

# Benefits Service Inspection

Thurrock Council

July 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](http://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 for 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. The reasons for inspecting Thurrock Council were:

- errors in calculating performance indicators for processing new claims and changes of circumstances in 2007/08;
- some customers in Thurrock waited a long time for their benefit to be decided, paid and amended in 2008/09;
- signs that the accuracy of claims was declining in 2008/09;
- loss of subsidy payments; and
- low numbers of sanctions applied for fraudulent claims.

The key objectives of this inspection were:

- to assess the effectiveness of Thurrock Council's 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 about the quality of service provision.

# Summary

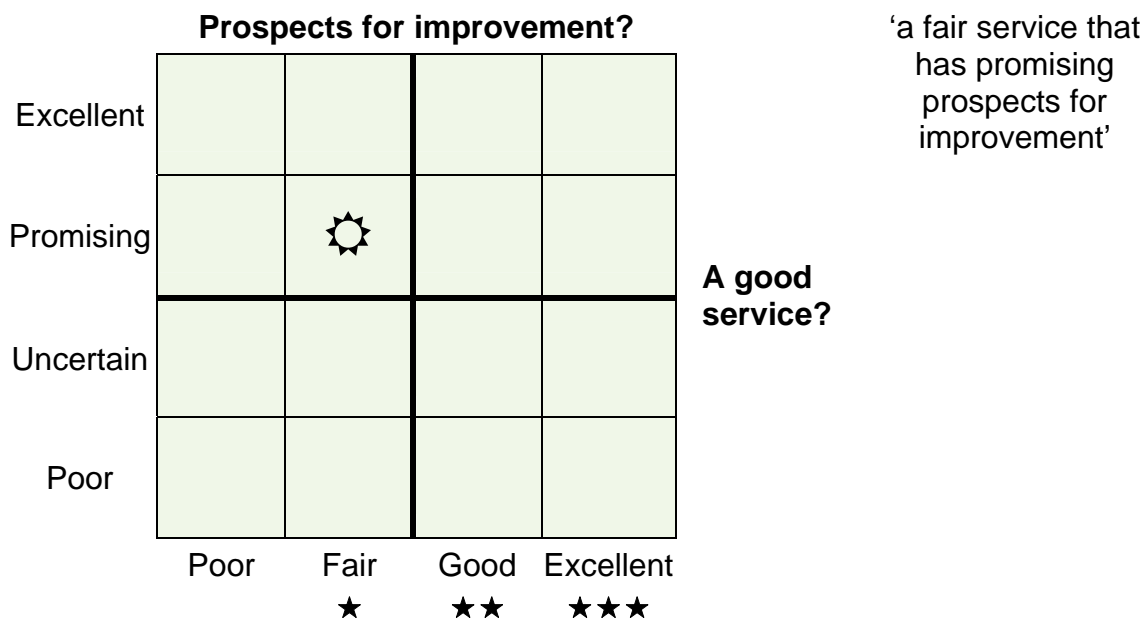
- 1 Thurrock Council's benefits service (the service) is fair with promising prospects for improvement. People now get a prompt decision on their claims but this was not the case in 2008/09. In 2008/09 customers waited an average of 29 days for new claims to be processed. This reduced in 2009/10 to 21 days. Customers whose circumstances changed waited 13 days in 2008/09. In 2009/10 this reduced to eight days. However, those who appeal wait too long for a response.
- 2 The service provides good access for customers through Council offices and its telephone contact centre. There is out of hours access at two local housing offices which are open on Saturday morning. Phone lines are open 8.00am to 6.00pm Monday to Friday. This is helpful to people who may be working and wanting help or advice with their claim or to enquire about claiming benefit. Staff have a positive approach to customer care.
- 3 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 Service standards are not communicated to customers. 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. The service has recently developed a take-up strategy and is starting to be more proactive in encouraging customers to claim benefit.
- 5 The Council has a lack of focus on investigating potential fraud. A lack of strategic direction over a long period has limited the investigation team's ability to be fully effective. Despite this the team has continued to work well and produce results.
- 6 Although the service to customers and customer satisfaction have improved since the start of the contract the Council does not know if the service is delivering value for money. The benefits service is one of a number of services delivered by the Council's strategic partner and the cost of the contract is not split between the different services. However, the Council is now working closely with its partner to develop an improved understanding of the cost of the service and to compare those costs with benefit services. Its investigation service does not provide value for money because of the reliance over a long period on agency staff. The service is not yet maximising recovery of overpayments or income from subsidy.
- 7 The Council is committed to closing the gap in performance with higher performing benefits services. The track record on delivering to customers is fair and improving. Signs that the earlier positive trends had levelled off in 2008/09 have been addressed by improvements including a restructure to make the service more customer facing. As a result the pace of improvements in performance has picked up.

- 8 Improvement planning is more robust. The Council has now invested in client management processes which improve the working relationship with its partner and ensure the contract works better at all levels. The aim is to improve both outcomes for customers and value for money. Existing strengths in performance monitoring are being added to, so that the service will develop more ambitious but still realistic targets. The service does not learn enough from high performing councils. But it is building a better understanding of local need, to improve take-up and access.
- 9 The service day-to-day operations are well run. Staff are generally motivated, knowledgeable and well trained. The service recognises that overpayment recovery needs to improve and it is reviewing its policies and procedures. Generally the current contractual arrangements should be able to deliver further improvements. However, the Council has not yet decided how it wants to deliver its counter-fraud service.

