

Benefits

Service

Inspection

Chelmsford Borough Council
May 2010



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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 and Council Tax Benefit services

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.

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 Chelmsford Borough Council, the reasons for commissioning the inspection were:

- delays processing claims and dealing with reported changes of circumstances;
- loss of subsidy payments;
- signs that the accuracy of claims was declining;
- low numbers of sanctions applied for fraudulent claims; and
- delays dealing with customers sending appeals.

The key objectives of this inspection were:

- to assess the effectiveness of Chelmsford Borough Council Benefits Service in meeting the needs of the vulnerable people it serves, and contributing to the Council's wider corporate objectives; and
- to provide assurance to the DWP and other stakeholders regarding the quality of service provision.

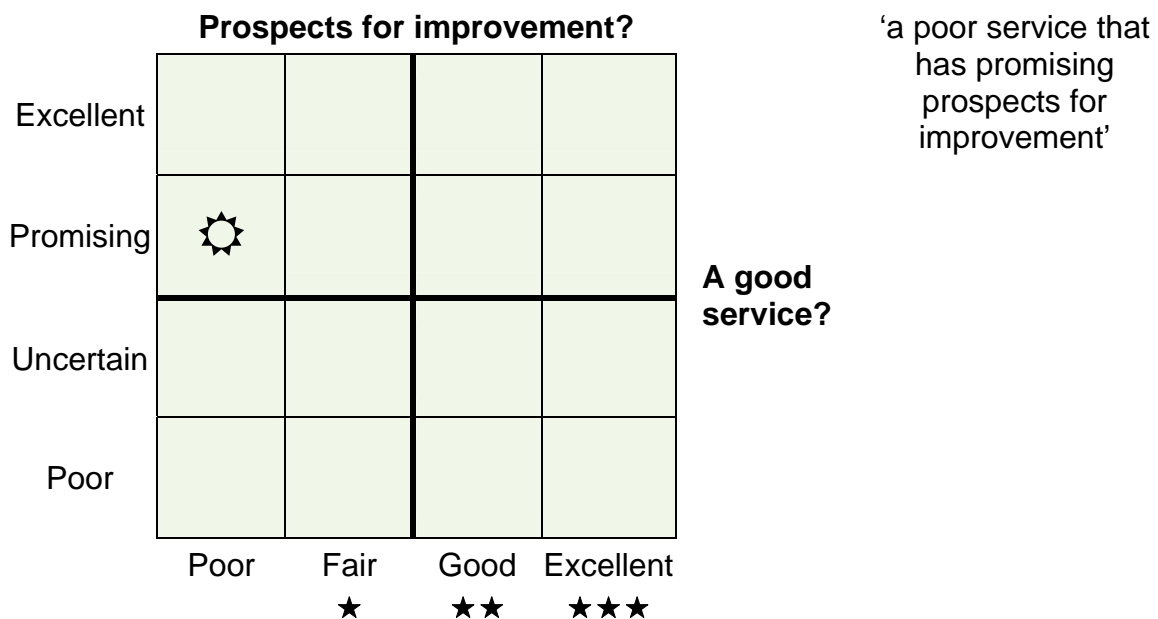
Summary

- 1 Chelmsford Borough Council's Benefits service is poor with promising prospects for improvement. People wait too long for their benefit claims to be decided. In 2008/09 the Service was slow to respond to an increase in caseload caused by the economic conditions. As a result, backlogs of work grew. This resulted in customers waiting an average of 35 days in 2008/09 and 2009/10 for new claims to be processed. Customers whose circumstances changed waited 16 days in 2008/09 and 20 days in 2009/10. Those who appeal or complain also wait too long for a response.
- 2 Accessing the Service can be difficult. Access through the website is adequate though not well used. During busy periods customers can face long delays. Telephone access is variable. Less than a third of calls are answered within the corporate standard of six rings and there is a high rate of abandoned calls. However, staff have a positive approach to customer care.
- 3 The Service has limited engagement with customers to enable it to understand fully whether it is meeting their needs. It also has limited understanding of what access customers want. It has not done enough to encourage residents to claim the benefits they may be entitled to. However, the Service has effective measures in place to support the most financially vulnerable. It does this through use of the discretionary housing payments fund, its direct payment policy for private tenants claiming local housing allowance and close working with the Council's homelessness team.
- 4 The fraud investigations team has not been fully effective. Although its investigations are of good quality it is not following-up referrals quickly enough.
- 5 The Service does not provide value for money. The cost of the Service is low compared to similar councils, but performance is poor. It has not maximised the government subsidy which is available to run the Service. However, recovery of overpayments is good.
- 6 The prospects for improvement of the Service are promising. Strong leadership from senior officers and councillors is already resulting in improved outcomes for benefit customers. The Council has made significant and ongoing financial investment in the Service. The Service has cleared the backlog of new claims and changes of circumstances and the number of outstanding appeals has fallen.
- 7 Importantly, the Service has a strongly motivated and committed group of staff focused on providing a good service to customers. There has been a positive change in performance culture with improved target setting and an emphasis on individual targets.
- 8 The improvement plan addresses key weaknesses and is already delivering positive outcomes and improved services. Customers do not wait as long for their benefit to be paid. Management information is used more effectively to check progress and manage the Service. Further improvement is supported by robust performance management. This includes trigger points which are in place to alert managers at an early stage if problems arise so corrective action can be taken.

Scoring the service

- 9 We have assessed Chelmsford Borough Council as providing a 'poor', no-star service that has promising prospects for improvement. Our judgements are based on the evidence obtained during the inspection and are outlined below.

