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~~-Cabinet~~

~~Tuesday, 18 November 2014~~

~~Item No 8~~

Audit Scotland Risk Assessment Report 2014

Report by Eibhlin McHugh, Joint Director, Health and Social Care

1 Purpose of Report

Following the audit of Housing Benefits in Midlothian Revenues Services, the attached Improvement Plan has been developed in response to the Risk Assessment Report published by Audit Scotland in September, 2014.

The Plan demonstrates the Council's commitment to address the recommendations contained within the Audit Report. The Plan, seeks to demonstrate how we will direct our efforts in securing measurable improvements in our performance.

2 Background

A risk assessment was previously carried out on Midlothian Council's benefit service in June 2011 when Audit Scotland identified 21 risks to continuous improvement. These were reported to the Chief Executive in August 2011 and, in response, the council submitted an action plan in September 2011 to address these risks which Audit Scotland accepted as satisfactory, if fully implemented.

This risk assessment was completed as part of Audit Scotland's housing benefit (HB) risk assessment programme. It does not represent a full audit of Midlothian Council's benefit service. Specifically, the risk assessment considers the effectiveness of the benefit service in meeting national and local priorities, business planning and reporting, and delivering outcomes.

It is noted that the benefit service has significantly improved claim processing performance from an average of 38 days for new claims and an average of 18 days for change events at December 2010 to an average of 20 days for new claims and an average of 13 days for change events in 2014/15, at June 2014.

An excellent performance has been delivered in respect of the financial accuracy of claims. The financial accuracy target of 98% has been met or exceeded continuously since 2010/11. In addition, the service has delivered an excellent performance in the recovery of in-year and all debt.

However, as a result of the decision to prioritise Scottish Welfare Fund applications in 2013/14, other areas of the benefit service were adversely affected resulting in the

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council losing subsidy of £123,599 as a result of breaching the DWPs upper threshold for local authority error and administrative delay overpayments.

In order to ensure continuous improvement, the service needs to ensure there is evidence of challenge from members when the service is under-performing, monitor the recovery of fraud overpayments and administrative penalties to ensure recovery is vigorous and to help deter fraud, establish and address the reasons why 57% of pre-notified first intervention visits are not fully effective, and establish why the council's internally reported speed of processing performance differs to that published by the Department for Work and Pensions.

Already the Council has responded to feedback from Audit Scotland both during the on-site phase of the inspection and after receiving the draft Audit Report. We will continue to concentrate our efforts on driving and delivering service improvements in core service delivery.

3 Report Implications

3.1 Resource

There are no resource implications arising directly from this report.

3.2 Risk

The principal risks are listed within the Audit Scotland report and addressed in the Improvement Plan provided at Appendix 1.

3.3 Key Priorities within the Single Midlothian Plan

Midlothian Council and its Community Planning Partners have made a commitment to treat the following areas as key priorities under the Single Midlothian Plan:

- Early years and reducing child poverty
- Economic Growth and Business Support
- Positive destinations for young people.

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- x None of the above

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3.4 Impact on Performance and Outcomes

The Plan demonstrates the Council's commitment to address the recommendations contained within the Audit Report. The Plan seeks to demonstrate how we will direct our efforts in securing measurable improvements in our performance.

3.5 Adopting a Preventative Approach

Not Applicable

3.6 Involving Communities and Other Stakeholders

Not Applicable

3.7 Ensuring Equalities

Not Applicable

3.8 Supporting Sustainable Development

Not Applicable

3.9 IT Issues

Not Applicable

4 Recommendation

It is recommended that Cabinet:

- a) Note the Audit Scotland report.
- b) Note the Improvement Plan and that progress reports will be provided quarterly.
- c) Refer the report to Audit Committee and the Performance, Review and Scrutiny Committee.

Date: 13 October 2014

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Background paper:

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Improvement Plan Audit Scotland Risk Assessment Report

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Audit Scotland housing benefit risk assessment								
			<u>IMPROVEMENT PLAN: AT 01.10.2014</u>					
Area of Risk 1 : Business Planning and Reporting								
<i>No.1</i>	<i>Priority</i>	<i>No.</i>	<i>Action</i>	<i>Manager Responsible</i>	<i>Date Due</i>	<i>Progress Report Jan 2015</i>	<i>Progress Report June 2015</i>	<i>Progress Report Sept 2015</i>

