²



Source: Audit Commission

- 8 The service is a poor, zero star service because:
- a two tier service is neglecting the needs of many customers;
 - performance for benefit customers whose circumstances change is weak;
 - consultation with benefit customers is underdeveloped;
 - contacting the Service by telephone is difficult with high numbers of abandoned calls;
 - a lack of service standards means that customers cannot be clear about the level of service they can expect to receive;
 - around £1.2 million of government subsidy has been lost to the Council over the last four years due to unnecessary overpayments;
 - accuracy levels are low;

² The scoring chart displays performance in two dimensions. The horizontal axis shows how good the service or function is now, on a scale ranging from no stars for a service that is poor (at the left-hand end) to three stars for an excellent service (right-hand end). The vertical axis shows the improvement prospects of the service, also on a four-point scale.

Scoring the service

- counter fraud activities are not currently fully effective;
- targeting benefit take up for those most in need is not effective;
- equality impact assessments are not being used to identify gaps in service provision and drive improvements;
- overpayment recovery is not fully effective; and
- value for money is not provided in all areas.

9 However, there are some strengths. These are:

- new benefit claims are dealt with quickly and effectively face to face;
- customer reception facilities are good;
- discretionary housing payments are effectively promoted; and
- consultation with landlords and partnership working is effective.

10 The Service has uncertain prospects for improvement because:

- it lacks a clear and consistent track record of service improvement;
- leadership is not effectively driving service improvements;
- contract management and penalty thresholds are not driving continuous improvement;
- service plans are not fully co-ordinated; and
- quality control and counter fraud are not effective.

11 However, there are some strengths in prospects for improvement. These are:

- performance has improved in the speed and accuracy of processing new claims and reducing avoidable overpayments;
- clear objectives for the Service are in place;
- the Service is using learning from other Councils to improve; and
- new key performance indicators are in place to secure higher levels of performance from the external provider.

Recommendations

- 12 To rise to the challenge of continuous improvement, councils need inspection reports that offer practical pointers for improvement. Our recommendations identify the expected benefits for both local people and the Council. In addition, we identify the approximate costs³ and indicate the priority we place on each recommendation and key dates for delivering these where they are considered appropriate. In this context, the inspection team recommends that the Council should do the following.

Recommendation

- R1** Deliver quicker and more accurate benefit payments to all customers by:
- ensuring external business partner meets performance targets;
 - providing all benefit claimants with a prompt and equitable service however they contact the Service;
 - providing a prompt, monitored and effective telephone and postal service; and
 - developing a risk based approach to accuracy and quality checking.

The expected benefits of this recommendation are:

- the circumstances of vulnerable customers are not made worse by delays or inaccuracies;
- all customers receive a high quality service; and
- resources are targeted to those most in need.

The implementation of this recommendation will have high impact with low costs. This should be implemented by October 2009.

Recommendation

- R2** Meet the needs of the diverse community of Milton Keynes by:
- engaging with all categories of customers to determine how the service should be improved;
 - ensuring equality impact assessments are completed and effective in delivering an equitable service to all parts of the community;
 - ensuring all staff are trained to deliver services to diverse communities;
 - working with service users to improve services such as notification letters; and
 - targeting take-up campaigns more effectively using data about current claimants and other sources of information.

³ Low cost is defined as less than 1 per cent of the annual service cost, medium cost is between 1 and 5 per cent and high cost is over 5 per cent.

Recommendations

The expected benefits of this recommendation are:

- clearer understanding of customer needs and aspirations;
- improved customer satisfaction;
- improved services for vulnerable residents; and
- improved understanding of what has worked well in promoting benefits take up.

The implementation of this recommendation will have medium impact with low costs. This should be implemented by October 2009

Recommendation

R3 Improve value for money by:

- evaluating the efficiency and effectiveness of the Service through better benchmarking;
- setting targets for efficiency in Council run services such as quality control and counter fraud; and
- further reducing Local Authority error overpayments in order to access additional subsidy.

The expected benefits of this recommendation are:

- increased financial resources for the Council; and
- more confidence in how well the service is performing.

The implementation of this recommendation will have high impact with medium costs. This should be implemented by October 2009.

Recommendation

R4 Improve performance management by:

- co-ordinating and aligning service and action plans of the Service and external business partner;
- ensuring that SMART action plans are in place for all aspects of the Service;
- developing service standards that clearly set out what customers can expect from the Service;
- reporting performance to customers regularly and clearly; and
- providing up to date management information to enable clear and accurate performance reporting.

The expected benefits of this recommendation are:

- customers and other stakeholders are clear about current and expected performance;
- improved coordination of actions to enhance outcomes for customers; and
- improved knowledge about relative performance of the service to inform changes and improvements.

The implementation of this recommendation will have high impact with low costs. This should be implemented by October 2009.