Figure 1 Scoring chart¹



Source: Audit Commission

- 10 The Service is poor, zero star because:

- it has not provided a responsive service in processing new benefit claims and dealing with changes of circumstances quickly. This has resulted in significant delays for customers. Processing new benefit claims and dealing with changes of circumstances is a core part of the Service;
- it is not designed around the needs of local people. As a result:
 - access to benefits for some people is difficult, particularly telephone access with high levels of abandoned calls;
 - the approach to encouraging people to apply for HB and CTB is not yet fully effective; and
 - comprehensive and challenging service standards are newly developed and have not been communicated to customers;

¹ 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

- it does not deal with appeals quickly;
- it does not provide value for money; and
- the investigations team does not deal with referrals quickly.

11 However, it has some strengths. These include:

- staff committed to providing good customer service;
- effective recovery of overpayments;
- support for those who may otherwise struggle to keep tenancies; and
- recent proactive encouragement for customers to provide all information to allow quicker processing of claims.

12 The Service has promising prospects for improvement because:

- a recent positive change in performance culture with more focused, hands-on management and an emphasis on individual performance;
- use of, and learning from, a review in 2009 which has led to good, though recent, improvements in processing times;
- robust improvement plan that is already delivering improvements, includes increased capacity to help manage the Service and for key tasks such as customer engagement and management of the subsidy claim;
- recent improvement in learning from others; and
- corporate commitment to the Benefits service.

13 However, there are some weaknesses. These include:

- uncertainty over correct staffing levels for effective counter-fraud work; and
- the Service has not effectively monitored how easy it is for customers to contact them, either by telephone or in person.

14 The Audit Commission will consider a reinspection within 24 months. This will provide assurance to stakeholders such as benefit customers, local taxpayers and DWP that planned improvements and outcomes have been delivered.

Recommendations

- 15 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 costs¹ 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 recommendations support the improvement work which the Council has started. We recommend that the Council should do the following.

Recommendation

- R1** Improve the accessibility of the Service for those who are, or may be, entitled to benefits. It can do this by:
- developing a more consistent and comprehensive approach to consulting with service users to establish their needs;
 - improving access channels for customers and reducing waiting times;
 - reviewing the approach to complaints and learning from complaints;
 - reducing the time taken to deal with appeals;
 - undertaking take-up campaigns that are:
 - targeted towards identified underclaiming groups;
 - properly evaluated; and
 - integrated into business plans; and
 - developing and raising awareness of service standards for customers which are relevant to their needs by:
 - developing measurable service standards through consultation with customers;
 - promoting them to customers, and
 - monitoring performance against the standards and reporting results to customers, senior managers and councillors.

The expected benefits of this recommendation are:

- improvements to the service offered to customers and potential customers;
- greater customisation of service delivery;
- better targeting of resources and the maximisation of entitlement to benefit for vulnerable people;

¹ 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

- more money brought into the local economy through effective take-up; and
- greater clarity for customers on what the Service should be delivering and improved outcomes for customers with a stronger focus on achieving service standards.

The implementation of this recommendation will have high impact with medium costs. This should be implemented by December 2010.

Recommendation

R2 Reduce benefit fraud and error by:

- clearing backlogs of referrals;
- providing regular fraud awareness training to all staff who meet customers;
- developing an understanding of the fraud risks of the local area;
- ensuring there is enough resource to detect and investigate any fraud;
- agreeing challenging targets for the Benefits service to prevent, detect and prosecute benefit fraud;
- undertaking appropriate pro-active counter-fraud drives identified following analysis of caseload and local risk;
- introduce a risk based approach to reviewing claims to identify unreported changes as soon as possible; and
- improving the accuracy of benefit payments.

The expected benefits of this recommendation are:

- public reassurance that there is a robust approach to detecting and investigating benefit fraud;
- potential fraudsters are deterred;
- protection of the public purse;
- reducing the unnecessary cost of inaccurate payments to the Council; and
- improved value for money by reviewing claims in the most cost effective way and removing fraud from the system.

The implementation of this recommendation will have high impact with medium costs. This should be implemented by March 2011.

Recommendation

- R3** Improve value for money by:
- evaluating the efficiency and effectiveness of the Service through better benchmarking;
 - further reducing benefit overpaid because of Council error and delay and;
 - improving management of the subsidy claim to avoid financial uncertainty through withholding of payments and maximisation of potential income.

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 low costs. This should be implemented by December 2010.

Recommendation

- R4** Improve the service to customers through an improved approach to performance management. It can do this by:
- a more consistent approach to target setting, with clear descriptions of specific actions and milestones to be achieved on the way to achieving targets;
 - a more rigorous approach to performance reviews and target setting for individual staff;
 - more involvement with stakeholders (landlords and the advice sector) in performance management; and
 - using the performance information available to manage the service and improve outcomes for customers.

The expected benefits of this recommendation are:

- performance issues are tackled more quickly;
- improved outcomes for customers; and
- performance reporting that enables effective challenge and decision making.

The implementation of this recommendation will have high impact with low costs. This should be implemented by March 2011.

