

Benefits

Service

Inspection

Northumberland County Council

July 2010



Contents

Service inspections	3
Summary	4
Scoring the service	6
Recommendations	8
Report	11
How good is the service?	13
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.

Summary

- 1 The benefits service (the service) provided to customers by Northumberland County Council is 'fair' with 'promising' prospects for improvement.
- 2 The Council is a new unitary authority which came into being on 1 April 2009. The run up to the new unitary council was not smooth. One effect of this was the late identification of some service problems including an undisclosed backlog in one area. Dealing with these problems has dominated the first year of the new combined service.
- 3 The service has been successful in continuing to pay benefit to all its customers without a significant deterioration in service. It has dealt with customers changes of circumstances quickly and has received good feedback from customers.
- 4 The service is processing claims quicker than most other councils. During 2009/10, the service dealt with all claims in just over ten days. However, it has taken too long to deal with new claims - on average in 35 days. Early indications suggest the service has turned the corner and is processing new claims in 28.5 days at the end of April 2010.
- 5 The service continues to provide access across the area for customers and takes the needs of its users and community into account. It knows that local people still want face-to-face contact through local offices. Customers are treated with respect and dealt with in a friendly manner. But the service does not have a clear picture of how long customers have to wait to be seen when visiting or telephoning the service.
- 6 There is good partnership working. For example, between the service and other Council departments, landlords, local Credit Unions and the Citizens Advice Bureau (CAB). This is helping customers get debt and money advice as well as giving landlords easy access to the service to resolve any problems to do with their tenant's claims.
- 7 The service's approach to making sure local people are getting the benefits they are entitled to is limited. There is no take-up strategy or plan of take-up work or measurement of potential success. Appeals are not dealt with quickly. There has been a lack of focus on equality and diversity issues within the benefits service. Staff are not trained to deal with equality and diversity issues and there have been no equality impact assessments (EIA) carried out on the benefits service. It has not been helping as many vulnerable people as it could through the Discretionary Housing Payments scheme (DHP). Accuracy checking of claims for much of 2009/10 has been weak.
- 8 The service is making good progress in providing value for money to its customers. The new arrangements have saved £690,000 in the first year.
- 9 The Council has an emerging track record of delivering improvement. Six different services have been effectively merged into one with minimum disruption to customers. An inherited backlog of work has been cleared and some improvements have been introduced. The speed of processing new claims and reported changes has improved throughout 2009/10 and is becoming more consistent across the County.

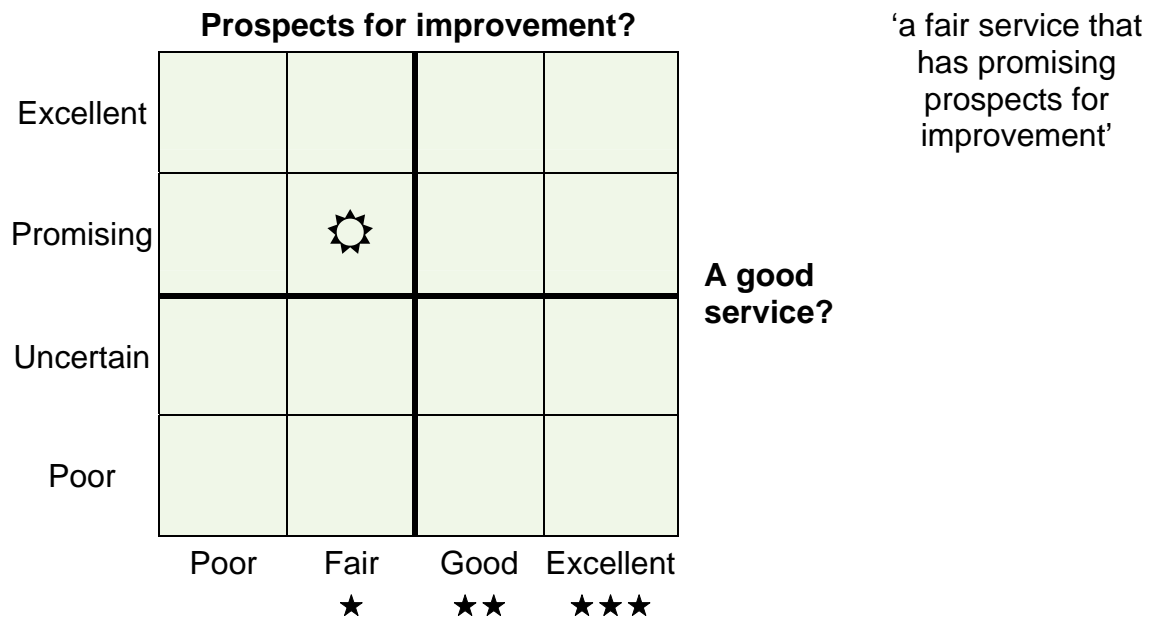
Summary

- 10 The service has effective leadership prepared to take difficult decisions. It has a clear view on its priorities and is planning for future changes. Improved information is available on customer needs and the service is investing in ways to improve. However there are gaps in plans both corporately and at a service level that impact on service delivery. There are no specific links to the corporate objective to help narrow the poverty gap. In addition performance management arrangements are not yet comprehensive.
- 11 The service has access to additional resource through its external contracts and there is evidence that the service is supported by Senior officers and Councillors by extra staff being made available. The finance is available to maintain service delivery and introduce planned improvements. The service has used procurement arrangements to add capacity through a call off arrangement to clear any future heavy workloads. There are weaknesses in basic staff development where performance appraisal, training and development needs were not prioritised for existing staff in the first year of the new authority.

Scoring the service

- 12 We have assessed Northumberland County Council as providing a 'fair' one-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 chartⁱ



Source: Audit Commission

- 13 The service is fair, one-star service because:
- it is performing better than average against the right time National Indicator 181 which measures how quickly the service is dealing with all claims;
 - it is dealing with changes of circumstances quickly;
 - customer satisfaction is good at 78 per cent and it works well with partners and stakeholders; and
 - there is good customer access to offices across the County.