# Scoring the service

10 We have assessed Thurrock 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 chart<sup>1</sup>



Source: Audit Commission

11 We found the benefits service to be fair because it has a range of strengths including:

- above average performance for speed of dealing with new benefit claims and processing changes in circumstances. Processing new benefit claims and dealing with changes of circumstances is a core part of the service;
- staff committed to providing good customer service;
- a good range of methods for customers to contact the service including through local housing offices across the area, with two of the offices open on Saturday mornings;
- most customers visiting the offices or telephoning do not have long waits; and
- effective use of discretionary housing payments which includes spending above the government grant.

<sup>1</sup> 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.

12 However, there are some areas which require improvement. These include:

- it is not designed around the needs of local people;
- the approach to encouraging people to apply for HB and CTB is not yet fully effective;
- understanding of customer satisfaction not fully developed;
- there are barriers for those wanting to appeal and it does not deal with appeals quickly;
- the investigation team has not had enough priority corporately;
- it cannot demonstrate the service provides value for money; and
- it does not maximise the recovery of overpayments.

13 The service has promising prospects for improvement because:

- it has renewed ambition, with a clear understanding of what it wants to achieve;
- comprehensive and challenging service standards agreed;
- the recent restructure has helped deliver further improvements in performance;
- the Council has developed a more focused and challenging approach to its contractual partnership, thereby creating fresh opportunities for better outcomes, and improved value for money;
- it is building on the existing strengths of its performance monitoring systems, with new key performance indicators;
- the staff are well motivated and well managed, and the Contact Centre and other customer facing offices, are well run;
- it is developing sound methodologies for improved targeting of future take-up and access initiatives, and to better understand local patterns of customer satisfaction; and
- there is potential for further improvements within the framework of the existing contract.

14 However, there are some areas that require improvement. These include:

- engaging more proactively with local people to improve the quality of service and access for customers;
- working with the community engagement team at the Council, as has happened already on homelessness;
- addressing capacity needs of the visiting and investigation teams;
- refining the measures that underpin the new key performance indicators (KPIs), to ensure better monitoring and assessment of the quality of the service; and
- the lack of Scrutiny challenge, and not enough learning from others.

# 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 costs<sup>11</sup> 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 accessibility of the service for those who are, or may be, entitled to benefits. It can do this by the following.
- Developing a more consistent and comprehensive approach to consulting with service users to find out their needs.
  - Reducing the time taken to deal with appeals and removing barriers to those wanting to appeal;
  - Undertaking take-up campaigns that are:
    - targeted towards identified underclaiming groups;
    - properly evaluated; and
    - integrated into business plans.
  - Developing and raising awareness of service standards for customers which are relevant to their needs by:
    - developing measurable service standards through consultation with customers; and
    - promoting them to customers.
  - Monitoring performance against the standards and reporting results to customers, senior managers and councillors.
  - Using satisfaction surveys to improve understanding of customer perceptions of the whole service and to tailor services more appropriately.
  - Improving services and information available electronically.
  - Providing access to all relevant IT systems for staff in local housing offices.

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;

<sup>11</sup> 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.

- 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:

- ensuring that resources are focused to detect and investigate any fraud;
- developing an understanding of the fraud risks of the local area;
- developing local measures of the effectiveness of the Council's counter-fraud activity to include measures to prevent, detect and deter fraud;
- undertaking appropriate proactive 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
- further 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; and
- reducing the unnecessary cost of inaccurate payments to the Council.

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

## Recommendations

### Recommendation

#### **R3** Improve value for money by:

- setting a range of challenging targets with the service provider in line with the contract specification and effective monitoring of performance;
- developing a costed service profile for the service;
- evaluating the efficiency and effectiveness of the service through benchmarking;
- ensuring service improvements include a detailed analysis of costs so that efficiency savings can be quantified;
- improved management of the benefit subsidy claim, including benefit overpaid because of council error and delay, to access additional subsidy;
- ensuring effective management of overpayments through monitoring and reporting, including aged debt, to identify what should be recovered; and
- using the most effective methods of recovery of overpayments to collect more of the debt.

The expected benefits of this recommendation are:

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

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

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# Report

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## Context

### The locality

- 16 Thurrock is in the South East of England along the East Thames corridor. Thurrock is split geographically by the A13, with the area to the north of the A13 being mainly rural with small villages, whereas the area south to the river is mainly urban and industrialised. It has over 18 miles of riverfront and 70 per cent of the land is defined as green belt.
- 17 Sited within the borough is the Lakeside shopping centre, near to the M25. Tilbury remains a working dock. Thurrock is a regeneration area within the Thames Gateway redevelopment zone and is part of the London commuter belt. A development corporation has been set up to manage the regeneration programme.
- 18 Thurrock is a densely populated area with a population of 152,000. Its population increase has been above average since 2001. There are about 63,000 homes in the area with about 61,700 households concentrated in the main population areas of Grays, Stanford East and Corringham Town, South Ockendon, Tilbury and Chafford Hundred. Thurrock Council has a housing stock of 10,300 homes. About 19 per cent of all homes are in the social sector, with about 7 per cent rented from private owners. There are about 5,500 families and single people on the Council's housing register.
- 19 There is a higher proportion of young people although projections suggest the number of older people will increase at an above average rate. The working age population is about 95,000.
- 20 Unemployment is rising significantly compared with the same period in 2008, as the economic downturn hits Thurrock. By June 2009 the unemployment rate in Thurrock was 7.5 per cent (above the average for Eastern of 5.8 per cent and above the national average of 6.9 per cent). In December 2009 there were about 4,100 claiming Jobseeker's Allowance (JSA), this is about 4.3 per cent of the working age population (Eastern average 3.3 per cent, national average 4.1 per cent). The proportion of residents on lone parent benefits is higher than elsewhere 2.4 per cent compared to 1.6 per cent in Eastern and 1.9 per cent nationally.
- 21 Areas of deprivation exist within the borough with some significant health inequalities. Five areas in Thurrock fall into the 10 per cent most deprived in the country. Residents in these areas experience large differences in life expectancy compared with the least deprived areas of the borough; a gap of 5.7 years for men and 4.1 for women. The most deprived wards are; Tilbury, Belhus, Chadwell St Mary, West Thurrock, and Ockendon. The least deprived are; South Chafford, Chafford and North Stifford, Orsett, Homesteads and Corringham and Fobbing.

## Report

- 22 Most people are of white ethnic origin although the area is becoming more diverse. Migration is also on the increase. In 2008/09, migrant workers made up 1.57 per cent of the working age population. About 5,700 non-UK nationals in Thurrock registered for a national insurance number between 2005 and 2009. Settled travellers are the largest minority group. The comprehensive area assessment (CAA) report for 2009 identified community cohesion as a significant concern with more action needed.

## The Council

- 23 The Council was formed as a unitary in 1998. The Council is made up of 49 Councillors. Currently there are 22 Conservative Councillors, 22 Labour, 2 Independent, 2 Concerned Conservatives for Thurrock and one BNP. In each of three years out of four, one-third of the seats on the Council are up for election.
- 24 The organisation employs 1,000 staff, who carry out the work of the Council. The Council's Senior Management team comprises a Chief Executive and five Directors. The Council delivers many services through Strategic Service Partners.
- 25 In 2008 the Council was assessed as not improving adequately and providing a 2-star service overall. More recently, the Council has achieved a Level 2 'performing adequately' in the organisational assessment of the new Comprehensive Area Assessment which included a 2 for use of resources and 2 for managing performance. An Access to Services Inspection (October 2008) found promising prospects for improvement because "the customer contact centre and call centre demonstrate a much improved service to users with increased satisfaction and improved service outcomes".
- 26 The vision for Thurrock is to be at the dynamic heart of the Thames Gateway, a place of ambition, enterprise and opportunity, where communities and businesses flourish and the quality of life for local people is continually improving. The Council set out 20 objective's in its Corporate Plan 2008 to 2011 grouped under five headings.
- Delivering excellence and achieving value for money.
  - Children young people and lifelong learning.
  - Including people.
  - Cleaner, greener and sustainable.
  - Safer environment.
- 27 The Council has agreed six new corporate priorities for 2010 to 2011. These are:
- improving the education and skills of local people;
  - encouraging and promoting job creation and economic prosperity;
  - ensuring a safe, clean and green environment;
  - providing efficient, customer-focused and accessible public services;
  - building pride, respect and responsibility in Thurrock's communities and its residents; and
  - delivering efficient, customer-focused and well-designed, well-managed, accessible public services.

## The Council's benefits service

- 28** The benefits service is one of many services managed by one of the Council's strategic partners. This 15-year strategic partnership started in January 2005 and includes; council tax, business rates, ICT, human resources, payroll, procurement, highways, property, facilities, customer services, administration and financial administration. The Benefits service underwent a major restructuring in August 2009 to shift the focus away from back office processing of claims to a customer facing service to increase the number of assessments dealt with at the first point of contact.
- 29** The Investigation team remains in-house within the Finance and Corporate Governance Directorate. Newly established posts of Business Relationship Managers monitor the partnership agreement.
- 30** The Benefits Service in Thurrock pays out around £50 million a year to:
- 13,410 people claiming CTB;
  - 6,620 people claiming rent rebate; and
  - 4,230 people claiming rent allowance of whom 930 are tenants of private registered providers of social housing and 3,300 are tenants of private landlords.
- 31** Of the total 14,450 cases, 40.5 per cent of people are of pension age and 59.5 per cent are working age.
- 32** Customer levels have risen steadily from November 2008 to January 2010 (DWP statistics); CTB by 13 per cent and HB by 11 per cent. Figures for November 2009 show the CTB caseload represents 21.6 per cent of households in the district, and the HB caseload 17.5 per cent of households.
- 33** The cost of running the service in 2008/09 was £1.29 million (excluding the cost of the contact centre). The DWP funded £1.25 million of this and the Council met the balance.

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# How good is the service?

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## What has the service aimed to achieve?