Report

Context

The locality

- 16 Chelmsford is the county town of Essex; the borough covers about 340 square kilometres. It is a major administrative, retail and commercial location and the largest provider of employment opportunities in Essex. Twelve thousand, five hundred people commute to work in Chelmsford daily, with 14,000 commuting to London which is 35 minutes by rail.
- 17 The population of about 167,100 people is predicted to grow by about 13 per cent by 2020. As part of the government's growth plans, Chelmsford has to deliver 22,000 new jobs and 16,000 new homes before 2021. The population centres mainly in Chelmsford itself, about 90,000 residents; South Woodham Ferrers in the south of the Borough has about 16,700 residents with the rest living in many rural communities. Over a third of land is earmarked as green belt. This combination of countryside and closeness to the capital make the Borough an appealing location for working people and businesses. The black and minority ethnic population is lower than the regional and national average, and there is a gypsy and traveller community living within the borough.
- 18 The area is fairly well-off and is ranked 312 out of 354 (where one is most deprived), although there are pockets of deprivation within the borough, such as North-West Chelmsford and the Marconi and St Andrews wards. Unemployment is lower than the regional and national average, though it has doubled since August 2008. The proportion of the working age population claiming Jobseekers' Allowance in November 2009 was 2.7 per cent, which represents a decrease from previous months and is lower than the national average.
- 19 The need for affordable housing is high, with house prices some of the highest in the county. The average house price in Chelmsford in 2008 was £243,369, higher than the regional and national average, but not as high as some of its geographical neighbours. The private rented sector accounts for around 8 per cent or 5,800 homes some of which are 'houses in multiple occupation'. Historically people stay in this sector a short time and it is popular with newly forming households and the student population within the borough. On average the Council accepts 191 households as homeless each year, however a further 158 households have their homelessness prevented each year. The Council transferred its housing stock to Chelmer Housing Partnership in 2002.

The Council

- 20 The Council has adopted the Cabinet and Scrutiny Committee model of governance. Chelmsford also has a Mayor. There are 57 councillors of whom 31 are Conservative and 26 Liberal Democrat.
- 21 The Council's senior management team comprises a Chief Executive, Deputy Chief Executive and six Directors.

- 22 The Council achieved an 'Excellent' rating for CPA in June 2008. More recently, the Council has achieved a level 3 'performing well' in the Audit Commission's organisational assessment; based on a '3' for use of resources and '3' for managing performance.
- 23 In November 2009 the Council achieved the Investors in People gold standard. It is only the ninth council to receive this level of recognition nationally.
- 24 The recent economic recession led to a pressure on the 2009/10 budget and the Council had to make savings of £4.6 million.
- 25 The Council is responding positively to the recession by helping residents without work to find employment. In June 2009 it set up the Redundancy Initiative: Supporting Enterprise (RISE) with Chelmsford College and other partners. RISE provides direct support to people made redundant or facing redundancy. It helps people to identify career choices, improve professional skills, start or buy a new business and gain professional networking opportunities.

The Council's Benefits service

- 26 The Council's Benefits service in Chelmsford pays out around £40 million a year to:
- 9,730 people claiming CTB; and
 - 8,000 people claiming rent allowance of whom 6,020 are tenants of registered social landlords (RSLs) and 1,990 are tenants of private landlords.
- Of the total 10,716 cases, 4,696 people are of pension age and 6,020 are working age.
- 27 Claimant levels have risen steadily since November 2008 (DWP statistics), CTB by 9.7 per cent and HB by 11 per cent. Figures for November 2009 show the CTB caseload represents 14.4 per cent of households in the district, and HB caseload 11.7 per cent of households.
- 28 The Benefits service is the responsibility of the Director of Finance. The investigations team moved from the Financial Services Directorate to the Internal Audit service in January 2009. The Internal Audit service is the responsibility of the Deputy Chief Executive.
- 29 The Benefits service is run in-house as part of the finance directorate with 34.72 FTE¹ staff. There are 3.4 FTE in the investigations team. The cost of running the Service in 2008/09 was £1.7 million of which £970,000 is funded by DWP and the balance is met by the Council.

¹ Full time equivalent

How good is the service?

What has the service aimed to achieve?

- 30 Chelmsford Strategic Partnership's sustainable community plan '*Chelmsford Tomorrow 2021*' sets a vision for 'Chelmsford to become the economic, cultural, leisure and retail heart of Essex and a leading regional centre where people choose to live, work and visit because of the ever improving quality of life available now and in the future'.
- 31 The community plan has five themes to create a community which is:
- healthy and active;
 - socially inclusive;
 - thriving;
 - nurturing the environment; and
 - well connected.

With cross-cutting themes of:

- tackling deprivation;
- utilising culture;
- embracing equality and celebrating diversity;
- valuing young people, and
- valuing older people.

Under the thriving community theme there is an objective to 'maintain above average (Essex) levels of employment thus providing more jobs and reducing the number of people on social benefits'. Measures of success in achieving this objective include that:

- the average number of economically active people in Chelmsford stays at or above the 2007 baseline of 85.1 per cent (East of England baseline 80.4 per cent); and
- the average (claimant) unemployment rate in Chelmsford borough stays at or below the December 2007 baseline of 1.2 per cent (East of England average 1.6 per cent).

The Council, with its partners therefore have a focus on employment within the Borough.

- 32** The Corporate Plan 2007-2011 identifies five priorities for the Council:
- Excellent customer services;
 - Renaissance;
 - Social inclusion;
 - Environment, and
 - Value for money.
- 33** An action plan for 2009/10 supports the corporate plan. There are no specific targets in the action plan for the Benefits service. Although there is a specific action to 'tackle deprivation in the wards in the North West'.
- 34** The Service's vision as set out in the Benefits and Fraud Combined Service Plan 2010/11 (effective from December 2009) sets out a vision:
- to be within two years one of the top 25 per cent of performers nationally. Paying the right person, the right money at the right time using effective and efficient processes delivered by well-trained, motivated staff who seek out good practice and are responsive to customer needs as expressed through all forms of feedback, formal and informal; and
 - Chelmsford Borough Council Investigations Team is committed to maximising prevention and detection of benefit fraud and promoting a Borough wide anti-fraud culture, treating all offenders in an equal, proportionate and justifiable manner.