ⁱ 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

But there are some weaknesses for example:

- the service is slow at dealing with appeals and new claims;
- only limited work has been done in making sure local people are getting the benefits they are entitled to;
- the service does not know if it has been processing claims accurately for much of the year;
- the approach to equality and diversity issues is under developed; and
- there are limited benefit specific service standards in place.

14 The service has promising prospects for improvement because:

- six different services have been effectively merged into one with minimum disruption to customers;
- an inherited backlog of work has been cleared and some improvements have been achieved;
- there is effective leadership at both service and corporate level which is prepared to take difficult decisions;
- it has a clear view on its priorities and is planning for future changes. Improved information is available on customer needs and the service is investing successfully in ways to improve;
- staff resources have increased and sickness absence rates are low;
- funding is in place to maintain service delivery and introduce planned improvements. External funding is being levered in; and
- extra capacity has been procured by entering into a call off contract.

But it has the following weaknesses because:

- few improvements have been delivered in promoting take up of benefits and focusing this to areas of need;
- there are gaps in plans both corporately and at a service level that impact on service delivery;
- performance management arrangements are not comprehensive;
- there are weaknesses in the way existing staff are managed as performance appraisal, training and development was not given a high priority in the first year; and
- ICT arrangements are underdeveloped.

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 costsⁱ 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 Improve the service delivered to customers by:

- creating service standards that will allow customers to understand what they can expect when they get in touch with the service;
- involving customers and partners in setting the standards;
- publicising the standards widely; and
- reporting performance against those standards to customers and partners.

The expected benefits of this recommendation are:

- a better knowledge for customers about what they can expect to receive from the service; and
- customers will be better able to hold the service to account if performance does not match the standards that have been set.

The implementation of this recommendation will have high impact with medium costs. This should be implemented by 31 March 2011.

Recommendation

R2 Make sure that the service is meeting the needs of all of its customers by:

- ensuring staff are aware of, and understand, policy on equality and diversity;
- providing training to all staff on these issues;
- analysing satisfaction with the service of diverse groups;
- undertaking equality impact assessments of the service including telephone and other access channels;
- ensuring a focus on diverse groups in the new benefit take-up strategy and plan; and
- ensuring that the DHP fund is managed effectively during the year.

ⁱ 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:

- increased level of assurance that all local people can access the service easily and receive the same quality of service;
- the service will be able to adapt to take account of all the needs of its local community; and
- ensure that the service is complying with equality legislation.

The implementation of this recommendation will have high impact with low costs. This should be implemented by 1 January 2011.

Recommendation

R3 The service should review and strengthen its performance management and planning by:

- applying the learning from the lean review to better tailor the service to its customers' needs;
- setting targets for how quickly customers will get through on the telephone and for the number of calls that are answered;
- setting targets for how quickly customers will be seen at a benefits office;
- reporting performance against agreed targets for overpayment recovery, appeals, accuracy and benefit take-up; and
- ensuring that plans for the new benefits systems consider issues such as links to the Council's Customer Relation Management system, supporting online claiming, home and mobile working.

The expected benefits of this recommendation are:

- managers and councillors will get a clearer picture of performance across the whole of the service;
- a better understanding of where the service needs to address weaknesses; and
- the service will be more open to challenge where performance is below target.

The implementation of this recommendation will have high impact with medium costs. This should be implemented by 31 March 2011.

Recommendation

R4 The service should invest in staff development by:

- carrying out regular appraisals;
- carrying out a full training needs analysis; and
- encouraging staff to participate in the decision making process and providing feedback about how the service can be improved further.

The expected benefit of this recommendation is:

- better trained, managed and empowered staff will produce better results for service users and taxpayers.

The implementation of this recommendation will have high impact with medium costs. This should be implemented by 31 March 2011.

Report

Context

The locality

- 16 Northumberland is one of the largest counties in the North East of England but one of the least densely populated with 300,000 residents. The number of people who are 65 and older is increasing. Black and minority ethnic residents (BME) account for about one in 30 of the population, many of whom are migrant workers from Eastern Europe.
- 17 Parts of Northumberland, such as Morpeth and Ponteland are prosperous commuter towns for Tyneside. The county boasts a beautiful environment including the National Park and the Coast Area of Outstanding Natural Beauty. But over one-third of the population live in some of the most deprived areas in England. There are big differences between the sparse rural areas of the north and west and the old coal mining towns of the south-east. It's here that the levels of deprivation are worst.

The Council

- 18 Northumberland County Council is a new unitary council from 1 April 2009. It continues to deliver services such as education and social care that were provided by the former Northumberland County Council as well as all of the services previously provided by Alnwick, Berwick, Blyth, Castle Morpeth, Tynedale and Wansbeck Councils.
- 19 Local elections for the new council took place in May 2008. There are 67 elected councillors: 25 Liberal Democrat, 19 Conservative and Independent, 17 Labour and six independent councillors, including one Liberal Democrat who is not affiliated to the main group. The Liberal Democrats have formed the current administration, although no single party has overall control. The decision process is based on a cabinet executive basis.

The Council's Benefit service

- 20 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.

21 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. Northumberland County Council is one of nine new unitary councils which replaced 44 councils from 1 April 2009. This has meant merging many services of the former authorities. For housing and council tax benefit services, this presents a particular challenge given the number of people relying on the service and the large amounts of public money involved. The Commission, in consultation with DWP, has undertaken to inspect the merged benefit service of each of the new councils during 2010/11.

22 The service in 2009/10 paid out around £92 million to:

- 8,109 people claiming CTB; and
- 21,626 people claiming Rent Allowance of which 10,623 are tenants of Registered Social Housing and 11,003 are tenants of private landlords.

Of the total caseload of 30,335, 14,958 people are of pension age and 15,377 are working age.

23 It provides services to 30,335 customers - as of mid March 2010, 8,109 were in receipt of Council Tax Benefit; 910 were in receipt of Housing Benefits only; and 21,316 were in receipt of both. The service has experienced a 7.31 per cent increase in caseload since March 2009

24 Benefits administration sits within the Resources Department of the Performance Group under the Head of Financial Services whose remit includes Revenues; Benefits; Pensions; Procurement and Transactional Services. The service employs 61 full time equivalents (FTEs) covering benefits and fraud supported by 16 FTEs in Business System Support, Quality Assurance and Area Management. It has a direct benefits budget of £4.3 million (including recharges) and it received a DWP administration subsidy of £2.78 million for 2009/10 and awards annual benefit totalling £92 million.