Report

Context

The locality

- 13 Milton Keynes was designated as a new city in 1967, with a population of 67,000. These are concentrated mainly in the old towns of Bletchley, Wolverton, Newport Pagnell, Stony Stratford and Bradwell. The Borough now has a population of approximately 231,000 and is projected to grow to 267,000 by 2015 and to 320,000 by 2030.
- 14 Compared to other areas, Milton Keynes contains a high proportion of under-16 year olds - the ninth highest of any council - and has a rapidly rising 'young' elderly population of 65 to 75 year olds. The population is also becoming more diverse. In 1991, 5.8 per cent of the population were from black and minority ethnic (BME) populations, but this rose to 9.3 per cent in 2001. In 2004, 21 per cent of the school population were from these groups and this proportion will increase.
- 15 The city has benefited from the strong national economic growth and has seen prosperity rising for many people with a healthy economic base with particular strengths in distribution, retail, hotels, restaurants and banking. However, the economic recession is having a growing affect on worklessness in the area.
- 16 While the area is generally prosperous there are also areas which are among the 10 per cent most deprived nationally. These are generally in parts of the city associated with the early Development Corporation public housing programme. The city ranks 212 (with one being the most deprived) out of 354 authorities on the DCLG Index of Deprivation 2007. The unemployment rate is just above the South East average.

The Council

- 17 Milton Keynes has 23 wards and 45 parishes. The Council is made up of 51 elected members, with the Liberal Democrats forming a minority administration with 21 members, the Conservatives having 20 members and Labour with 10 members.
- 18 Milton Keynes is a unitary council with a revenue budget of £152.9 million in 2007/08 (excluding schools expenditure).
- 19 The Council was assessed as a 'weak' authority under the original Comprehensive Performance Assessment (CPA) framework in 2002. The 2005 assessment subsequently gave the Council 'two stars' on a five point scale from nought to four stars and judged it to be 'improving adequately'.

- 20 A corporate assessment (CA) inspection (June 2006) rated the Council as a 'three-star' authority – 'consistently above minimum requirements, performing well'. The CA inspection was positive about the Council's approach to partnership working and priority setting, but there was scope for improvement in relation to governance, performance management and engagement with diverse groups. In 2008 the Council's CPA score declined to one star and we assessed the Council's direction of travel as not improving adequately.
- 21 The Revenues and Benefits Service has a role to play in delivering elements of the Council's five strategic objectives, which are to:
- ensure that communities are sustainable;
 - be inclusive and welcoming to all;
 - support children and families;
 - promote health and social well being; and
 - provide high quality services and community leadership.
- 22 In addition the Council's Sustainable Community Strategy 'The City that thinks differently, embraces evolution and champions change' which was refreshed in June 2008 identifies the following six key priority areas.
- Children and young people.
 - Community belonging.
 - Community safety.
 - Economic prosperity.
 - Health and well being.
 - Transportation.
- 23 A Chief Executive and four Corporate Directors lead the unitary authority's 4000 strong workforce to deliver over 170 services. A further 700 staff are employed by the Council's external business partner.

The Council's Benefits service

- 24 The Revenues and Benefits Service is one of a number of service streams forming a strategic partnership, with the Council's external business partner. This 12-year public private partnership began in 2004, and also delivers ICT and e-government services, Property, Human Resources, Business Support, Housing Repairs and Highways Maintenance Management.
- 25 In 2007/08 the Service paid £72m in benefit to approximately 18,700 customers. By the end of January 2009 the number of customers receiving assistance had increased to 20,539.

Report

- 26 The contract is monitored by a small client team within the Council's Finance service, (part of the Strategy, Governance and Performance Directorate). The client team oversees the Revenues and Benefits Service operation, provides the strategic direction for the Service and is responsible for ensuring that relevant benefit subsidy is correctly claimed from DWP. The Benefit Fraud Team is situated within the Council's Audit and Risk service.

How good is the service?

What has the service aimed to achieve?

- 27** Council aims are contained in a range of strategic plans such as the Local Area Agreement, the Council plan, and the Sustainable Community strategy. However service plans do not explicitly address how the Service will contribute to these plans and a vision for the Service is not clearly articulated.
- 28** Consultation with local people identified five objectives for the Council and these are set out in its Council Plan 2008. To support delivery of these objectives the Council has identified the following 10 priorities that highlight the most important things needed to be done to achieve its strategic objectives.
- Improve the quality of the environment in which we live.
 - Improve public transport.
 - Promote equality and social inclusion and improve health.
 - Provide affordable housing for those in need.
 - Deliver high-quality outcomes for children and families.
 - Continue to improve school standards.
 - Support people who need help to live independent lives.
 - Reduce crime and the fear of crime.
 - Improve the experience of our customers.
 - Deliver an excellent housing service.
- 29** Service plans do not explicitly address how the team will contribute to delivering the Sustainable Community Strategy objectives and Council Plan priorities. There are two separate service plans that cover the bulk of the service area covered by this inspection - the revenues and benefits medium term service plan and the benefit counter fraud medium term service plan. The plans state the Service responds to all the Council's corporate priorities. The benefit counter fraud plan states it responds to three objectives of the Sustainable Community Strategy (prior to June 2008). The revenues and benefits plan states it responds to all six objectives in the Sustainable Community Strategy. However, it is not clear from the plans how this is achieved.