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

Access, customer care, user and community focus

- 35** The design of the current Service does not take account of the specific needs of local people. Corporately the Council uses data about the community in planning service delivery. For example, the use of a Mobile Information Service to improve access in rural areas. In the Service, similar work is starting but is at an early stage. Designing a service around the needs of the community enables suitable targeting of resources and increases satisfaction.
- 36** The Service's arrangements for communicating with customers are not fully effective. Although the website is informative and newsletters to residents raise awareness of the Service, some written communication is not clear. This has resulted in the benefits advice team having to explain letters to some customers. Using letter formats that are difficult to understand creates more work for the Service and customers and may deny correct benefit payment.
- 37** Comprehensive and challenging service standards have recently been developed, but are not yet communicated to customers. The Council has a corporate customer charter, which covers all services, but does not include waiting times for customers visiting the offices. The Benefits and Fraud Combined Service Plan 2010/11 contains newly developed service specific standards. However, customers and stakeholders were not involved in their development and they are not yet published.

How good is the service?

- 38 The Service's arrangements for consulting and engaging with customers are not fully effective. A corporate process is in place for consulting with customers and the Council has a consultation and engagement strategy supported by an action plan and toolkit. However, consultation on the way the Service is delivered has not taken place.
- 39 The Service's arrangements for communicating, consulting and engaging with individuals and organisations affected by it are good. The Service has had regular and effective formal discussions with its landlords. Citizens Advice have attended these liaison meetings since 2004 and as a result set up an eviction helpline. However, it did not effectively tell landlords of its recent backlog of work. As a result, the Service is making some use of information about its customers to which other agencies and organisations have access. Effective dialogue can be used to drive service improvements.
- 40 The Service does not always respond to formal complaints quickly. There are few formal complaints about the Service; with only 25 recorded between May 2008 and January 2010. Despite the low number of recorded complaints the Service is slow to respond to them. The corporate target is to respond within ten working days. Between July 2008 and December 2009 the Service dealt with only 66 per cent of complaints on time. Promotion of the complaints procedure is through a link on the Council's website and leaflets which are available in reception areas. Informal complaints resolved at the first point of contact are not captured. However, there is some evidence of learning such as revising procedures for paying direct to landlords.
- 41 Frontline staff have a positive approach to customer care. They are polite and try to resolve queries at the first point of contact. Frontline staff refer to assessment staff for support with the more complicated queries and phone customers back in such cases, usually within the day. Staff refer customers needing debt advice to the Citizens Advice Bureau and the Consumer Credit Counselling Service.
- 42 Customer access to the Service through its website is adequate. The Service is using the website positively to enable customers to see if they may qualify for HB and CTB through an online benefits calculator. However, only 20 per cent of respondents to a survey by the Service had seen the website and only 12 per cent had used the online calculator of whom only 67 per cent found it easy to use. Customers can also use the website to report fraud and make general enquiries. No facilities are in place to view the progress of a claim. The customer has to print and sign forms which are available, such as a claim form or to report a change of circumstances. Access by this route is cost effective and helps provide out of hours support to customers or potential customers of the Service who have access to the internet.

- 43 However, access for those wanting to speak to a member of staff can be difficult.
- Accessing the Service by telephone can be variable. The Service is answering more calls each month in 2009/10 than it did in the same month in 2008/09. However, the number of calls to the benefits advice team abandoned before reaching a member of staff is high. In 2008/09 it was 17 per cent and in 2009/10 23 per cent. Analysis of performance in November and December 2009 shows 21 per cent and 29 per cent of calls answered within the corporate standard of 'within six rings'. The Service has recently gained a better understanding of the information the telephone system can provide and has started to use this to identify peaks in the volume of calls. It has responded by ensuring more staff are available to answer phones over the lunch period.
 - Visitors can get advice at the Civic Centre in Chelmsford. Access from parts of the district for those reliant on public transport is poor and car parking is difficult and expensive close to the office. The office is open 8.30am - 4.45pm Monday - Thursday and 8.45am - 4.15pm on Friday. Waiting times for enquiries are not measured. When queues build up the benefits advice team takes action to try to manage waiting times. At busy times it uses 'queue busting' where an officer tells customers of the alternative to use a secure postbox. Four per cent of customers have used this post box since its introduction in July 2009. The impact of the box on avoidable contacts was measured in January when of 35 items received only one needed the Service to contact the customer for more information.
 - Toilet facilities are inadequate with some customers, including those with young children, being sent to the local bus station.
 - Publicity about opening hours is not up-to-date. The website and some letters show phone lines are open from 8.30am to 5.15pm Monday to Thursday and 8.30am to 4.45pm on Friday, and voicemail is available at all other times. However, voicemail is not always available. Publicity on opening hours does not always tell customers about late opening on the last Wednesday of the month.
 - a home visit service for elderly or disabled people who cannot access the Civic Centre or who find telephone communication difficult is provided. However, this is not well promoted and there has been low take-up. Between July 2007 and October 2007 only 13 visits took place. In 2008/09, 54 visits which were either welfare visits or to collect evidence took place. Eighty visits took place in the first ten months of 2009/10.

How good is the service?

44 The Service is not maximising the take-up of benefits for those entitled to themⁱ. It provides general information about HB and CTB for example with council tax bills and summonses and on the Council's website. There has been no analysis of the outcomes. The Service has only recently started to take the initiative in encouraging the take up of benefits. The Service:

- took part in an Essex-wide benefit awareness campaign co-ordinated by Essex County Council. There was media coverage in local newspapers and on local radio stations. In Chelmsford on the awareness day on 4 March 2009, 67 potential customers visited the exhibition. Forty six of whom were identified as potential state benefit claims including 11 for HB and 21 for CTB; and
- checked all information available to it to try to identify customers who could qualify for benefit following changes in the benefit rules in November 2009. This resulted in identifying 307 customers who had previously claimed but not qualified who could qualify following the change in rules.

However, it has not yet analysed caseload and demographic data to identify under claiming groups. This means that currently the Council may not be reaching customers most in need.