How good is the service?

What has the service aimed to achieve?

- 25** As part of Local Government Reorganisation, the County Council assumed responsibility for revenues and benefits provision; specifically this entails:
- the billing, collection and enforcement of 145,000 Council Tax properties with a current annual Council Tax income of approximately £137 million;
 - the billing, collection and enforcement of 12,000 Business Rate properties with a current annual business rate income of £65 million;
 - the administration and calculation of 30,335 Housing and Council Tax benefit claims; and
 - the collection of overpayments and investigation into benefit fraud.
- 26** The service aims to provide a high quality and efficient benefit service that meets the expectations of the residents of Northumberland in line with national policy guidance and government regulations; more specifically, it aims to ensure the service:
- meets the needs and expectations of customers;
 - is accessible to everyone;
 - is modern, efficient and provides value for money;
 - assesses benefit claims in an accurate and timely manner;
 - works closely with external partners in order to maximise benefit take up and promote financial inclusion;
 - detects and minimises fraudulent claims for benefit;
 - employs robust but fair procedures for recovering overpayments;
 - develops its staff to support the service's ongoing improvement programme; and
 - continually reviews service provision and procedures to promote continuous improvement.
- 27** In order to meet these aims and support the Council's wider strategic priorities, the Financial Services' Service Plan and Benefits Operation Plan outline plans to address a number of significant challenges over the initial three-year period.
- Ensuring 'business as usual' from 1 April and minimal disruption to service delivery.
 - Implementing a new service structure and relocating staff to their new permanent base.
 - Dealing with the backlog of outstanding benefit work inherited from the former Blyth Valley.
 - Completing the migration of all 6 former council benefit databases and implementing one single document management system.

- Developing and introducing new standardised policies.
- Delivering the service's efficiency targets through, for example, home working, e-benefits, mobile working, performance management, quality assurance and e-capture technology.
- Reviewing services provided by front line customer services and ease of access.
- Collating and using customer feedback to further develop and improve service delivery.
- Improving the efficiency and effectiveness of Benefits processing to achieve top quartile performance.

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

- 28** The service is successfully taking the needs of its users and community into account when designing the service. It knows that local people still want face-to-face contact through local offices. Given the large size of the area and its dispersed population this presents particular challenges. However the service has made sure it can provide customers with benefits help and advice in nine council offices across the County. It has tailored this help even more during 2009/10 and has placed experienced benefits officers in five of those offices that receive the most benefit queries. This means that customers can have complex benefit queries resolved quickly face-to-face and have their change of circumstance dealt with straight away. It has also allowed the service to provide 'fast track' claim processing in these offices. Customers can either wait or make an appointment to have their claim dealt with face-to-face with an experienced benefits officer. Claims will then be processed within 48 hours. The service has made sure that it has visiting officers who will help older and vulnerable people living in rural and remote areas get the help they need. Visiting officers will complete claim forms and collect evidence from customers. Designing the service to take account of customer's needs is making it easier for customers to get the help they need, in a way that suits them.
- 29** The service has good engagement with private landlords. It attends landlord forums across the County and some landlords have a direct line to a liaison person within the benefits section to resolve urgent or complex cases quickly. Landlords attending the forums now set agendas for meetings. This means that meetings are tailored to what landlords want which includes talks from external speakers. Officers from the service meet landlords face-to-face to discuss individual cases. They will also give up-to-date performance information when attending forums as well as updating landlords on current issues within benefits. Having good landlord liaison arrangements strengthens relationships and improves access for tenants. It gives landlords confidence that their issues will be dealt with effectively and potential problems will be sorted out quickly.

How good is the service?

- 30 There is good engagement and communication with partners and stakeholders. The service has regular liaison meetings with Homes for Northumberland. It has recently started liaison meetings with Registered Social Landlords (RSLs). The service has worked with the Council's homelessness section to make sure that vulnerable customers can get direct payments of Local Housing Allowance to their landlord quickly. However there are some gaps in engagement particularly with disabled groups in the area. Effective engagement and communication means that the service is able to improve access for vulnerable people.
- 31 The service is working well in helping customers get debt and money advice. It works closely with the Citizens Advice Bureau (CAB) and Credit Unions. This engagement is also helping customers get access to mainstream banking such as opening basic bank accounts. These arrangements mean that customers with debt problems or facing difficulty accessing mainstream banking can easily get the help they need.
- 32 The service has some limited contact with its customers. In January 2010 it carried out an extensive postal survey of 3,800 customers to measure satisfaction. There has also been a smaller survey of customers who have just been told that their benefit has been worked out. Comments cards have recently been introduced in some offices. Although there is no customer user group in place there are plans to set one up. It is encouraging that many customers have indicated they would be willing to take part. Good interaction with customers will provide the service with valuable feedback to enable it to improve.
- 33 There is a basic complaints procedure in place. Customer's can complete a complaint form online and there is good information on the Council's website about how to make a complaint. However there is little information available in customer service offices about making a complaint. And there is little focus on encouraging customers to make compliments as well as complaints. During 2009/10, 88 per cent of complaints were dealt with within the corporate target of 15 working days. The service uses complaints to identify where procedures or processes may not have worked for customers and then feedback to staff to ensure people are aware of where things have gone wrong. The service did not receive many written complaints during 2009/10 and so has not had an opportunity to use these to change the way the benefits service works. Having a suitable complaints system in place allows the service to identify where things may be going wrong.
- 34 Staff have a good approach to customer care. The Council's recent survey showed that 88 per cent of customers considered they were treated with respect. And our own checking showed that customers are dealt with in a friendly and helpful way. The service has placed experienced benefit officers in the customer service offices that deal with most benefit queries. This has ensured that good quality benefits advice is given to customers. In other offices, customer service staff have a direct telephone line to a benefits assessor to help deal with complex queries. However there are still some inconsistencies in the quality of advice given when telephoning the service. For example information about the level of Local Housing Allowance and the types of documentation needed to support customer's claims can vary. The Council recognises there is still work to be done in providing consistent advice across the County. Plans in place to help this include having experienced benefit staff taking benefit related calls rather than them being taken through the Council's contact centre.