How good is the service?

- 30** Clear objectives for the Service are in place. The revenues and benefits medium term service plan sets out nine high level objectives of which seven relate to the benefits service, as follows.
- Process statutory benefit claims by paying the right person the right amount at the right time.
 - Meeting the Customers Nominal Value.
 - Equalities.
 - Meet standards for the service where they are set externally.
 - Overpayments.
 - Prevent fraud and error.
 - Minimise subsidy loss to the Council.
- 31** The anti fraud team medium term service plan sets out the following five high level objectives for the service.
- Maintain a robust and effective investigative service in accordance with all relevant social security legislation, criminal law and DWP guidance.
 - Maintain a robust and effective internal investigation service in accordance with all relevant legislations and Council policies.
 - Maintain the Council's policies in respect of investigations.
 - Maintain an effective Anti Fraud training and awareness programme.
 - Provide regular and formal Annual Report collating all Anti Fraud and Fraud experiences to the Officers and the Audit Committee.

Is the service meeting the needs of the local community and users?

- 32** Customers receive a good service when visiting offices but other aspects of the Service are poor. Forms are not clear or easy to use. While there are a range of engagement and consultation forums, consultation overall is not generating the response the Service needs. The Service is not targeting take-up activity at those most in need. Satisfaction with the Service generally is good but there is not enough information about satisfaction from customers who do not visit the Service in person.
- 33** Application forms are not clear and helpful. For example, the paper claim form is not up to date and does not provide clear advice to customers. The claim form indicates customers can choose whether payment is made direct to their landlord. However, since the introduction of local housing allowance (LHA) in April 2008 most rent allowance payments for new claimants are made direct to the claimant unless there are exceptional circumstances. Although the Service is moving to assisted completion of an electronic claim form and to assisting customers complete paper forms there remain around 10 per cent of customers who complete paper claim forms unaided. An effective claim form reduces both barriers to making a claim and delays in assessing claims.

- 34 Consultation and engagement with the Service's customers is ineffective. There has been limited consultation with customers on key aspects of the service. The Service has recently developed a suite of new revenue and benefit policies and consulted on these with stakeholders, though it received only one response. However, some ongoing consultation with stakeholders is regular and effective. Landlord forums take place, are well attended, and supported by both Council and external business partner staff. The effectiveness of these channels is important not only in ensuring that all voices are heard, but in promoting a broader consensus across all sections of the community on the resulting plans.
- 35 The Service is not effectively targeting take-up activity for those most in need. Most take-up activity has been general and aimed at reaching the whole community rather than targeted campaigns. Take-up work undertaken has included the provision of general information about HB and CTB with Council Tax bills, information on the Council's website particularly through the provision of an on line calculator, leaflets at Council offices and promotion of benefits to tenants of council owned housing. This indicates a service that is not pro-active in ensuring that all those entitled to benefit receive it.
- 36 The Service has only recently developed a take-up strategy based on targeted campaigns. This is a positive first step to increase take-up though it does not include analysis of caseload or demographic data to identify under claiming groups. This means that currently the Council may not be reaching customers most in need. The Council can not be sure that it is helping those who are most financially disadvantaged.
- 37 Some vulnerable customers receive support. For example, prioritisation of claims from those in hostel accommodation. However, claims forwarded to the Council by DWP from customers in receipt of Income Support and other state benefits (42 per cent of claims for the period September to December 2008) are not prioritised. Prioritisation of claims from vulnerable customers helps to minimise hardship.
- 38 The Service is designed around the Council's understanding of customer need. It has determined that due to the complexity of the system and notification letters that the best way for this to happen is through personal contact with the customer to support them in completing the claim. The revenues and benefits medium term service plan includes an action to set aside time to listen to customers and understand their views of the service. This is aimed at improving its understanding of customer needs.
- 39 Communication with customers who visit the Councils' office is good. Many customers who visit the Civic Offices with all the information to support their claim leave with a decision made and an explanation of that decision. Customers who can visit the office therefore receive a prompt and effective housing benefit service. However, decision letters are not always clear so customers who do not receive a personal explanation receive a less effective service.
- 40 Although the Service's focus on customers making new claims is strong, for some service users who are either unable or unwilling to attend an appointment at the Civic Offices it is weak. Staff dealing with customers on the phone and face to face serve customers well. Small scale satisfaction surveys, and the views of external stakeholders, report a positive customer experience when visiting the offices.

How good is the service?