45 The Service does not have a clear picture of customer satisfaction. Customer satisfaction as measured by the best value satisfaction survey in 2003 had improved slightly by 2006. Overall satisfaction went up from 70 per cent to 72 per cent, though this was below the national average. In October 2008 65 customers responded to a survey by the Service. Most found staff to be polite, helpful and knowledgeable. But there is no feedback on many parts of the Service, particularly around waiting times and speed of responses. A more extensive survey is underway. Regular testing of customer satisfaction could help the Service to respond swiftly and effectively with remedial action to improve the service provided.

Diversity

46 The Council's track record in maintaining its equality and diversity agenda is strong. It has been at level 3 of the former equality standard for local government since March 2008. It continues to embed equality and diversity across the organisation through equality impact assessmentsⁱⁱ (EIA) and training. However the Service has not yet reviewed individual policies and procedures for their impact on diverse groups. This means the Service cannot be sure its policies and procedures take account of the full range of legislative requirements.

47 The Service does not use equality and diversity data collected on application forms. Without looking at this information and access to the Service in detail to see if particular groups are potentially disadvantaged, the Service has no assurance that it is providing equal access.

ⁱ 'The Money Trail' published December 2002 by the New Economics Foundation estimates that for every £1 increase in benefits paid through take up work, 77 pence is spent in the local economy.

ⁱⁱ 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 it provides fulfil the requirements of anti-discrimination and equalities legislation.

- 48** However, the Service has responded to some community needs. Satisfactory access for users with disabilities is provided in the Civic Centre. Information and application forms are available in Braille or large print on request. The size of the font on the website is adjustable and at the press of a button the website can be spoken. Telephone translation services are available and leaflets are available in a range of community languages. The Service provides good access for travellers on authorised pitches at Meadow Lane where residents, who often have problems reading and writing, receive regular visits from council tax and benefits staff to help them make claims and arrange to pay council tax bills. However, the Service continues to send postal review forms to these customers.
- 49** The Service focuses on reducing financial hardship for those most in need. The Service has effectively used Discretionary Housing Payment (DHP) to help vulnerable people. The purpose of DHP is to provide extra financial support to the most vulnerable customers receiving HB and CTB where their benefit entitlement does not meet the full cost of their rent or council tax. Each year, the DWP allocates funds according to the spending in previous years. Councils are able to top up the fund to a maximum set by DWP using their own budget at their discretion. For 2009/10 the DWP funding to the Council was £34,754 with an overall limit set at £86,885. The Council topped-up the DWP funding in 2007/08 by £1,000 and in 2009/10 by £2,000. The funding was not all spent in 2008/09 because a backlog meant not all requests were dealt with in time. Staff are aware of and promote DHP appropriately. In 2009/10, as at 4 February 2010, it had received 192 requests and paid DHP to 156 customers, with 12 recent requests outstanding. Help for vulnerable customers can prevent financial hardship and ensure housing costs are met thus preventing homelessness.
- 50** The Service helps protect tenancies for those likely to have difficulty managing their financial affairs. Its direct payment policy, in place for private tenants claiming local housing allowance (LHA), covers circumstances in which the Service will payments to landlords rather than tenants. The Service pays 1,190 LHA claims, paying 109 direct to the landlord. While evidence is gathered about vulnerability some payments direct to the landlord start from the outset of the claim. This is because helping to keep the tenancy is the most important consideration. Effective mechanisms for deciding and making direct payments help support vulnerable customers to keep their homes.
- 51** The Service works effectively with the homelessness section to support vulnerable customers. The Council's lettings and homelessness team and the Service work effectively together. This has included introducing fast tracking of claims and the use of credit union to get the landlord paid quickly to lessen the likelihood of eviction. This is helping to support some of the most vulnerable people in Chelmsford.

Service outcomes for users and the community

- 52** Benefits customers wait too long for decisions on their claims. For paying new claims quickly, performance indicators for 2007/08¹ showed the Service to be poor and among the worst 25 per cent of councils nationally. It took an average of 28 days to decide claims. Performance worsened in 2008/09 to 35 days and remained 35 days for 2009/10.

¹ Due to changes in the way DWP collect performance data, 2007/08 is the most recent year for which comparative performance data is available.

How good is the service?

- 53** The Service is slow dealing with changes in circumstances. Performance indicators for 2007/08 showed the Service to be in the top 25 per cent nationally when it took on average seven days to deal with a change of circumstances. Since then performance has worsened. In 2008/09 it took on average 16 days. In 2009/10 it took an average of 20 days. 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 reduce overpayments.
- 54** Performance for the 'Right time'ⁱ indicator NI 181 in 2008/09 and 2009/10 was slow at 21 days and 23 days respectively. No national comparative data exists for this indicator and councils are responsible for setting their own targets. Poor targets were set for 2008/09 and 2009/10 resulting in a decline in services to customers.
- 55** Customers who appeal wait too long for an outcome. In 2007/08 the Service received 183 appeals. It submitted only 65 (35.5 per cent) to the Tribunals Service within four weeks. In 2008/09 the number received fell to 105 but it submitted only 13 (12.4 per cent) of these within four weeks. Up to October 2009 the Service had received 32 appeals of which it submitted only three (9.4 per cent) within four weeks. Since October 2009, when a new officer took over the appeals role, the backlog has reduced and new appeals received since then have been deal with more quickly. However, there are still:
- 24 appeals not yet looked at, the oldest outstanding from March 2008; and
 - 25 reviewed to see if the decision should be changed but still awaiting submission to the Tribunals Service. The oldest one of which dates from February 2009.

Delays at the Tribunals Service where it takes four to five months for a hearing date increase the customers' poor experience. Customers can suffer lengthy delays to learn the outcome of their cases, leaving people in financial uncertainty for long periods.