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	<p><i>There are no documented targets in the Customer & Housing Services Service Plan 2014/15 for interventions, recovering in-year and all debt, or for dealing with appeals. Consequently performance is not being</i></p>	<p>1.1</p>	<p><i>Target set for number of interventions completed in 2014/15 at 1,000. Performance monitored monthly on Covalent report CR.RSS.25a.</i></p>	<p><i>Ken Pike</i></p>	<p><i>30/09/2015</i></p>	<p><i>Annual Review of performance measures – SPI & LPI for revenues services as part of the business cycle on previous year's performance, to identify areas to improve, and revise measures.</i></p>		
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	<i>reported against all aspects of the service.</i>	<i>1.2</i>	<i>Target set for average time between appeal request and submission to Tribunals Service at 6 weeks. Performance monitored on monthly Covalent report RHM.b.05.2</i>	<i>Ken Pike</i>	<i>30/09/2015</i>	<i>Annual Review of performance measures – SPI & LPI for revenues services as part of the business cycle on previous year's performance, to identify areas to improve, and revise measures.</i>		
<i>No.</i>	<i>Priority</i>	<i>No.</i>	<i>Action</i>	<i>Manager Responsible</i>	<i>Date Due</i>	<i>Progress Report Jan 2015</i>	<i>Progress Report June 2015</i>	<i>Progress Report Sept 2015</i>

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2	<i>There is no evidence of challenge from members when the service is under-performing.</i>	2.1	<i>Consistent approach to continuous improvement in review of performance management and monitoring.</i>	<i>Kevin Anderson</i>	<i>30/09/2015</i>	<i>Performance management framework reviewed in October, 2015. LPI & SPI & target measures revised and agreed in October 2015.</i>		
		2.2	<i>Development of performance targets and actions in service planning</i>	<i>Kevin Anderson</i>	<i>30/09/2015</i>	<i>Annual Review of performance measures – SPI & LPI for revenues services as part of the business cycle on previous year's performance, to identify areas to improve, and revise</i>		

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						<i>measures.</i>		
		2.3	<i>Structured scrutiny activity process with exception reporting highlighted for challenge in Cabinet and PRS Committee.</i>	<i>Kevin Anderson</i>	<i>30/09/2015</i>	<i>Improve narrative on performance, including explanation and remedial action where off target.</i>		
Area of Risk 2 : Speed of Processing								
<i>No.</i>	<i>Priority</i>	<i>No.</i>	<i>Action</i>	<i>Manager Responsible</i>	<i>Date Due</i>	<i>Progress Report Jan</i>	<i>Progress Report</i>	<i>Progress Report</i>

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						2015	June 2015	Sept 2015
3	<i>The council needs to address the reasons why there is a discrepancy between internally reported claims processing performance, and that published by the DWP.</i>	3.1	<i>Performance reports from Civica for 2013/14 for all new claims and changes of circumstances, excluding Council Tax Reduction claims, reconciled to published performance from DWP.</i>	<i>Ken Pike</i>	<i>30/09/2015</i>	<i>Measure and report on statistical information in line with DWP guidance.</i>		
		3.2	<i>Continue to check quarterly performance data when published by DWP and monitor on monthly</i>	<i>Ken Pike</i>	<i>30/09/2015</i>	<i>New measurement requirements implemented for internal monitoring.</i>		

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			<i>Covalent report CSE.LPI.03 and CSE.LPI.04.</i>					
<i>No.</i>	<i>Priority</i>	<i>No.</i>	<i>Action</i>	<i>Manager Responsible</i>	<i>Date Due</i>	<i>Progress Report Jan 2015</i>	<i>Progress Report June 2015</i>	<i>Progress Report Sept 2015</i>
<i>4</i>	<i>Reported performance in respect of speed of processing change events remains poorer than the Scottish average.</i>	<i>4.1</i>	<i>Review processes to increase ATLAS automation and remove duplicate processes through integration of ATLAS/ETD.</i>	<i>Ken Pike</i>	<i>30/09/2015</i>	<i>Software supplier to provide analysis tool for implementation.</i>		
		<i>4.2</i>	<i>Continue to monitor performance and competing workload from Scottish Welfare Fund,</i>	<i>Ken Pike</i>	<i>30/09/2015</i>			

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			<i>Discretionary Housing Payments and Council Tax administration.</i>					
		4.3	<i>Review support service provided for scanning and indexing of mail received</i>	<i>Ken Pike</i>	<i>30/09/2015</i>			
Area of Risk 3 : Interventions								
<i>No.</i>	<i>Priority</i>	<i>No.</i>	<i>Action</i>	<i>Manager Responsible</i>	<i>Date Due</i>	<i>Progress Report Jan 2015</i>	<i>Progress Report June 2015</i>	<i>Progress Report Sept 2015</i>