- 41 Satisfaction with the Service is good. Satisfaction data in 2006 rates the service overall as just outside the top 25 per cent of councils nationally. Between 2003 and 2006 overall satisfaction with the service improved significantly from 61 per cent to 81 per cent. Complaints have reduced and the Service now receives compliments. Councillors rarely receive queries about the service from their constituents. The Service has carried out a number of small scale surveys during 2008/09 to gauge current satisfaction levels with those customers using the Civic Offices. Results indicate satisfaction to be good. A customer survey key performance indicator (KPI) has been included in the contract from April 2008. This demonstrates a commitment by the Council to track customer satisfaction.
- 42 However, the Council lacks comprehensive satisfaction information from all possible users of the benefit service. For example, it is not known how satisfied customers who are unwilling or unable to visit the Civic Offices are, or how satisfied users of the telephone or internet are. This is a missed opportunity to shape the benefits service to meet the needs of all users.

Access

- 43 The Council has not explained clearly to service users what level of service they can expect. Service standards are not measurable or monitored. Customers who cannot visit the Civic Office can receive home visits but this is not widely publicised or taken up. The telephone service is poor with high rates of abandoned calls and long waits. Some website information is not accurate or up to date and fraud information is not in plain English.
- 44 The Council is not clear with people about what level of service they can expect. Both the Council and the Service have customer service charters. However, the standards are not specific in setting out what level of service customers can expect. For example, the Council charter says 'we will answer your call quickly' but this is open to interpretation and does not give measures against which performance could be assessed. The Revenues and Benefits Service Charter sets out that the service will keep as many phone lines open as possible to meet demand and for those visiting offices ensure the reception areas have the appropriate number of staff to deal with all customers who visit. Although the Council's aim it to satisfy the needs of each individual customer these aims are aspirational and not capable of accurate monitoring. This means customers are not sure of what level of service to expect and this limits the understanding of customers in seeking to complain about perceived poor service.

45 Customer access to the Service is mixed. The Service strives for a one contact culture. Therefore when customers contact the Service the person they first contact tries to deal with the query to resolution. With face to face contact this usually includes assessment or amendment of benefit.

- The telephone service is poor. Stakeholders confirm that access by telephone is difficult for customers. There is a high proportion of abandoned calls and answering times are lengthy, particularly during peak periods in the late morning and early afternoon. Between July and December 2008 on average 23 per cent of calls to the general benefit lines and 15 per cent of calls to the new claims hot line were abandoned.
- Visitors are able to obtain advice and have their claims assessed at the Civic Offices which are centrally located in Milton Keynes. This service is available from 9.00am to 5.15pm Monday to Friday. Facilities are of a high standard and provide a welcoming environment, with private interview rooms available. In most cases appointments are made but customers can still drop in and make enquiries or claims. There is good access to the offices using public transport for most residents in the district. However, there are some villages from which there is no direct public transport or public transport is infrequent.
- A positive range of information is available on the Council website, including an online calculator. The same day service is publicised and explained and customers are provided with quarterly performance information. However, not all information is accurate or up to date. Information still indicates rent levels are decided by the Rent Officer with payment direct to landlords. Backdating information indicates backdates can be for 52 weeks when the regulations reduced backdating periods from October 2008.
- Fraud information is included on the website but some of it is not user friendly. For example, there is no online fraud referral form and too much technical information which is not in plain English.

The service ethos is to guide customers through the process on a one to one basis so there are no plans to increase access electronically to those customers wishing to claim benefit. There are no extended opening hours so the information helps provide basic out of hours support to customers or potential customers of the Service who have internet access.

46 Performance is inconsistent depending on the method of contact with the Service. For those who are willing and able to take claims to the Civic Offices the service is effective and prompt. The Service tells customers that if they take all the information needed to assess a claim to the Civic Offices the claim will be decided on that day. In December 2008, 30 per cent of new claims were assessed on the day received. Publicity for this service has been undertaken recently. However, 16 per cent of customers, who make postal claims, receive a poor service.

How good is the service?

- 47 Customers who submit postal claims and subsequently phone the Council can have their claims progressed more quickly if they agree to attend an interview at the Civic Offices. However, those who do not contact the office or who are unwilling to attend an interview receive a poor service. The Council does not make telephone contact easy or process postal claims quickly so it is forcing customers to use one means of access whether convenient to the customer or not. This is a weak approach to meeting the needs of all service users and may be causing hardship to benefit claimants.
- 48 The Council has not adequately recognised and responded to the lack of an accessible service to those who are unwilling or unable to attend the Civic Offices to have their benefit processed and who, therefore, are receiving a poor service. Some customers who have difficulty in getting to the Civic Offices are offered home visits. Although this is improving access, this is not widely publicised and there has been low take-up. The Council does not know if these arrangements allow easy access to the Service for all customers and potential customers.