- 56** Accuracy rates are low. Performance in the accuracy best value performance indicator (BVPI)ⁱⁱ in 2007/08 was in the top 25 per cent of councils nationally. Using the same method the Service calculated its accuracy to have declined in 2008/09, it attributes this to high staff turnover and pressure to clear a backlog of work in the second half of the year. The Service has introduced a more comprehensive quality checking regime, with non-financial errors as well as financial errors now recorded. Analysis of this checking shows overall accuracy to be improving from 65 per cent between December 2008 and May 2009 to 84 per cent between September 2009 and December 2009. However, the level of financial errors did not change at 87 per cent. The checking regime changed in December 2009 and the new regime points to improved accuracy at 95 per cent. Instead of undertaking checking of 10 per cent of assessments the service now undertakes checks based on 100 per cent of an individuals work over two days. It is too early to assess if this is the true level, as not all staff have had their work checked by this rolling programme. Inaccurate assessments mean that vulnerable people do not receive their proper entitlement, creates more work for the Service and can affect the amount of funding received from the DWP.

ⁱ This measures the average processing times for new claims and change events.

ⁱⁱ Best value indicator for the accuracy of processing of HB and CTB claims and was based on a random sample of cases calculated in accordance with DWP guidance and the size of the caseload. For Chelmsford the sample size was 125 cases each quarter. It recorded financial errors only.

57 The framework for detecting benefit fraud is adequate. This includes:

- guidance for verifying claims is in line with DWP guidance;
- intervention visits to review claims and identify under and overpayments of benefit;
- a clear sanction and prosecution policy in place which is being revised to incorporate best practice and include clear guidance for staff to consider when deciding to give formal cautions, to offer administrative penalties or prosecutions. It includes considering the public interest and individual circumstances;
- effective joint working with DWP;
- all investigators qualified to 'Professionalism in Investigations' standards;
- all prosecutions have been successful; and
- publicising in the media successful prosecutions cases.

This makes it clear to those trying to commit fraud that they are likely to be caught.

58 However, the Service is not fully effective in investigating potential fraud. This is because of problems caused by delays in processing claims, staff changes and vacancies within the investigation team and a lack of leadership for several months in 2008/09. The result has been:

- high volumes of data matches¹ identified through the DWP's Housing Benefit Matching Service (HBMS) caused by delays amending benefit claims following a change of circumstance;
- delays dealing with data matches identified through HBMS and the Audit Commission's National Fraud Initiative;
- delays making any necessary amendments to claims following an investigation;
- fraud awareness training only provided for new benefits staff;
- no analysis of caseload and local risks to identify potential areas for proactive fraud drives; and
- although the number of prosecutions and other sanctions increased slightly in 2008/09 to 3.8 (for each thousand caseload) from 3.45 in 2007/08 this is low. The Council's own benchmarking information shows it to be below the average for the benchmarking group. 2007/08 performance was in the bottom 25 per cent of councils nationally.

This means the Service has not been effective in minimising fraud and error to reduce the burden on the public purse.

¹ Data matching is the computerised comparison of two or more sets of records which relate to the same individual. It is primarily used as a method for combating fraud. Most benefits services data match through the DWP's Housing Benefit Matching Service and the Audit Commission's National Fraud Initiative, some also compare internal data.

How good is the service?

Is the service delivering value for money?

- 59** The Council's overall arrangements for managing its resources are good. In 2009 the Audit Commission rated the Council as good in its Use of Resources assessment.
- 60** However, overall the Service does not provide value for money. Although the cost of the Service is low, performance in key areas such as speed of processing is poor. The Service has a good understanding of some areas of high cost such as agency staff and is developing the use of benchmarking through the CIPFA¹ club.
- 61** Arrangements for claiming government subsidy are inadequate. For most of the benefit payments made to customers, councils receive repayment from DWP, providing they comply with the regulations. In 2008/09 the Council claimed £40.2 million. The system for claiming this money is the subsidy claim form. External auditors have to certify this claim form to confirm its correct completion. For the 2008/09 claim the DWP is withholding subsidy as the external auditors have not been able to sign off the claim on time because of errors. This results in uncertainty of funding from the DWP impacting on the Council's cash flow.
- 62** The Service is proactively collecting overpayments. Although it does not use all the recovery methods available it pursues debts quickly and regularly. Through personal contact with customers to recover overpayments the Service has been effective and avoids more aggressive methods such as the use of debt collection agencies. Staff are aware that customers with overpayments may have some underlying right to benefits and encourage customers to provide information to reduce overpayments. Staff take account of customers' individual circumstances when they contact the office to agree payment arrangements. Good overpayment management is important to maximise income for the Council.
- 63** Overpayments caused by error or delay by the Service are high. As part of the subsidy incentive scheme the DWP rewards councils that have avoided, or reduced, overpayments because of their own error or delay (known as local authority error overpayments). The DWP sets thresholds, based on total benefit spending and if local authority error overpayments stay below these thresholds, subsidy is payable to the Council. Because of delays the Council has created unnecessary overpayments which it now has to work to recover. In addition it has not received £330,000 extra income over two years. It has now cleared a backlog of work but because of delays at the start of the year it expects a loss of another £310,000 for 2009/10. The costs of its delays have an impact on customers who have overpayment debt to repay and on council tax payers as the Council has lost income.

¹ Chartered Institute of Public Finance and Accountancy

- 64 The Service does not know if intervention visits to check claim details are delivering value for money. DWP provide councils with cases identified as at risk of a change of circumstances occurring. It is then for councils to decide the most suitable method of reviewing these claims based on risk. The Service carries out most reviews by visit. However, it does not monitor the effectiveness of visits in identifying changes of circumstances. It is starting to undertake more postal reviews, 61 in ten months in 2009/10 compared to 11 for all 2008/09. It does not know if carrying out most interventions by visit is providing value for money.
- 65 Payment by BACS has increased. In 2006/07 it paid only 20 per cent of HB claims by this method. By the end of November 2009 this had increased to 92 per cent. This is a cost effective method of payment.