- 35 The service's approach to promoting and increasing the take-up of benefit is limited. There is no take-up strategy or plan of take-up work. However the service is working closely with partners in the Council's financial inclusion group to produce a draft strategy and plan for future take-up work. During 2009/10, the service has publicised benefits in the Council's 'Northumberland News', in the Age Concern magazine and with annual Council Tax bills. It has also contacted customers who may have become entitled to benefit because of legislation changes in October 2009. However the service has not recorded how successful this work has been. As a result people across the County may not be getting all the help that they are entitled to. And the Council is missing an opportunity to help support the local economy.ⁱ
- 36 Access to the service is good. There are some significant strengths, but also some weaknesses. Strengths include:
- good coverage of offices across the County where there are experienced benefits assessors available to deal with customer's queries, new claims and changes of circumstances face-to-face;
 - an optional appointments system for customers who prefer a one-to-one service with a benefits assessor;
 - all offices have the same opening hours - from 9.00am until 5.00pm and over lunchtime. In the main benefit offices there are rotas to make sure that more staff are available at busy times. This includes having part-time staff who just cover lunch times;
 - people are seen quickly. A recent customer survey showed 83 per cent of customers waited less than 15 minutes. Our own checks of the offices did not show any evidence of lengthy queuing times;
 - a wide range of housing and council tax benefit leaflets and posters available at all offices; and
 - an easy to use benefits website that provides comprehensive up-to-date information about claiming benefits. This includes a benefit calculator and a claim form that can be downloaded. Maps are available showing the locations of each office and links to other agencies offering money and debt advice.

These strengths mean that customers can easily get help and advice on benefits near to where they live.

However there are some weaknesses for example:

- there is no late-night or weekend opening of the telephone service or customer information offices, however 91 per cent of people surveyed considered the current office opening times as being acceptable. Not having telephone or office access outside of normal office hours can make it more difficult for those customers who work to get in touch;

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

How good is the service?

- customers have to wait a long time to get through on the telephone at certain times of the day. Our own checks found the length of time to answer a call ranged from 30 seconds to almost four minutes. However customers are given the choice of arranging for the service to call them back if they do not wish to wait;
- customers cannot make claims online;
- leaflets do not give information about telephone opening hours or the addresses of the benefits offices; and
- the calculator that customers use to work out their Local Housing Allowance is confusing. Although it is accurate, it is easy for customers to assume they will get a different level of benefit to that to which they are entitled.

These weaknesses mean that customers who do not use customer information offices may find it more difficult to get the help they need quickly.

- 37** The service does not get a clear picture of how long customers have to wait to be seen when visiting or telephoning the service. Most offices do not have a way of measuring queuing times. There is some basic information available about how long customers are waiting for their telephone calls to be answered and the number of abandoned calls. But the Council is not confident that this information is giving them a clear picture of customer's experience. This means the service is not easily able to analyse their customers experience in accessing the service and react accordingly when customer's may be experiencing problems.
- 38** Benefit entitlement letters are not easy to understand. Only 63 per cent of customers agreed that the letters were clear. And 19 per cent of customers had to contact the service to get help to explain it. In addition Landlords also found that benefit letters sometimes arrived a long-time after customer's claims had been worked out, which made it harder to manage their tenancies. The service has recognised that this is an area of weakness and has produced a one-page explanatory letter. This will be enclosed with the full entitlement letter soon. The service will address these issues further when it moves to one single benefits computer system later in the year. Customers having difficulty understanding benefit letters causes more queries for the service and inconvenience for customers.
- 39** The service has only limited customer service standards in place. There are standards for the speed of dealing with customer's claims and appeals and these can be found on the website. However they are not routinely made known to customers visiting or telephoning the service. And the service doesn't let customers know how well it is performing against the standards. In addition, there are no standards that let customers know how quickly they will be dealt with if they come to an office or use the telephone to contact the service. This means that customers will not be clear about the level of service they can expect, or be able to hold the service to account when things are below standard.

Diversity

- 40 There has been a lack of focus on equality and diversity issues within the service during 2009/10. Staff have had no equality and diversity training under the new Council. And there have been no equality impact assessments (EIA) carried out on the service during the first year of operation. But benefits policies and procedures that were produced during the run up to the new Council being formed in April 2009 were subject to an EIA. By not having up-to-date training or carrying out impact assessments, the service cannot be sure it is meeting the needs of all of its communities.
- 41 There are fair arrangements in place for people with disabilities visiting an office but there are some inconsistencies across the County. For example:
- most offices have double width access doors, although there is one site where a single width door may make it more difficult for some users to gain entry;
 - there are hearing loops available in some but not all the offices; and
 - toilet facilities are available at a few but not all sites.

However all offices have reception points or customer service desks either at desk height or have a lowered area available. And there is either level or ramped access to all the offices.

Inconsistencies will mean that disabled people may get a different level of service depending on where in the County they live.

- 42 The service has good arrangements in place for those customers whose first language is not English or who have difficulty reading. Leaflets are available in a range of languages. They are also available in Braille and some in an audio format. The benefits web pages can be translated instantly into a large range of languages. There are interpretation services available in all offices across the County but staff's knowledge of these services is inconsistent. This could lead to delays for some customers while they confirm the arrangements. However overall these arrangements should ensure that all sections of the community have good access to information and advice about benefits.
- 43 The service has not been helping as many vulnerable people as it could through the DHP scheme. There is a basic DHP policy in place to make sure that money is awarded to customers in a consistent way. It also makes sure that customer's specific needs are taken into account. However the DHP fund has not been managed effectively. During 2009/10, 13 per cent was not spent. As a result, the service will lose around £8,000 for 2009/10 which it could have spent. There will also be a decrease in funding provided by the DWP for 2011/12 meaning the service will have less money in future. By not having spent the fund fully, the service is missing an opportunity to increase the help to those people most in need.