Diversity

- 49 The Service's approach to diversity and equalities is under developed. Equality Impact Assessments (EIA)⁴ are not ensuring policies have no adverse impact on minority communities. Neither the external business partner nor the Service hold enough profile information about claimants and so cannot help to deliver equitable services. There is no mechanism for ensuring external business partner staff work in accordance with equality policies. However the Services makes good use of support it is able to give claimants through Discretionary Housing Payments.
- 50 The Service has made slow progress addressing diversity and equality issues. Although the Council has achieved level three of the Local Government Equality standard, the Service is not yet effective in demonstrating its achievement against the standard. The Council has set up an equalities 'micro-site' where specific research information and demographics can be sourced to help with service improvements. However, this information is not used systematically by the Service to review how its plans, for example to encourage take-up, may need to change to meet a different population profile. The Service has limited ethnicity data about claimants. Information about ethnicity is requested on the standard claim form with limited success. The Council is not ensuring that its external business partner obtains comprehensive customer profiling information and that this is used to promote effective delivery. This is a missed opportunity to shape the benefit service to the needs of the community and indicates a lack of pro-active management of diversity.
- 51 The Service has not carried out effective EIA of relevant policies. It has started this work but not followed it through to completion. The content of completed EIA forms is weak in some areas such as the Customer focus and take up strategy, without there being any explanation about any particular groups or individuals who may be taking up fewer benefits than others. This means the Service cannot be sure its policies take account of the full range of legislative requirements.

⁴ An equality impact assessment (EIA) is a tool for identifying the potential impact of a council's policies, services and functions on its residents and staff. It can help staff provide and deliver excellent services to residents by making sure that these reflect the needs of the community. By carrying out EIAs, a council may also ensure that the services that it provides fulfil the requirements of anti-discrimination and equalities legislation

- 52** The Council has not ensured that all staff receive equalities and diversity training. The Council does not have a mechanism for ensuring its external business partners' staff understand and work in accordance with its equalities, diversity and human rights policies.
- 53** The Council actively promotes the availability of Discretionary Housing Payments (DHP). DHP are payments made at the discretion of the Council, subject to an annual cash limit set by government, in cases where the Council considers that additional help with housing costs is needed by vulnerable customers. The Service has provided awareness training on DHP to all benefits and housing staff. Leaflets and information on the Council's website inform customers about the availability of such payments. In 2007/08 the Council provided support totalling £30,384 to 95 customers. This is an increase in the number of customers receiving support from 2006/07 when 89 customers received help, although expenditure is lower. The Council is making prudent use of the additional support it can give to those customers most in need without any cost to local taxpayers.

Service outcomes

- 54** Customers are not receiving a consistent service. Performance in the speed of processing new claims is poor but improving. The time taken to process change of circumstances is among the worst 25 per cent of councils nationally. Accuracy is improving but remains poor compared to others. The Service is not effective in detecting fraud and preventing overpayments.
- 55** Performance against key best value performance indicators (BVPI) for 2007/08 is mixed, as follows.
- New claims' processing at 27 days is just outside the worst performing 25 per cent of Council's nationally (28 days) the top 25 per cent of councils were achieving 21 days and the average was 25 days.
 - Processing times for changes of circumstances at 16 days is among the worst councils nationally.
- 56** Unaudited data for the first three quarters of 2008/09 shows:
- new claims processing improved to around 21 days; and
 - change of circumstances performance has deteriorated to 17 days.

Resources have been devoted to streamlining the new claims process at the expense of changes of circumstances. This means customers receive a poor service when they report changes. A project team to look at the processes for dealing with changes of circumstances was only created in the summer of 2008/09. The prompt processing of changes of circumstances is as important as the prompt payment of new claims. It can help smooth the transition back into work for customers starting work and prevent errors.

How good is the service?

- 57** Some new customers are neglected by the service and their claims ignored for long periods. For example, between the 1 October 2008 and 26 January 2009 2490 new claims were made. At the 27 January 2009 559 claims were outstanding. Of these 125 had been outstanding for more than 50 days with some contact made with the customer. Furthermore, 43 new claims were outstanding for more than 50 days and no action had been taken whatsoever. However, 30 per cent of new claims are dealt with in one day. An inequitable service is being provided with lengthy waiting times for some new claims to be processed.
- 58** Performance against the accuracy of processing benefits BVPI is poor though improving. The service has improved accuracy levels year on year since 2005/06 when 94 per cent of cases sampled were processed correctly. In 2007/08 the Council achieved 97 per cent of cases sampled processed correctly but remains in the poorest performing 25 per cent of councils nationally. An accuracy KPI has been introduced to the contract with effect from 2008/09. Monitoring against the KPI in 2008/09 shows accuracy is yet to be adequately addressed. This means the Service is not consistently reducing error in the benefit system.
- 59** Overpayment recovery processes are improving. The Service uses a number of methods to recover overpayments including a debt collection agency, recovery direct from landlords and court proceedings. It has recognised that although it has pursued debts to final notice stage promptly in the past it has not been so effective at progressing recovery beyond this stage. The Service is improving its processes for monitoring debt and ensuring it takes recovery action in a timely manner. Good overpayment management is important to maximise income for the Council.
- 60** The Service has adequate arrangements to prevent fraud and error entering the system. There is a comprehensive set of procedures that allow benefit staff to understand the level of verification of documents required. A significant proportion of claims are made at face to face interviews this is an effective way to help prevent fraud entering the system. There is an electronic fraud referral form available to all staff. This provides a consistent approach to verification and encourages staff to make referrals which helps to reduce fraud and error.
- 61** The framework for dealing with benefit fraud is sound. There is a clear sanction and prosecution policy in place. There is clear guidance for staff when applying sanctions. Residents are encouraged to report suspected fraud using phone, letter, and email. Successful prosecutions cases are publicised in the media. This makes it clear to those attempting to commit fraud that they are likely to be caught.
- 62** The fraud team works effectively with other council departments and DWP. For example, a recent joint operation with the Council's Taxi Licensing team led to the arrest and subsequent deportation orders for three individuals who were working in Milton Keynes on false identity documents.