- 34** The Thurrock Local Strategic Partnership (Shaping Thurrock) Sustainable Community Strategy (SCS) contains an objective to encourage and promote job creation and economic prosperity. A priority of the Shaping Thurrock local area agreement (LAA) is to reduce unemployment. An outcome sought against this priority is to reduce working age people claiming out of work benefits in worst performing neighbourhoods. However, because of the impact of the recession on unemployment with JSA benefit claims increasing measurement of this indicator has been frozen. Neither the LAA nor the SCS has any specific targets for the benefits services.
- 35** The Housing Benefits Service Plan 2010 to 2011 supports the corporate priority of 'Delivering efficient, customer-focussed and well-designed, well-managed, accessible public services'. The strategic partners' service vision is to provide an efficient, customer-focused and accessible benefits service.
- 36** Six main areas of focus form the basis of its service plan:
- effective promotion/maximising take-up;
  - accessible to all;
  - excellent customer service;
  - efficient customer-focused processes;
  - minimising overpayments and maximising recovery; and
  - working with key partners and stakeholders.
- 37** The investigation team aim, set out in the Resources Directorate service plan 2009 to 2011, is to offer an effective and efficient service to Thurrock residents.

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

**Access, customer care, user and community focus**

- 38** The service provides good access for customers through council offices and its telephone contact centre. Strengths include:
- six offices across the district where people can get face-to-face help and advice on HB and CTB as well as other council services. The main office is the Civic Office in Grays and there are five local housing offices (Stanford-le-Hope, Chadwell, Tilbury, South Ockenden and Purfleet);
  - the service centre at the Civic Office is open from 9.00am to 4.30pm Monday to Friday. The five local housing offices are open the same hours with two of them also open on Saturday morning from 9.00am to 12.30pm. Phone lines are open 8.00am to 6.00pm Monday to Friday. This is helpful to people who may be working and wanting help or advice with their claim or to enquire about claiming benefit;
  - people are seen quickly. The queue management system shows customers who visit the Civic Offices do not generally have long waits for revenues and benefits queries. In March 2010, the average wait time for customers was just over ten minutes (ten minutes 17 seconds), with 65 per cent of customers seen within ten minutes;
  - most people contacting the service by telephone get through first time. The rate of abandoned calls is low at 3.3 per cent; and
  - most calls are answered quickly. In 2009/10 the average time to answer a call was 17 seconds. It answered 79 per cent within its target of 20 seconds.

These strengths allow customers to seek advice or enquire about their claim quickly and easily.

- 39** Staff have a positive attitude to customer care. Staff who deal with customers have received benefits training to make sure that customers receive good quality advice and help with their claim. The service recognises the need to further develop the benefits knowledge of staff at local housing offices and has plans for more training. Staff at the local housing offices do not have access to the document management system used by the service. This means they cannot see what documents customers have provided. If customers have more complex queries, customer service officers have direct access to colleagues processing benefit claims. This means that customers get the correct advice and effective help with their claim when visiting or telephoning the service.

## How good is the service?

- 40 Customer access to the service through its website is not fully effective. 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. Customers can also use the website to report fraud and make general enquiries. The customer has to print and sign the claim form that is available. The site refers customers to the DirectGov website which is a good source of up-to-date information. However, the DirectGov website refers customers back to the Thurrock Council website for information on backdating and appeals. It is not easy to find the information on appeals and there is no information on backdates. A link to national leaflets on benefits that include information on these items is not clearly signposted. 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.
- 41 The service has some understanding of customer satisfaction. Its survey of customers in 2009 showed satisfaction had improved since 2006. It found that:
- overall satisfaction with the ways to contact the office was 85.8 per cent (140 people responded);
  - overall satisfaction with the telephone service was 76.3 per cent. However, only 67.6 per cent felt calls were answered quickly and 40 per cent said it was difficult to speak to the right person. Although only 60 of the 85 people who responded said they had contacted the office by phone about their most recent claim; and
  - overall satisfaction with the experience of visiting a benefit office was 85.7 per cent (131 people responded).
- 42 The service centre manager telephones a random selection of customers (five per cent of customers for each member of staff each month) and asks questions to seek their opinion of the service that they received. At the end of every telephone call, staff in the contact centre ask a percentage of callers if they would be willing to complete a short customer survey. The small numbers of customers surveyed are generally satisfied with the way their query was handled. But there is no feedback on the service as a whole. Regular testing of customer satisfaction could help the service to respond swiftly and effectively with remedial action to improve the service provided.
- 43 Consultation and engagement with the community is not fully effective. There has not been regular consultation and engagement with the community and so there is only a basic understanding of the needs of local people and whether the service meets these needs. The service is looking at how to use data about the community in planning service delivery and has developed a detailed analysis of community profiles. Designing a service around the needs of the community enables suitable targeting of resources and increases satisfaction.
- 44 The service's arrangements for communicating and consulting with individuals and organisations affected by it are underdeveloped. The service has regular formal discussions with landlords attending landlord forums but there is little communication for those landlords who do not attend. The service is developing a similar dialogue with other relevant groups such as advice agencies and community engagement networks. As a result, the service is not making best use of information about its customers to which other agencies and organisations have access. Effective dialogue can be used to drive service improvements.