What are the prospects for improvement to the service?

What is the service track record in delivering improvement?

- 66 The Council as a whole has a good track record of delivering improvements. The CPA carried out by the Audit Commission in 2008 rated the Council as 'excellent' and reported it had made sustained progress since its corporate assessment in 2004 when it was rated 'good'.
- 67 Strong leadership from senior officers and councillors is now resulting in improved outcomes for benefit customers. The Council has a track record of improving services, and sustaining them, such as in recycling and planning services.
- 68 The Service has been comparatively slow in delivering improvement overall.
- Claim processing performance improved for the three years 2005/06 to 2007/08. New claims performance improved from 54 days in 2005/06 to 28.4 days in 2007/08. Although its 2007/08 performance level was among the worst performing councils nationally. The speed in dealing with changes of circumstances improved from 17.6 days in 2005/06 to 6.9 days in 2007/08. Its 2007/08 performance was in the top 25 per cent nationally.
 - Performance declined in 2008/09. Average processing times for new claims was 35.25 days and for changes of circumstances the average was 16 days. Performance continued to decline until the last few months of 2009. However, improved performance in the last few months meant the average for 2009/10 was 35 days. The average for changes in circumstances for the same period was 20 days.
- 69 The performance of the Service in 2008/09 was effectively managed to exceed its target of 22 days for 'the right time indicator'. The Council's performance management arrangements ensured that this target was met with performance for the year of 21 days. However, no other targets were monitored corporately and senior officers and councillors were not aware that this represented a decline in the service to customers.
- 70 The Council has responded to the poor levels of service with an aggressive set of improvement actions. A thorough review of the Service has included a comprehensive report and focused improvement plan by an external consultant. For 2009/10 the Council agreed extra investment of £150,000 plus a continuing increase in budget of £88,000 a year to maintain the improvement. Although at an early stage, the outcome of this focus has seen the significant backlog of benefit claims addressed. Therefore there is recent improvement in the service provided to customers.

What are the prospects for improvement to the service?

- 71** Initiatives have helped to reduce the time taken to decide a claim. The Service is now doing more to encourage customers to provide information. For example:
- by asking for information by phone rather than by letter;
 - offering appointments for customers to visit the Civic Centre with their relevant details. Since introducing appointments, in August 2009, it has processed over 400 claims within two days; and
 - new forms for changes of address and other changes of circumstances which reduce the amount of information needed from customers.

These initiatives have resulted in improved times in the third quarter of 2009/10 with new claims in the quarter decided on average in 24.4 days and changes in circumstances in 18.3 days. This improvement has continued in quarter four with for example, new claims taking on average around 20 days. All these improvements are having a positive impact on the experience of customers.

- 72** The accuracy in processing claims has not shown a positive track record. Although there was an improvement between 2006/07 and 2007/08 accuracy has declined since and, in 2008/09, only 95.6 per cent of claims were processed accurately. Recalculating claims because of previous error results in unnecessary costs.
- 73** Although performance recovering overpayments is good the track record of improvement was not maintained in 2008/09. The drop in performance in 2008/09 is attributed to the increase in overpayments caused by delays in processing claims. Compared to other councils' performance for in-year collection in 2007/08 was in the top 50 per cent nationally. Recovery of HB overpayments as a percentage of total debt was in the top 25 per cent of councils nationally in 2006/07 and 2007/08. Performance in 2009/10 is showing signs of improving again with more money recovered by the end of January 2010 than in the previous year.
- 74** The Council is addressing the lack of strategic direction for the investigation team. The transfer of the team to Internal Audit has strengthened management arrangements. Vacancies which impacted on counter fraud performance in 2008/09 have been filled. However, there has been poor communication between the investigation team and the Benefits service. The Council is resolving this through the combined benefits and counter fraud action plan and regular meetings although it is too early to identify improving outcomes.
- 75** The Service is improving value for money. During 2007/08 Service costs reduced by £500,000 and processing times more than halved compared to the previous year. However, processing times did not continue to improve. The interim use of agency staff and the increased numbers of staff being recruited for a long-term solution will increase the cost of providing the service. However, the Council has undertaken a review of overall cost and is confident that future costs will be about average compared to other councils and this should deliver a top performing service within two years. In addition improved quality control should reduce unnecessary costs caused by errors.

What are the prospects for improvement to the service?

How well does the service manage performance?