- 63** However the Service is not currently fully effective in detecting fraud. In 2007/08 the Service successfully administered 30 formal cautions, 20 administrative penalties and 31 successful prosecutions. This is 4.5 successful sanctions per 1000 caseload and below the average for councils in England of 5.2. In the same period the number of investigators per 1000 caseload was just below the average (0.29) at 0.24. However, current capacity issues caused by vacant posts are limiting the Service's ability to be as effective in 2008/09. To the end of the first three quarters of 2008/09 47 successful sanctions had been applied of which 18 were prosecutions, 20 formal cautions and 9 administrative penalties. Fraud referrals are not promptly followed-up and the sifting threshold at which referrals are accepted has been increased to reduce the number of investigations to fit resources available. Potentially fraudulent cases are not being investigated; this poses a high risk to the Council and the public purse.

Is the service delivering value for money?

- 64** The Service is not delivering value for money because it is high cost and outcomes are inconsistent. Benchmarking is not effectively contributing to VFM analysis. Overpayments are contributing to higher costs. However partnership arrangements have led to some savings
- 65** The Service cannot demonstrate that it provides value for money. The Council commissioned a corporate value for money analysis report which showed relative to other services provided by the Council the revenues and benefits service was deemed to be providing value for money. However, compared externally to its "nearest neighbours" it was identified as high performing but high cost. Outcomes are inconsistent, performance is mixed and income is not being maximised. This does not demonstrate value for money from a high cost service.
- 66** The Service has not fully addressed the level of LA error overpayments. The DWP rewards councils where LA error overpayments are low. The DWP sets thresholds, based on total expenditure, and if the LA error overpayments stay within these thresholds the authority receives subsidy on them. The Council has exceeded the thresholds in each year since the DWP incentive scheme started in 2004/05. It has created LA error overpayments in excess of £2.3 million. It therefore has to use resources to recovery any of these overpayments which are recoverable. In addition it has lost income from subsidy of £1.2 million. In 2006 the Council considered investing in a specific resource (which would have been self financing) to address this issue but decided instead to wait until its fundamental review of processes achieved the outcome. That review has made progress in reducing this type of error and in 2008/09 is on target to achieve at least the DWP lower incentive level of 40 per cent. The Council's decision has had a negative impact on its income from subsidy and this increases the cost of the Benefits Service to local tax payers.
- 67** The Council is not effective at maximising recovery of overpayments. During 2007/08 the Council was among the poorest performing councils nationally in collecting outstanding debt based on BVPI data. Total invoiced debt outstanding is £1.725 million. In the period from April 2008 to December 2008, £459,000 of invoiced debt was recovered. This means that substantial debt is outstanding for long periods which makes effective recovery more costly and difficult.

How good is the service?

- 68 Management of subsidy is improving. At the start of the partnership the Council faced significant loss of subsidy. Although the claims in the last three years have been qualified the Council has been able to present a case to the DWP and avoid financial penalties. The claim for 2007/08 has again been qualified, though the Council does not anticipate any financial loss as a result. Good management of all the subsidy areas reduces the overall burden on the Council tax payers.
- 69 There is limited use of benchmarking. There is a lack of confidence in benchmarking across the Service. This means the Service is missing opportunities to learn from best practice elsewhere, and to identify comparative differences in outcomes from the service. This limits the ability of the Service to demonstrate how effective it is.
- 70 The Council has clear cost information about the contract with its external business partner. The savings realised by year 5 of the contract were just over £375,000. Some additional cost savings have been realised during 2008/09 due to improvements to LA error overpayments and cleaner subsidy claims. Certainty over the cost of this key part of the service helps the Council in its budget preparations.

What are the prospects for improvement to the service?

What is the service track record in delivering improvement?