How good is the service?

- 44 Adequate arrangements are in place to make sure that vulnerable people claiming Local Housing Allowanceⁱ do not get into rent arrears. The service has provided relevant information to landlords and guidance to customer service officers. Customer service officers can send requests for payments to go to the landlord direct by a referral to the service to make sure they are dealt with quickly. The service has worked closely with landlords and the homelessness section of the Council to make sure that potentially homeless people can have their direct payment request dealt with quickly. This will mean that the Council is able to provide a suitable property more quickly to potentially homeless people.

Service outcomes for users and the community

- 45 The service is dealing with most of its claims quickly - especially changes of circumstances. It is performing well against the national performance right time indicator NI181. This measures the combined performance of dealing with new claims and changes of circumstances. During 2009/10, the service dealt with all claims in just over ten days. This is better than average compared to other councils in England for the first half of 2009/10. The service is dealing with changes of circumstances quickly. During 2009/10 changes were processed in just over seven days. This is better than average. But customers are waiting too long to have their new claims processed. During 2009/10 new claims were processed in just over 35 days this was due to a large backlog of work inherited from one of the former councils. This compares poorly with the average time councils in England are processing new claims. Delays in dealing with new claims lead to uncertainty for customers - especially those claiming for the first time. And delays will increase the number of queries from customers and therefore will mean additional work for the service.
- 46 Accuracy checking of claims for much of 2009/10 has been weak. Arrangements were only put in place from November 2010 to allow a 100 per cent check of the work undertaken by newly appointed processing staff. Accuracy checking of experienced staff started during February 2010 and this has shown that all payments have been made accurately. However, given the low level of checking that has so far taken place, it is not possible to get a clear picture of trend or accuracy. The service now has adequate arrangements in place to identify errors and feed these back to staff. The arrangements should give the service a good idea of the areas of weakness and where to target training but it is too early to say how well this is working. By not focusing on accuracy checking, the service is at a higher risk of identifying local authority error overpayments at a later date, giving customers too much or too little benefit and increasing the number of queries.

ⁱ Local Housing Allowance is housing benefit paid to tenants renting their homes from a private landlord rather than from the Council or from a Registered Social Landlord (RSL). Local Housing Allowance cannot be paid to landlords unless tenants are in arrears or have difficulty managing their financial affairs.

- 47 The service is taking too long to deal with appeals and it cannot be sure how long it is taking to deal with reconsiderations. This is an area that was not prioritised in its first year of operation as the service had lost experienced staff. During 2009/10 the service did not prepare and send any appeals to the Tribunal Service within four weeks, although all appeals had been dealt with within three months. It is not identifying reconsiderations and appeals in good time so it can deal with them quickly. The service is aware of its weakness in this area. It makes sure that it suspends recovery of an overpayment that a customer is appealing against until the appeal is sorted out. And it is training more staff to be able to deal with preparing appeals. It has plans to set targets for dealing with appeals in relevant staff's appraisals so it can focus on improvement. Delays mean that customers may be receiving the wrong amount of benefit or become anxious about outstanding overpayments.
- 48 The service is working effectively to minimise overpayments. It deals quickly and efficiently with Housing Benefit Matching Service (HBMS) referrals. Staff are encouraged to set diary dates to prompt them to check with customers about predicted future changes in circumstances. And it informs customers of their duty to report changes through information on the claim form, in leaflets and in correspondence. It has managed to work quickly and prioritise changes of circumstances that could lead to overpayments. This is despite having to deal with an unexpected backlog of claims during much of 2009 and work having to be dealt with on several different computer systems. As a result the service will receive the maximum amount of subsidy in respect of local authority error overpayments (subject to audit checks).
- 49 The service does not treat people with overpayment debts equally. If a debt is due to be recovered by sending an invoice the service will wait a calendar month before it starts to take recovery action. But if a debt is owed by someone who is still receiving benefit, a deduction can be taken from the person's benefit entitlement the day after they have received their notice that there is an overpayment to repay. However this is inconsistent with the service's overpayment policy which says everyone will have a calendar month before any money is recovered. This does not allow all people who owe a debt the time in which to reorganise their finances to take into consideration the debt.
- 50 The service has satisfactory arrangements in place for managing and dealing with benefit fraud. There is a clear sanctions and prosecutions policy in place. This allows each case to be dealt with on its own merits, considering customers' particular circumstances. Fraud referrals are scored to identify them as low, medium or high risk in a transparent and consistent way. This means that only those most likely to result in a positive outcome are investigated. And the quality of investigations is good with all cases going to court resulting in a successful prosecution.
- 51 There are satisfactory arrangements in place for increasing the awareness of benefit fraud and helping people to report suspected fraud. For example:
- counter fraud information is shown on TV screens in some benefit offices;
 - successful prosecutions are publicised on the Council website and in the local press;

How good is the service?

- the public can report suspected fraud online, by email, direct to the fraud section telephone number or by using the free national benefit fraud hotline; and
- benefits processing staff have had recent fraud awareness training and can report suspected fraud using an online fraud referral form.

However fraud awareness training has not yet been delivered to councillors, other council departments and some customer service staff. And the service does not usually let staff know about the quality or outcome of their referral. Having satisfactory arrangements in place means that staff and the public are more willing to report suspected fraud. As a result the number of fraud referrals has increased steadily for each quarter during the year.

- 52** Performance in achieving sanctions and prosecutions of those who are suspected of fraud is weak. During 2009/10 the service achieved 3.20 sanctions and prosecutions per 1,000 caseload. This would place it 11th out of 13 compared to other local councils' performance. It would also place it within the lowest 25 per cent of councils nationally, based on 2007/08 data - the most recent national information available.