45 Service standards are not comprehensive or communicated to customers. The service aims to:

- respond to 85 per cent of calls within 20 seconds;
- ensure less than four per cent of calls are abandoned;
- see customers who visit the offices within 10 minutes of their arrival;
- deal with 90 per cent of queries at the first point of contact; and
- achieve 80 per cent customer satisfaction.

However, these service standards are not communicated to customers. The Council has a corporate customer charter, which covers all services. The charter sets out general principles of customer care, but does not provide any specific standards. Development of service standards involving customers and stakeholders has begun. The Council plans to review its customer charter as part of the refresh of the Corporate Plan.

46 Learning from complaints is developing. The Council and its strategic partner now review complaints to try to identify where things could be done differently but as yet no clear patterns on the benefits service have emerged. Responses to complaints are clear and comprehensive.

47 The service is not maximising the take-up of benefits for those entitled to them<sup>iii</sup>. General information about HB and CTB is provided for example with council tax bills and summonses and on the Council's website. The service has undertaken some work with other groups and other parts of the Council. For example:

- joint visits with Housing staff when a tenant has rent arrears to see if there is any entitlement to benefits to help prevent evictions;
- as part of the Thurrock Outreach Partnership working with the local Pension Service, Thurrock CVS (volunteer bureau), Thurrock Primary Care Trust, Disability Information Advice line, Thurrock Citizens Advice Bureau (CAB), Thurrock Over Fifties Forum, Age Concern, and the police and fire services to promote take-up from the over 50s age group; and
- leaflets and posters sent to schools, GP surgeries and supermarkets.

However, work has not been effectively targeted and the outcomes not consistently analysed. This means the Council may not have reached customers most in need.

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<sup>iii</sup> '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.

## How good is the service?

- 48 The service has recently started to take the initiative in encouraging the take-up of benefits. It has:
- developed a take-up strategy;
  - started to analyse caseload and demographic data to identify under claiming groups;
  - created a new specific role with the objective of improving take-up and providing support to vulnerable residents; and
  - two pilot projects underway aimed at older residents claiming benefit who live in remote areas and a campaign aimed at supporting groups in areas of high deprivation.

These are positive steps to increase take-up, though it is too early to identify outcomes.

- 49 Decision letters are not always clear, particularly those for overpayments. They have some strengths including HB letters clearly stating what rent or council tax the customer has to pay, the appeals process correctly summarised, promotion of fraud hotline and explanation of some technical terms. However, explanations of technical terms are not always clear. Letters are not in plain English. Using letter formats that are difficult to understand creates more work for the service and customers and may deny correct benefit payment.

### Diversity

- 50 The service's approach to equality and diversity is sound. The Council was at level 3 of the former equality standard for local government for several years and plans to achieve 'excellent' under the new equality framework for local government in 2011. The service carries out equality impact assessments<sup>IV</sup> (EIA) on all new policies, strategies and changes of procedure. This means the service has assurance its policies and procedures take account of the full range of legislative requirements.
- 51 The service focuses on reducing financial hardship for those most in need. The service has effectively used discretionary housing payment (DHP) to help people whose circumstances make them vulnerable. The purpose of DHP is to provide extra financial support to the most vulnerable customers receiving HB and CTB where the benefit they get 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 2008/09 the DWP funding to the Council was £22,181 with an overall limit set at £55,452. The service provided support to 106 households of £19,536. As the fund was not fully spent in 2008/09 DWP cut the funding to £19,872 in 2009/10. In 2009/10 the Council topped up the fund spending £23,147 to support 103 households. Staff are aware of and promote DHP appropriately. Customers needing debt advice are referred to CAB. Help for vulnerable customers can prevent financial hardship and ensure housing costs are met thus preventing homelessness.

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<sup>IV</sup> 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.

- 52** 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 make payments to landlords rather than tenants. In 2009/10 it received 466 requests for payment to be made to landlords and agreed to pay the landlord in 380 cases. Effective mechanisms for deciding and making direct payments to landlords help support vulnerable customers to keep their homes.
- 53** The service has responded to some community needs. The benefit claim form has plain English accreditation. Satisfactory access is provided for users with disabilities in the Civic Offices. 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 or translated into one of 50 different languages. Telephone translation services are available for those contacting the office in person or by phone and leaflets are available in a range of community languages. It works well with the Council's mental health team and homelessness section to support vulnerable customers. This has included introducing fast tracking of claims to get the landlord paid quickly to lessen the likelihood of eviction. This is helping to support some of the most vulnerable people in Thurrock.
- 54** 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.

### Service outcomes for users and the community

- 55** The service is providing an adequate claims processing service. National comparative data for the 'Right time'<sup>v</sup> indicator NI 181 in 2009/10 is limited to the first two quarters of the year. When DWP published the data it indicated information from councils IT systems may not precisely match the published performance information<sup>vi</sup>. This is the case for Thurrock Council where its own data for the two quarters indicates performance of 15 days and 13 days respectively. Data published by DWP shows the service's performance in the first three months of the year as 11 days and in the second three months as eight days. This is better than the average for all Councils in England for the first half of 2009/10.

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<sup>v</sup> This measures the average processing times for new claims and change events.