- 71** A clear and consistent track record on service improvements has not been established. Although some improvements to the Service have occurred over the last two years, the needs of some customers are neglected. In some areas, such as client side quality control checking, and counter fraud capacity constraints are limiting the track record of improvements and causing backlogs of work to occur. While new benefit claim processing times have reduced, the time taken to deal with changes of circumstances remains weak and benefits processing is not sufficiently accurate to enable additional subsidy to be obtained.
- 72** The rate of improvement across the Service has levelled out in some key areas and this impacts on outcomes for benefit claimants. Increases in workload mean that some postal and DWP claims are not being dealt with quickly and a backlog of work has built up. In addition, outcomes for service users seeking to contact the service via the telephone are not good. Outcomes for service users are therefore variable and do not show sustained improvement in all areas.
- 73** The time taken to deal with changes of circumstances has deteriorated. In 2005/06 changes of circumstance processing took 11 days, in 2006/07 they took 18 days and in 2007/08 they took 16 days. Performance in the first three quarters of 2008/09 has been 17 days. Hence performance currently is substantially worse than in 2005/06. Slow processing of changes of circumstances adds to uncertainty for claimants and is likely to reduce their confidence in the Service and could be a factor in returning to work decisions. Customers may not be receiving the correct level of benefit. Overpayments and underpayments cause financial hardship and allow errors to enter the system.
- 74** An improvement to the speed of processing new claims has occurred with a track record being established. However, the trend in improvement has not been consistent. For new claims, performance in 2005/06 was 23 days, in 2006/07 it was 27 days and in 2007/08 it was 27 days. Unaudited figures provided by the Council show some improvement during 2008/09. The average during the first three quarters of 2008/09 is 21 days. This means that new claimants generally receive prompt decisions and payments of benefit leading to greater clarity around their personal financial circumstances.
- 75** Performance in accurately processing claims is poor compared against other councils but has improved year on year since 2005/06. Some positive action to identify reasons for inaccuracies has occurred, for example in regard to working family tax credit claims and rent free weeks. More training in these areas was put in place and more accurate processing resulted leading to improved outcomes for service users with less likelihood of incorrect payments occurring.

What are the prospects for improvement to the service?

- 76** Recovery of overpayments is below average. In 2007/08 it was below the average of English councils for both the proportion of total available overpayment debt recovered and for recovery made compared to new debt raised. In 2007/08 the Council recovered 61 per cent of overpayments, slightly less than in 2006/07 when it recovered 63 per cent. By failing to maximise the recovery of overpayments the Service has reduced valuable income for the Council.
- 77** The Service has reduced the level of LA error overpayments. However, this is from a low base and improvement has been slow. The Council has not received any LA error overpayment subsidy since the incentive scheme started. Although it is due to receive at least the lower level of 40 per cent for 2008/09. This means that the Council has failed to maximise potential income limiting the ability to achieve value for money.

How well does the service manage performance?

- 78** Performance management arrangements are not effective. Leadership is not driving improvement and capacity is overstretched. Performance management of counter fraud is weak. While 'systems thinking' is leading to some improvements it is not resulting in improvements for all groups of users. Some customers wait too long to have their claims assessed because there is no systematic review of caseloads. Contract management and penalty thresholds are not driving continuous improvement. Targets are not set at an appropriate time to allow effective monitoring and management. Benchmarking is not used to improve the benefits service. Service plans lack clear outcome measures and are not aligned with the business partner. Risk management arrangements are not effective. However, performance reporting works well and learning from others has resulted in improvements for customers such as the one stop shop.
- 79** Leadership is not fully effective in driving forward improvements in the Service. Capacity at a senior level within the Council is currently stretched and contract management of the Service is at too low a level in the Council. Despite being experienced and hardworking the client side monitoring arrangements are stretched and are not currently able to adequately handle the quality control arrangements. However, the portfolio holder for this service is engaged, understands the issues and wants to see improvement. Some senior managers view the service as performing well when it is not, and so there has been insufficient focus on the need for improvement and a lack of challenge to make this service better. This leads to potential risks to the Council and the ability to drive service improvements for customers.
- 80** Council plans and the plans of its external business partner are not fully coordinated. Aims and aspirations differ and the actions contained in plans do not match in all areas. The Councils service plans for the Service are not strong in all areas and are not all SMART⁵. There are gaps in some sections and efforts to redesign the Service lack clear outcome measures and milestones. In some areas resource implications are not specified adequately or clearly. Service planning therefore is not fully effective in setting out an agreed and jointly owned way forward, limiting opportunities to improve service delivery.

⁵ Specific, measurable, achievable, realistic and timebound.

What are the prospects for improvement to the service?