User experience and satisfaction

- 53** Customers are generally satisfied with the service. A recent postal survey of 3,800 customers selected at random produced 684 replies - which is considered a good response rate. The survey showed that 78 per cent of people were very satisfied or satisfied with the overall service they had received. Eighty-eight per cent of customers felt they were treated with respect by staff and 82 per cent found staff to be friendly and helpful.
- 54** Customers experience satisfactory facilities at the offices. All are conveniently located - usually in main shopping areas of towns and are welcoming and well decorated with several having undergone recent refurbishment. Rooms are available for benefit customers wishing to discuss their claims in private and there is adequate seating and low tables for those who may need to wait. However, the recent customer survey showed that people would like more seating and the availability of private interview rooms is not always made known to customers. Having welcoming facilities helps customers feel more relaxed about discussing sometimes sensitive issues about their benefit claim.
- 55** The Council has recognised the importance of helping local people and businesses during the recession. It has set up an 'Economic Task Force' to look at ways it can help and monitor the effects of the recession. The task force aims to help people by increasing benefits awareness and take-up of benefits and make sure that people have access to debt and money advice. The service's involvement so far has been in increasing access to money and debt advice but there has been only limited take-up work. The service has coped with an 8 per cent increase in benefit claims during 2009/10, while reducing the length of time claims are taking to be processed.

Is the service delivering value for money?

- 56** The service has made a good start to provide value for money to its customers. It has:
- delivered £690,000 savings in its first year. This saving had been identified as part of Local Government Reorganisation;
 - low costs when the overall cost of the service is compared with the amount received from the DWP For 2009/10 it costs £4.4 million to run the service and it receives £2.8 million from DWP this means that council taxpayers contribute 35 per cent towards the cost of running the service. This compares well when compared to the England average for 2008/09 of 45 per cent;
 - started to explore benchmarking against like authorities. It unofficially benchmarked its self against like authorities when it was working out its initial staffing levels;
 - managed to receive 100 per cent subsidy for overpayments of housing benefit created because of local authority error (unaudited). This is a significant achievement considering it identified a large backlog of work inherited from one of the previous districts; and
 - started to merge six benefit computer databases and four document image management systems.

In the current economic environment it is essential that efficient economic and effective services are achieved at all times.

- 57** The service has started to understand its costs. It has identified that it has high recharges especially from the central contact centre. The service also knows that its accommodation costs are high which is a legacy of the reorganisation. It has found there are some buildings that have long-term contracts that would be expensive to end. Also as the County is so large and rural it recognises that it is essential to keep a presence in the old district areas. A good understanding of costs will help the service identify cost reduction areas and can prepare a strategy to lessen future costs.
- 58** The service has satisfactory arrangements in place to manage overpayments. But not all of the arrangements are adhered to. The overpayment procedures and guidance document states that changes of circumstances will be identified and dealt with quickly to minimise overpayments occurring. It states that it will inform customers as soon as possible of an overpayment having occurred and will give one month before taking recovery action but this is not the case for those who are receiving benefit. It has a write off policy that ensures effective collection of recoverable outstanding debt. Debts which are uneconomical to recover will not be pursued. The policy includes a list of circumstances when a debt should be written off. However there are no specific authorisation procedures for write-offs - only that write-offs will be done under the Council's standing orders. Nor is there an indication of when automatic write off of debt below a certain amount would take place. By having a clear write off policy, the service is ensuring that it is managing debt efficiently and providing value for money for local residents.

How good is the service?

- 59 Overpayment management is developing. The service is hampered by having six different computer systems. This provides administrative difficulties in identifying the overall debt and monitoring that debt. The service has identified that the debt as at the end of March 2010 was £2.5 million. The amount raised in the year was £1.927 million and the amount recovered was £1.533 million which equated to 79 per cent of the debt raised. The service does not have information about its debts such as its top 20 debts and how those debts are progressing. Without comprehensive debt monitoring the service may not be maximising the amount of money it is collecting.
- 60 Management arrangements for monitoring subsidy payments are limited. Although the service managed to achieve 100 per cent subsidy for overpayments that are created because of local authority error it has not carried out accuracy checks of all staff throughout most of 2009/10 and this may affect the level of subsidy the service has claimed. Checking of completed work for a random selection of staff has been in place since February 2010. There was limited checking on the subsidy level claimed during the year, therefore, it is too early to say how well the subsidy claim for 2009/10 has been completed. But the external auditors are content with the arrangements that have been made so far. Good management arrangements ensure the Council does not lose income it is entitled.
- 61 The service has used its modern procurement process to provide effective external contracts. When the service identified that it had a backlog in April 2009 it identified that action had to be taken quickly. The service used its procurement regulations to enter into a contract with a private company to clear the backlog. This allowed the service to enter into an agreement with the company that was already working with and had confidence about its performance it also entered into a further contract with that company to provide call off facilities when levels of work increased. A good and simple procurement policy can provide swift and effective results to improve service to customers.
- 62 The service is effectively ensuring value for money from within counter-fraud by producing robust cases to go to prosecution. All cases sent to court had successful outcomes. This means the service is not wasting valuable staff time in producing and presenting cases that are not robust and so fail in court.

What are the prospects for improvement to the service?

What is the service track record in delivering improvement?

What is the service track record in delivering improvement?

- 63** In the short time since its inception in April 2009 the Council has established an emerging track record. It has effectively brought six different benefit services together with minimum disruption for customers. Consistent policies and procedures have been introduced across the County. Despite the problems of one district having a back log of work and poor performance, the service has been able to process new claims, deal with reported changes in circumstances, continue to tackle fraud and maintain a satisfactory level of service to customers. Local people in need of financial support to help them pay rent and council tax have continued to receive that support.
- 64** Some changes have been introduced to improve the level of service provided. These include a fast track service to notify customers how much benefit they are entitled to within a target of three working days if full supporting evidence is provided at the time the claim is made. Initially introduced for customers in Blyth, the fast track service has now been extended to Alnwick, Ashington, Berwick and Hexham. In addition, basing specialist assessment staff in local offices is improving customer access to face to face specialist benefits advice and helping to speed up claims. Over 180 customers have benefitted from the new procedures with claims determined in less than two days. It has improved the service delivers to its customers.
- 65** A significant backlog of work inherited from one of the districts has now been cleared. Over 7,500 documents, each needing individual consideration has been acted upon with claims determined or rates in payment adjusted. This has removed the negative impact an outstanding backlog has on new claims and reported changes action and helped to reduce the level of overpayments. The correct rate of benefit can be paid more quickly.
- 66** Performance is improving. Despite an increase in work of over 8 per cent as a result of the recession in addition to the back log, performance against NI181 has improved to 10.3 days for the year ended 31 March 2010. This compares with performance of 19.2 days at the end of June 2009 and 16 days at the end of September 2009. The service is prosecuting more people found to be committing benefit fraud. During 2009/10 the service doubled the number of people it took to court and successfully prosecuted compared to 2008/09.