<sup>vi</sup> DWP have adjusted the published 'right time' indicator performance information to exclude new claims and changes of circumstance which are recorded as having taken more than 12 months to process. This represents around 0.1 per cent of all cases. DWP have evidence most of these cases have software or input errors and therefore should not be included. DWP's quality assurance exercise for this indicator has been developed in accordance with the principles and protocols developed by the United Kingdom Statistics Authority.

## How good is the service?

**56** Despite recent improvements in average processing times some customers are still waiting too long for a decision on their claim. In 2009/10 the service's data shows it took an average of 21 days to process new claims and eight days to process changes in circumstances. This is an improvement from 2008/09 when new claims took an average of 29 days and changes in circumstances 13.5 days. However, from a snapshot on 26 April 2010. The average time to decide new claims in April 2010 was 18.5 days. But, within that 29 per cent took over 35 days. The service is now doing more to encourage customers to provide information. It has been asking for information by phone rather than by letter for around a year. It has more recently started to:

- use text messages to prompt customers to provide information; and
- offer appointments for customers to visit the Civic Centre with their relevant details, supported by a pledge to process claims within 48 hours if all information is provided.

These initiatives have resulted in improved times in the second half of 2009/10. This has improved the experience of customers.

**57** Accuracy of processing is improving. The service checks a minimum of 10 per cent of assessments each day. In 2008/09 the overall error rate from this checking was 29 per cent. Up to January 2010 it was 20 per cent for 2009/10. The service also carries out accuracy checks against the former best value performance indicator measure on 125 claims each quarter and reports this as a KPI. In 2009/10 accuracy was 99.2 per cent an improvement on 2008/09 when it was 98.8 per cent.

**58** Customers who appeal wait too long for an outcome. Of the 20 cases submitted to the Tribunals Service in 2009/10 the service took longer than four weeks to submit eight of the cases, with two taking over three months. Delays at the Tribunals Service, where it takes between one month and 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. In addition the service manages appeals as a three stage process. However, customers can use any of the options without first having gone through an earlier stage. This could increase the length of time before customers have their cases reviewed by the Tribunal Service if this is what they want to happen.

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

- practises for verifying claims are in line with DWP guidance;
- fraud and identity theft training to all housing office, benefit and customer service staff;
- intervention visits to review claims and identify under and overpayments of benefit;
- effective joint working with DWP;
- all investigators qualified to 'Professionalism in Investigations' standards;
- all prosecutions have been successful;
- publicising in the media successful prosecutions cases; and
- internal audit assess internal controls as providing substantial assurance.

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

- 60** However, the Council has a lack of focus on investigating benefit fraud. A lack of strategic direction over a long period has limited the teams ability to be fully effective. The Council does not know whether it has enough capacity in its investigation team to respond adequately to the risk of fraud particularly given the rising complexity of the caseload. More than half of the investigation team are agency staff on short-term contracts. Progress up-dating policies has been slow. However, the investigation team have guidelines to consider in administering prosecutions and on offering other sanctions.
- 61** Despite this background the investigation team has continued to work well and produce results. They had successfully cleared up the legacy of past poor practice which had resulted in settlement of claims for compensation. In 2008/09 the team successfully applied 53 sanctions of which 16 were formal cautions, 18 administrative penalties and 19 successful prosecutions. In 2009/10 it successfully applied 46 sanctions of which 15 were prosecutions, 17 formal cautions and 14 administrative penalties. However, without a considered and proportionate response to the potential threat from fraudulent activity, the Council cannot have assurance that it is protecting taxpayers' money from fraudsters.

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### Is the service delivering value for money?

- 62** Although the service to customers and customer satisfaction have improved since the start of the contract the Council does not know if the service is delivering value for money. The cost of the contract is not split between the different services delivered. The current payment arrangements between the Council and its partner are based on the original contract price as uplifted each year for inflation plus/less any changes agreed to service levels provided. But, the Council does not use available data to compare the performance of the service with similar councils, or nationally, to assess whether the service provided represents good value compared to the cost. By not benchmarking with similar councils the Council cannot know whether it is delivering a cost effective service.
- 63** The contract has not yet been developed to provide a mechanism for the Council to share in the financial benefits of efficiency gains and demonstrate improved value for money. There are financial penalties for poor performance. However, none have been imposed as service level reviews have not been effective at raising targets above those set at the beginning of the contract. Early in 2010/11 more stretching targets were agreed for the service. The contract provides for open book accounting, which has not been adequately pursued until recently despite its importance in the contractual arrangements. The Council is working with its partner to develop costed service profiles in preparation for its 2011/12 budget. The Council cannot assess whether it has achieved value from money from the arrangement with its partner until this analysis is complete.
- 64** The Council does not know if its counter-fraud activity is delivering value for money. Because of lengthy uncertainty over how the service is to be delivered there has been a heavy reliance on agency staff for too long. Agency staff can increase costs significantly and not necessarily represent value for money.