- 81** Performance reporting works well. This includes monthly reporting to the portfolio holder, a partnership report to the Partnership Strategy Board and review mechanisms for performance against key performance indicators. Monthly management reports are produced by the 12th of the following month and form a focus for discussion between the Council and its partner. Issues are collated into an issue list which also forms the basis for discussions. Clear and up to date performance information assists in identifying ways to improve performance across the service.
- 82** However, the overall performance management framework for counter fraud is weak. There is only an annual report of progress, with a lack of clear milestones, and targets in the 2008/09 service plan. The business plan for counter fraud is weak. It is not clear what proactive exercises are to be carried out and the timescale and resources required to complete any such exercises. The target figures are the outturn figures for 2007/08 so not stretching and the service developments are the kind of initiatives one would expect to already see in an effective counter fraud team. There are substantial delays in dealing with fraud referrals. The capacity of the service is weakened by the absence of strategic plans and a sound performance management framework. This adds to the risk of benefit being paid to those without a legitimate entitlement.
- 83** Target setting is not driving improvement. The Council has set KPI targets for the partner and the targets require improvement on last years performance even where the previous years target was not met. The penalty threshold has been similarly increased except for new claims. This has the effect of reducing the burden on the partner as they can miss the target by a more substantial amount and not be penalised. Targets are not usually set until around the end of the first quarter and for 2008/09 were not finally agreed until well into the current financial year. This means there is less time to take remedial action to achieve targets.
- 84** IT systems are not fully supportive and not all management information available to the service is wholly reliable For example:
- there are problems with the production of overpayments performance information; and
 - there is no data yet for the new national indicators for payment of the right benefit at the right time - NI180 and NI181 which came into force in April 2008, although this is an issue common to many other councils.
- The ongoing issues with IT means that the Council does not have a clear picture of performance and cannot target improvement effectively.
- 85** Engagement with other Councils is used to improve performance. Learning from other Councils was a significant factor in the design of the one stop shop facility for example. A visit was made to Liverpool Council's facility by councillors and staff to learn what worked well and what did not. In addition, visits to other councils using the same IT system have taken place. Using knowledge gained from others is a valuable tool to enhance service delivery.

What are the prospects for improvement to the service?

- 86 The Council recognises the need to strengthen risk management arrangements. More is now being done to raise the profile of risk management. Councillors have asked that particular focus be given to developing a coordinated approach to risk within the benefit service. Without stringent operational risk management trends may not be identified at an early enough stage to ensure that an adequate and timely response can be made.

Does the service have the capacity to improve?

- 87 Insufficient capacity is in place to give a consistently high level of service. Staff vacancies affect the ability to deal with backlogs of cases. Insufficient staff capacity exists to deal with contract monitoring. Recruitment processes are slow and IT is limiting progress. However, training needs relevant to the service are identified and implemented.
- 88 The Council has procured capacity from an external business partner with the aim of delivering an effective benefits service but this is not providing a quality service for all customers. A long term strategic partnership has been put in place but the arrangement is not yet delivering against its contractual commitments in all areas. This means that customers are not receiving a high level of service from the Council and weak performance management is not driving improvement forward.
- 89 Capacity to make this service better at a senior level is weak. There are key vacancies at a senior level within the Council. In addition some senior officers have too wide a range of services to manage. Although experienced and hardworking, staff monitoring the contract are not at a senior enough level for such a large service. This has resulted in the Council failing to get the best performance for its customers and this presents risks to the long term performance management of the benefits service.
- 90 Capacity to monitor the contract and carry out quality control functions is insufficient. The client team monitor the partnership contract and check the accuracy of claims but there is currently a backlog of quality checking of one month. To support its client function agency staff have been used for a long period to undertake a key part of its contract monitoring, a 10 per cent quality check of assessments. Despite the use of agency staff the client team has a backlog of work. Delays in this area can impact on the amount of LA error overpayment in the system with resultant lost income to the Council. The team does not have the capacity to investigate individual subsidy cells to improve accuracy in this area. Therefore the ability of the Council to improve the service in this area is restricted.
- 91 Staff vacancies have restricted effective outcomes in some key areas. Counter fraud effectiveness is undermined by staff vacancies as during 2008/09 there has been a high turnover of staff with three staff leaving in one year. This has had an impact on the services ability to deal with its caseload with over 200 cases dating back to August 2008 not yet considered by the team. Council recruitment processes are not effective in providing adequate staff capacity leading to delays in filling posts. Obtaining approval to fill vacant posts is slow. This is compounded by delays due to job evaluation in some areas. This could lead to financial loss to the service, and to the Council not meeting national policy objectives.

What are the prospects for improvement to the service?

- 92 The Council is starting to increase capacity in the counter-fraud team through a review of business processes. This is starting to identify areas for improvement to allow investigations to be completed more promptly. For example, reviewing the mechanisms it uses to obtain information from employers. The previous process could delay investigations for several weeks but a more direct approach has reduced times. However, it is too early to quantify the outcomes from this work.
- 93 Systems are in place for identifying training needs and the arrangements for delivering training are sound. Staff are supported to attend conferences and are kept up to date with legislative and operational changes to benefits services. Staff training programmes were delivered to introduce the new LHA arrangements successfully, and therefore implementation of complex new benefit arrangements was effective. Effective training measures have recently been put in place to improve accuracy of processing and this has led to some improvement in this area. By supporting staff in a structured way the Service should be supported by staff who are technically competent.
- 94 Capacity has been increased in some areas through partnership working. For example, the Service has enabled housing associations to undertake verification work on its behalf. This work is subject to the same accuracy checking as is in place for the Council's partner and is working well to deliver improved outcomes for some customers.
- 95 The Council's approach to equalities and diversity has been improved by securing additional staff capacity. For example, it now has a Cohesion Officer and a Preventing Extremism officer and the corporate equalities and diversity function has been strengthened. This is leading to more pro-active work on equalities and diversity, for example, through the commissioning of further work to engage with BME communities within Milton Keynes.

The Audit Commission

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