What are the prospects for improvement to the service?

- 67 As the table below shows, actions are beginning to smooth out significant area differences in processing new claims. However improvement in the Blyth area, where the volume of claims is high, is at the cost of small reductions in performance elsewhere. Prior to April 2009 new claims in the Blyth area were taking an average of over 70 days to process. This was much worse than performance across the rest of the county which ranged from 19 to 28 days. As a result of changes introduced, the average time in April 2010 to process a new claim performance in Blyth had improved to 30 days. This means that customers in the Blyth area are getting a better service that more closely matches the experience of customers in the rest of the county.

Table 1 Processing times for new claims

New claim processing times broken down by old district councils

	2008/09	2009/10	2010/11 (to 30 April 2010)
Alnwick	21.1	24.7	28.2
Berwick	28.3	33.5	28.0
Blyth	70.5*	49.8	30.6
Castle Morpeth	23.0	33.4	32.4
Tynedale	22.6	22.0	20.3
Wansbeck	19.0	26.8	26.2
Northumberland		35.2	28.5

Source: Northumberland County Council

- 68 A good start has been achieved in a short time in delivering value for money improvements. Comparative costs are low and although performance remains below average in some areas, customer satisfaction is relatively high. Significant efficiencies have been delivered by the service in its first year of operations. During 2008/09, the service delivered a 16.96 per cent efficiency improvement in the budgeted staffing costs of the service totalling £690,000. The service has started to compare itself against other councils as it has now joined the Chartered Institute of Public Finance and Accountancy's (CIPFA) consortium benchmarking club. The saving enables other service improvements to be developed.
- 69 Progress in the first year has been slow in some areas. During its first year, the service had to allocate resources to specific priority areas of the service. This resulted in limited progress being made in improving benefit take up, although there are proposals to develop a strategy through the Local Strategic Partnership's (LSP) financial inclusion group. In addition there has been a lack of focus on equality and diversity issues. No equality impact assessments (EIA) have been carried out and staff have not benefitted from equality and diversity training under the new Council. Local people may not be claiming their full entitlement to benefits and barriers to accessing services may not be identified.

How well does the service manage performance?

- 70** The service benefits from clear leadership. There is a clear view on priorities and some difficult decisions have been taken. For example, the service had to change its original proposals to merge IT systems and put back the implementation due to unforeseen difficulties. In addition to engaging an external contractor, it has moved and increased resources to deal with the unexpected backlog of work in April 2009. The service is also being protected from the requirement to make efficiencies as part of the corporate efficiency drive. By taking these difficult decisions, the service has better prospects in the longer term.
- 71** There are a number of positive aspects about planning arrangements. A structured planning framework is in place providing general links between the Sustainable Community Plan, down through the draft Corporate Plan, to the service operational plan and individual performance appraisal. Service plans identify priorities and areas for further development including exploring greater use of mobile and home working. Reliable IT is crucial to an efficient and effective benefits service and there are robust plans and project implementation arrangements in place to merge the six existing benefit systems and the four document imaging systems. Clear recovery plans are also in place for ICT disasters and IT has already been used in Tynedale and Berwick to help reduce the backlog in Blyth. The service has a focus on areas it needs to improve.
- 72** Improved information is available about customer needs. The results of the Housing Benefit survey provide a good understanding of what customers think about the service. To develop objectives for its Single Equality Scheme the Council has engaged with a number of local community groups and individuals including open community group workshops, meetings with disability groups, older people supported by Age Concern, members of the Black and Ethnic Minority (BME) community and migrant communities. Together these provide a solid base to develop service improvements based on customer needs.
- 73** Service performance is closely managed at a corporate level. An overarching corporate performance management system is in place, making effective use of ICT and providing regular reports to the various levels of management, scrutiny and members. Key indicators of benefits performance are included, such as the average time to process claims, the number of fraud investigations and the number resulting in prosecutions or sanctions. Managers and councillors know how well the core elements of the service are performing and can take action quickly if performance deteriorates.

What are the prospects for improvement to the service?

- 74 There are some weaknesses in the way performance is managed. Key gaps for the service include a lack of information on how easily customers can access the service by telephone and face to face and the quality of that experience. Where information is gathered, it is not broken down by diversity strand to understand whether performance is different for some groups. Some positive work is being carried out in partnership with external agencies such as the CAB and the Credit Union and also with Registered Social Landlords. However there are no service level agreements in place to provide the detail of what is expected from both parties and provide the means to measure performance. Work is in progress to put these agreements in place. These gaps mean that the service does not know how some areas are performing. By not breaking information down by diversity strand, the service cannot identify barriers to access or groups with lower levels of satisfaction.
- 75 Service planning is adequate. There are some strengths, such as the service's Operational Plan includes priorities and service standards. Key challenges are well set out and links are made to corporate plan service priorities. Service standards are clear but not all are SMARTⁱ. But there are also some weaknesses, for example, the plan doesn't link or detail the contribution the service is expected to make to higher level objectives such as narrowing the poverty gap, actions are not linked to stated service aims (they are structured under service priorities) or measurable outcomes. Some actions, such as maximising benefit take up, do not have meaningful measures. As a result effort may not be fully focused on stated aims and progress will not always be easily measured.
- 76 The service is investing in ways to improve. A service improvement group, involving a cross section of managers and staff, has been set up to identify gaps and improvements in service provision. As a result the service has a good understanding of its strengths and weaknesses. A number of changes have been introduced such as the survey of customers, promoting policies on the website and introducing an internal newsletter for staff. In addition lean thinking principles have been applied to the benefits claim process to identify system improvements and efficiencies. The exercise has resulted in a more ambitious aim of introducing fast track claim processing arrangements for all new claims in future with a target average processing time of 14 days.
- 77 The service has good arrangements in place to learn from others and its own experiences. It has used DWP guidance, information from other high performing authorities and Institute of Revenues Rating and Valuation to inform the optimum number of staff needed in the unitary benefits structure. Errors and issues identified through quality checking of staff's work are now being captured and fed back to staff and discussed in team meetings. By looking at what is working well elsewhere, the service is ensuring decisions are well informed and based on reliable evidence. By learning from its own identified errors, the service is making sure that weaknesses are not repeated and the service continually improves.