## How good is the service?

- 65** The service is not effectively managing the recovery of overpaid benefit. In 2009/10, the service reports it recovered 28.2 per cent of all overpayments. In March 2008 it had £1.2 million outstanding and by March 2009 this had risen to £1.6 million and by the end of March 2010 to £2 million (of which £1.27 million is outstanding on invoices). The service has been unable to obtain robust data from one of its IT systems used to recover overpayments for 2008/09 to accurately calculate recovery rates for this period. The service does not use all the methods of recovery available to it. For example it does not use blameless tenant recovery<sup>vii</sup> or DWP debt management to recover from other benefits. It recovers unpaid debts through the courts by applying for a County Court judgement rather than through the less costly and bureaucratic process of registering a debt. The service is reviewing its overpayment recovery processes. Staff are aware that customers with overpayments may have some underlying entitlement to benefits and encourage customers to provide information so overpayments can be reduced. Staff take account of customers' individual circumstances when they contact the office to agree payment arrangements. Ineffective recovery of overpaid debt has an impact on the amount of income the Council receives, and can increase the burden on the council tax payer.
- 66** Management arrangements for completing the subsidy claim form are improving. In 2008/09 the Council's subsidy claim was £50.6 million. Councils receive, for most of the benefit expenditure they incur, a subsidy from DWP providing they comply with the regulations. The system for claiming this money is the subsidy claim form. External auditors have to certify the correct completion of this form and that only eligible expenditure is included. This audit regularly identifies errors. For the 2008/09 claim the service had put in place a programme of measures to identify and remove errors from the benefit subsidy claim. This included training on subsidy for assessors. The result was a more accurate claim, though errors remained which resulted in lost subsidy. Good management of all the subsidy areas reduces the overall burden on the council tax payers.
- 67** Prevention of overpayments that occur because of error or delay is poor. 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 a council's 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 £147,000 extra income for 2008/09. It has now reduced the time it takes to process changes of circumstances and is on target to achieve its incentive payments for 2009/10. The Council is introducing a new contract KPI on local authority error for 2010/11. The costs of delays have an impact on customers who have overpayment debt to repay and on council tax payers as the Council has lost income.

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<sup>vii</sup> recovery from HB paid to a landlord/agent for another tenant, when the landlord has been classed as responsible for repayment of a debt (sometimes known as 'Blameless Tenant' recovery).

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# What are the prospects for improvement to the service?

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## What is the service track record in delivering improvement?

- 68** The Council has a clear long-term vision for the service. The ambition to improve the service is evident, from good corporate support from Councillors and senior officers, the new Corporate Plan, the Customer Charter, the recent restructure and the ongoing work to develop improved customer service standards. The service is starting to be designed around the customer, and the new service plan for 2010/11 contains initiatives to improve the quality of service.
- 69** The track record on delivering to customers is fair and improving. The strategic partnership was set up in 2005 to address weaknesses in delivery of benefits and other Council services. As a result of the partnership the Contact Centre was set up. The partnership also brought a more focused approach to performance management which drove improvement in some key benefits indicators. For example, processing times for new claims fell from 61 days in 2005 to 29 days by March 2009 at a time when overall claims increased by 30 per cent. The early positive trends levelled off and by 2009 it was clear further effort was required to close the gap on top performing councils. As a result a major restructuring of the service took place in August 2009. This shifted the focus away from back office processing of claims to a customer facing service with an emphasis on maximising the number of assessments dealt with at the first point of contact. This restructure has improved the quality of the service for users.
- 70** Because of recent changes, the service has delivered improvements. In particular, the following key performance indicators improved:
- the average processing time for new claims continued to fall, down from 29 days in 2008/09 to 21 in 2009/10;
  - the average processing time for changes in circumstances fell from 13.5 days in 2008/09 to eight days in 2009/10; and
  - the number of cases in which the calculation of benefit was correct rose from 98.8 per cent to 99.2 per cent in 2009/10.

Customer satisfaction with the service following the 2009 restructure is good. The 'views count' telephone survey showed that 96 per cent of customers were satisfied with the time taken to answer their call, and 94 per cent stated the call was resolved to their satisfaction. The corporate target of 10 minutes for the waiting time in the service centre is being met.

## What are the prospects for improvement to the service?

- 71** There remain some areas of underperformance. The record on recovery of overpayments of housing benefits remains weak. Overpayments recovered of those identified during 2009/10 amounted to 56.15 per cent. While recovery of the total amount overpaid was only 28.16 per cent. The service recognises this and has started a fundamental review of its policies and procedures in this area. Average times for processing claims also mask long delays for some customers; in April 2010, 95 out of 335 new claimants had been waiting for more than 35 days for their claims to be processed.
- 72** The direction of travel in performance over the past three years has been improving in key areas such as processing times. However, the rate of improvement was slower than some other councils. Early signs are that improvements resulting from the August 2009 restructure are closing the gap in performance with high performing councils.
- 73** The track record on improving value for money over time is fair. Costs of the service have risen in line with inflation at a time when caseloads have risen significantly; from November 2008 to December 2009 HB claims rose by 10.1 per cent, while CTB claims rose by 13.1 per cent. The service centre and contact centre were established at no extra cost to the Council, and have resulted in a better service for local people.
- 74** But much of this improvement in value for money over time has not been actively managed by the Council, though there are clear signs that this is changing. Until last year, the Council did not manage their side of the contractual partnership in a way that improved value for money. The potential to impose penalty payments on its partner, for example, because of failure to meet defined targets, was not exploited because the Council did not negotiate stretching targets annually resulting in unambitious targets always being met. There are now clear signs of an improved approach. To improve performance the partners have agreed new key performance indicators. The partner has now agreed to benchmark its costs on benefits, which means that improvement planning will be informed by a clear understanding as to whether the service is already high cost or not. And future procurement plans are being drawn up on a completely different basis. For example, proposals for software to provide electronic claims require a new robust business case based on a clear understanding of the whole life costs of the upgrade, and with both sides looking to profit financially from the improvements.