- 76** The Council has a clear strategic direction for what it wants the Service to achieve. The 2010/11 service plan sets out the aim to provide a customer focused service that supports the needs of the service users and puts the customer first. The Council's focus is on delivering a top performing service at average cost within two years. The sustainability of the planned improvements has been carefully considered.
- 77** A comprehensive improvement plan is in place which addresses the weaknesses identified from the thorough review undertaken. The plan sets out a wide range of improvements, not least improved performance management arrangements being in place to support the delivery of the service. Improvements have been ranked and risk assessed to ensure delivery of those with greatest impact first. Following clearance of its backlog of claims in December 2009 the Council has been able to accurately assess its current performance. It is now setting longer term targets for processing claims. This is a sensible approach enabling challenging targets to be set based on a comprehensive understanding of underlying performance.
- 78** Senior managers and councillors show a clear understanding of their role in managing the performance of the service. The role of scrutiny is effective and was quick to challenge the Service on the targets it had set for 2009/10. The Chief Executive and senior officers have been engaged in the improvement board for the Benefits service. Performance on claims processing is monitored daily and reported monthly to the Director of Financial Services, who also holds regular meetings with the Cabinet Member for Finance and the Chief Executive. Overview and Scrutiny Committee receives quarterly reports about performance.
- 79** Weaknesses in the previous management arrangements are being addressed. The service is receiving corporate support and management capacity is improving in a sustainable way. Improved management styles are already being noticed by staff who are now much clearer on their roles. Councillors and senior managers demonstrate a clear and consistent support for, and commitment to, the Service.
- 80** As a result of the poor target setting within the Benefits service the organisation has responded corporately. A challenge group has been set up which challenges target setting in all service areas to ensure they seek to deliver the improvements in service standards sought. Regular and appropriate performance monitoring information is provided, including specific briefings for councillors. The Council as a whole has therefore learnt from the experience of the Benefits service.
- 81** The Service now displays a strong willingness to both challenge its own performance and learn from others. Previously little action resulted from benchmarking exercises. The service is learning from other benefits services and implementing changes as a result. Comparison with others enables a greater understanding of potential opportunities to deliver sustainable improvement.

What are the prospects for improvement to the service?

- 82** An effective corporate complaints system is in place for internal and external capture of complaints and suggestions. The Council has a well-established comment, compliments and complaints system in place. It is well advertised through leaflets at all reception points, as well as online. Work is underway to strengthen the information held and the software used so the Council can increase the opportunities for learning from complaints and use them as a tool for improvement. The Customer Service and Consultation Working Group gives an opportunity to discuss common issues. The group meets monthly and brings together representatives from across service areas.
- 83** The Service has recently overhauled and extended performance management arrangements. This has included daily individual targets for all staff processing claims and using existing IT systems to proactively check workloads daily. Individual and team performance information is cascaded to staff. As a result overall performance is showing significant improvement. Systems, including the use of falling performance trigger points, are in place to alert managers at an early stage if problems arise so corrective action can be taken. Performance is reported to the public through the display of average processing times in the benefits reception area.

Does the service have the capacity to improve?

- 84** The Council responded quickly after it became fully aware of the poor performing Benefits service. It appointed five agency staff and six new permanent staff in 2009. This, and overtime working, enabled the extensive backlog to be addressed by Christmas 2009. In addition the Council appointed an interim support manager to review the Service and develop an improvement plan.
- 85** The Council has responded well to the need to review its staffing structures and levels in the Service. It has developed a planned phased reduction in the use of agency staff together with an increase in the permanent establishment. It has created three new senior benefit officer posts to enable Team Leaders to manage performance more effectively. Two new benefit officer posts and four of the current benefits advice team posts have been re-designated as benefit officers to improve processing resilience. In addition two existing vacancies at benefit officer level will also be filled. These new posts will replace the current nine agency staff used to process claims. It has recognised that processing could improve by integrating front and back office roles. Therefore it is training the benefits advice team to process claims. The structure of the Service has been reviewed to accommodate both its internal changes and those that will arise from the introduction of the corporate customer contact centre. The Council estimates its staffing changes will increase the cost of the Benefits service to about average when compared to all councils nationally.
- 86** Substantial investment to improve customer reception facilities and improve access through new technology is being made. The new corporate customer contact centre, due to open in December 2011, will address the poor facilities currently experienced by service users. A temporary new reception is under construction as part of the phased approach to deliver the new Council reception facility. New phone software, due in April 2010, will allow for acceptance of changes in circumstances by phone. This will significantly reduce the time it takes to process such changes; estimated to fall from an average of 18 days to 12 days.

What are the prospects for improvement to the service?

- 87 Staff are better trained. A training officer is in post and is delivering various training with a clear focus on improving the service experienced by customers. Training has been provided to improve the accuracy of processing claims. Staff show a good understanding of, and focus on, meeting customers needs. They report there is clear direction on the future of services both from councillors and senior officers. Staff find communication through bulletins to be clear and effective in delivering corporate messages.
- 88 The Council does not know whether it has enough capacity in its investigation team to respond adequately to the risk of fraud. It is introducing an electronic case management system which it expects will improve efficiency. It is reviewing and revising policies and procedure to improve efficiency and incorporate best practice. Performance is improving. In 2008/09, it administered ten prosecutions and 25 other sanctions. However, in 2009/10 it achieved nine successful prosecutions and 55 other sanctions.
- 89 Appropriate steps have been taken to improve the leadership of the Service. Overall management of the Service had been weak and did not respond quickly enough to the effects of the recession. Support is now in place and the Director of Finance is taking a significant role in monitoring and supporting the Service for an interim period. There are clear signs that leadership of the Service is improving with increased management visibility and an increasingly effective performance management culture developing.
- 90 The Service is responding to the lack of sufficient engagement and consultation with users and potential users in shaping the Service. To address this, a new post of consultation and engagement officer is being created and an improvement plan is in place to ensure necessary progress is made. This post will also develop outreach work, including to those people whose circumstances make them vulnerable.
- 91 Improvement plans include appropriate action to minimise the likelihood of losing government subsidy through inaccurate claims processing. A vacant team leader post has been redesignated as Subsidy Officer. This should improve management of the subsidy claim and reduce the likelihood of future significant financial loss.
- 92 The Service is progressively using ICT to improve efficiency and quality. An electronic claim form will shortly be introduced, to reduce time and effort consumed by paper based systems.
- 93 The Council is developing the skills of its managers and leaders of the future with its Managing Chelmsford Tomorrow programme, which the Benefits Manager and one Team Leader have already attended. The remaining Team Leaders are scheduled to attend. Two staff have recently completed benefits-specific qualifications by two different routes, NVQ and day release, showing the Service has a flexibility of approach and an appreciation of different learning styles.

The Audit Commission

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