ⁱ Specific, Measurable, Achievable, Realistic, Time-limited

What are the prospects for improvement to the service?

- 78 In other areas it is too soon to see how well the service is learning from customers and others. Individual improvements have been introduced following complaints but there has been no opportunity yet to use complaints to identify patterns or trends. The service has started to explore benchmarking against like authorities but it is too soon to see what changes this will make. The service and its customers are not yet benefitting from these opportunities.

Does the service have the capacity to improve?

- 79 The service has increased capacity to provide a better service to customers. Fourteen new benefits staff have been recruited above the original complement, plus two officers to deal specifically with quality assurance and the accuracy of claims. More flexible working arrangements have been introduced including weekend overtime and transferring two full time staff from the former Castle Morpeth and Alnwick areas to deal with benefit queries at the Keel Row Customer Service office. Resources are now available to deal better with the increased workload and future peaks and troughs.
- 80 Effective induction and training arrangements are in place for new staff and to cover technical gaps. A specialist external training resource has been used to provide an intensive programme of training for new staff. New starters are then allocated to 'nursery teams' to gain further knowledge and skills before integrating the staff into the mainstream benefits function. Team leaders are receiving training to bring capacity up to the level needed to deal with appeals. Staff are properly supported through the important early stages of their career.
- 81 There are significant weaknesses in Human Resource arrangements. No training needs analysis or skills audit has been carried out to identify what the training and development requirements are of existing staff. Performance appraisals for Benefits staff have only just started in 2010/11 and none were completed in 2009/10. No corporate workforce survey has been undertaken or is planned to understand how staff feel in a period of intense change. As a result personal objectives for staff are only just being put in place, training and development needs are not identified and opportunities to understand and improve staff morale and motivation are not being taken.
- 82 Staff sickness absence rates are low. Sickness rates are almost a third less than the average for the sector. In 2009/10 on average staff in the Revenues and Benefits sections were absent for an average of 6.5 days compared to the public sector average of 9.7 daysⁱ. More staff resource is available to deliver services.
- 83 The Council has no arrangements in place to ensure its workforce reflects the community it serves. Human Resources have not yet captured or analysed the gender, ethnic and disability make up of the Revenues and Benefits section. No corporate targets are in place to address any areas currently under-represented. As a result information is not available to influence recruitment and the Council is not setting a good example to the community as an exemplar employer.

ⁱ Chartered Institute of Personnel and Development

What are the prospects for improvement to the service?

- 84 The service has the finance it needs to deliver services in the medium term. Funds provide for the continuation of the existing level of service delivery. Councillors have identified the Benefits Service as a priority and protected the budget for 2010/11. In addition ICT (Information and Communications Technology) funding has been allocated for the merger of systems in 2010. This will remove some existing barriers to service improvement and planned actions will be delivered.
- 85 Partnership working is effective. The service is a proactive and willing partner in wider projects that seek to improve services to local people. For example, the service is working with Jobcentre Plus on a project to understand how welfare reform benefit changes impact on customers and how problems can be addressed. Using the safeguarding aspect of the Local Housing Allowance scheme and the benefit of direct payments, and by working with private sector landlords the service is helping to get people privately rented homes which are currently empty. As a result the service has a better understanding of the wider social issues and projects have a greater chance of making a positive impact on people's lives.
- 86 A structured and wide ranging cultural change programme, 'Stronger Together' is being introduced across the Council. Its purpose is to engage the workforce in establishing a single organisation culture and embedding its vision and values. The programme includes briefings for all staff, senior and middle management, and has links to competencies and performance appraisal. The programme aims to help managers and staff understand where they fit in, what competencies and behaviour are valued in the new single organisation.
- 87 Procurement has been used effectively to increase capacity. The Council has entered into a four year call off contract with external contractors to deal with peaks in demand and avoid further backlogs. The backlog of work was also completed by an external firm with modern procurement arrangements being applied to respond quickly to an unforeseen demand for work. As a result the Council has increased its capacity to respond quickly to similar issues in future.
- 88 The service is taking advantage of available external support and funding. The Council has signed up to the Skills Pledge, a national initiative run by the Skills Funding Agency, to improve the skills of managers and staff. Currently the council is piloting the first requirement which is to undertake a skills audit before bidding for funding to address gaps. The Council is also benefitting from programmes offered by the Regional Improvement and Efficiency Partnership, including management development courses and facilitating learning and support for lean systems improvements. Both improve the capacity of people and processes to deliver improvements.

What are the prospects for improvement to the service?

- 89 The position with ICT is mixed. The service has used ICT effectively to help it deal with the backlog of work by enabling benefit processing staff from the former Tynedale and Berwick areas to process claims and other work at their existing locations. Merging the different Benefit IT systems is key to providing the flexibility of enabling staff to work on all claims. However there is no corporate IT strategy in place to guide further developments. The current project to combine IT systems is not linked to wider issues such as an interface with CRM system, supporting future mobile and home working and enabling claims to be made online. Nor does it set out how limited rural broadband coverage might restrict developments. As a result there are limits on the additional capacity offered by current IT improvements.
- 90 There is a mixed picture on training and development of councillors. The Council has signed up to work with IDeAⁱ to train and develop councillors to national standards beginning with an audit to establish existing skill levels. However to date no councillors have received any training or development on Benefits or fraud. As a result there has been no requirement to demonstrate the service contribution to wider Council aims and objectives.

ⁱ Improvement and Development Agency

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, audio, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2010

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