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## How well does the service manage performance?

- 75** The Council has plans to drive improvement at a faster rate. More ambitious targets for improved local outcomes will be implemented during 2010. New KPI have been agreed between the Council and its partner. The service is developing a sound understanding of the local challenges. Data from several sources is being used to map current and future benefit need across the Borough.

## What are the prospects for improvement to the service?

- 76** Performance management processes are effective, but not enough information is reported to the Council. Dedicated performance monitoring software provides a good flow of information about day-to-day performance which is evaluated and acted on at intervals ranging from daily to quarterly. But not all information is regularly reported, or assessed. For example, the numbers of referrals by the Contact Centre to the investigation team are not monitored, missing opportunities to test the effectiveness of counter-fraud training and publicity. The effectiveness of overpayment recovery and outcome of the work of the local visiting or investigation teams is not regularly reviewed or assessed at a strategic level. As a result, potential opportunities to invest to save in those functions are being missed.
- 77** Improvement plans address key weaknesses in the service, with clear milestones for improvement. Engagement with local users is just beginning to feed into developing measures to test the quality of the service. Work is underway to map and predict the activity costs of the service but this is not being reported as yet. There are also two pilot projects, on service delivery to older people and those living in remote areas, which promise a major shift in targeting uptake campaigns, and improved understanding of local satisfaction rates. The new KPI are much more ambitious than those of previous years. But they have not benefited from input from users with a view to developing measures that test the quality of service for different user groups. As a result, the new indicators will effectively drive quantitative improvements, such as improved average claims processing times, but not address potential variations in the quality of service to the most vulnerable people locally.
- 78** Leadership of the service is good, and arrangements are being put in place to further embed a culture of continuous improvement. The portfolio holder has a clear understanding of the challenges internally and externally. There are effective internal mechanisms to share ideas and feedback among the benefits team. Most important the Council is now establishing an effective business relationship with its strategic partner. The first stage of this was to put in an experienced benefits officer as business relationship manager for the service in 2009. This has already improved the day-to-day running of the service. The next stage will be the creation of a new Council client function which will operate on three levels, covering day-to-day service management, strategic policy and control, and corporate client functions. The intent of this is to consolidate the partnership across the board, ensuring that all decisions on performance, finance and policy make sense operationally and strategically. As a result, relationships within the partnership are already more challenging, resulting in a clearer focus on outcomes.
- 79** The service is self-critical and self-aware, but until recently has not done enough to learn from others. Staff feedback mechanisms are effective. The service is responsive to external evaluation, and takes remedial action as appropriate. It monitors local feedback. But its approach is not sufficiently proactive. The service does not take the initiative to engage effectively with local users. It does not make the most of the community empowerment mechanisms that other parts of the Council encourage and support. And while there is some recent evidence of visits to neighbouring authorities, which has resulted in some improvements to customer access, such as appointments, this is not enough to feed the long-term ambitions of the service.

## What are the prospects for improvement to the service?

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### Does the service have the capacity to improve?

- 80** The service has the skills and tools to deliver improvement, but capacity on visiting and investigation is stretched. The service and contact centres are well run. Frontline staff are well managed and there is a clear commitment to customer satisfaction. But the two person visiting team is struggling to meet existing ambitious targets for review visits, with limited time for welfare, priority or counter fraud visits. And the investigation team, who work without a clear corporate policy framework on counter fraud, do not have the resources to begin to match the scale and complexity of local fraud challenges. This blunts the effectiveness of the service in these key areas.
- 81** The service works effectively as a team, with an improving understanding of roles and responsibilities, but there is little in the way of scrutiny challenge. Following the restructure of the service in August 2009, the operation is much more seamless than before, with no rigid distinctions between front and back office functions. The benefits team works effectively with other Council services, such as housing and homelessness. Strategic and operational roles are being further clarified by the current work to improve client management. But there is little in the way of wider input from Councillors beyond the portfolio holder and Scrutiny plays no clear role in policy evaluation.
- 82** The service has a robust approach to equality and diversity in most of its policies and practices, but it has yet to develop a clear understanding of the impact on delivery. There are effective internal mechanisms in place to ensure due consideration of these issues, including a cross-service steering group and an embedded process of impact assessments. The service has recognised the need to understand better the pattern of benefits take-up and delivery across the diverse communities of Thurrock. The two pilot projects, especially that on older people, and the analytical work now being done on demography and access more generally, is intended to inform future initiatives in the community.
- 83** The medium term financial planning (MTFP) process takes due account of the needs of the service, with most of the costs of the service contained within the wider service contract. The process of costing individual services, including benefits, will feed into the MTFP beginning in 2011. Proposals for extra spending now have to pass through a more rigorous business case process before consideration at the Partnership Operating Board. The Council remains committed to the 15-year contract with its strategic partner. As a result, the potentially destabilising impact of continuing pressure on the Council's corporate budget is limited.

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# The Audit Commission

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