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5	<i>The financial outcomes from the council's intervention visiting programme are not being recorded and therefore the council does not have sufficient assurance that its interventions activity is cost effective.</i>	5.1	<i>Procedures and spreadsheet altered to record monetary value of increase/decrease in weekly entitlement to housing benefit from intervention activity (including Real Time Information Bulk Data Matching Initiative).</i>	<i>Ken Pike</i>	<i>30/09/2015</i>			
		5.2	<i>Monitor performance on monthly basis through new measure on Covalent</i>	<i>Ken Pike</i>	<i>30/09/2015</i>	<i>Software supplier to provide analysis tool for implementatio</i>		

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<i>No.</i>	<i>Priority</i>	<i>No.</i>	<i>Action</i>	<i>Manager Responsible</i>	<i>Date Due</i>	<i>Progress Report Jan 2015</i>	<i>Progress Report June 2015</i>	<i>Progress Report Sept 2015</i>
6	<i>The council needs to establish the reasons why approximately 57% of notified first visits were not fully effective, and take action to ensure that it</i>	6.1	<i>Review pre-visit procedures to reduce risk of claimant not being able to provide all information at time of visit or not present at visit.</i>	<i>Ken Pike</i>	<i>30/09/2015</i>			

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	<i>minimises the number of ineffective visits going forward.</i>	6.2	<i>Review success criteria and reasons for visit not being fully effective on Intervention Visiting spreadsheet.</i>	<i>Ken Pike</i>	<i>30/09/2015</i>			
Area of Risk 4 : Overpayments								
<i>No.</i>	<i>Priority</i>	<i>No.</i>	<i>Action</i>	<i>Manager Responsible</i>	<i>Date Due</i>	<i>Progress Report Jan 2015</i>	<i>Progress Report June 2015</i>	<i>Progress Report Sept 2015</i>

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7	The council does not monitor the recovery of fraud overpayments and administrative penalties to ensure rigorous recovery and to act as a deterrent, and therefore it is not clear how effective it is at recovering this type of debt.	7.1	Covalent Fraud Overpayment figures and level of detail provided to Overpayment Officer on a monthly basis to ensure rigorous recovery	Kathleen Leddy	30/09/2015			
		7.2	Raise a call with Software Provider (Civica) to establish whether system can track the recovery of this type of debt.	Kathleen Leddy	30/09/2015	Software supplier to provide analysis tool for implementation		
No.	Priority	No.	Action	Manager Responsible	Date Due	Progress Report Jan 2015	Progress Report June 2015	Progress Report Sept 2015

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8	<i>In 2013/14, as a result of breaching the DWPs upper threshold in respect of LA error and administrative delay overpayments, the council was unable to claim subsidy of £123,599.</i>	8.1	<i>Continue to monitor performance monthly on Covalent report CSE.LPI.05 and take corrective action required.</i>	<i>Ken Pike</i>	<i>30/09/2015</i>	<i>Review opportunities to minimise processing delay</i>		
		8.2	<i>Performance as at 30 September 2014 £48,357 - under lower threshold £60,945, upper threshold £68,563.</i>	<i>Ken Pike</i>	<i>30/09/2015</i>	<i>Fill vacant processing posts</i>		
<i>No.</i>	<i>Priority</i>	<i>No.</i>	<i>Action</i>	<i>Manager Responsible</i>	<i>Date Due</i>	<i>Progress Report Dec 2011</i>	<i>Progress Report June 2012</i>	<i>Progress Report Dec 2012</i>

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9	<p><i>The council needs to establish the reasons why there has been a difference in its opening overpayment balances each year since 2012/13 which has resulted in the value of overpayments being reported in quarter one of 2014/15 to be overstated by approximately £640,000.</i></p>	9.1	<p><i>Investigate quarterly Housing Benefit Recoveries and Fraud (HBRF) data to ensure all balance are accounted for.</i></p>	<p><i>Kathleen Leddy</i></p>	<p><i>30/09/2015</i></p>			

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Area of Improvement 5 : Counter-Fraud								
<i>No.</i>	<i>Priority</i>	<i>No.</i>	<i>Action</i>	<i>Manager Responsible</i>	<i>Date Due</i>	<i>Progress Report Jan 2015</i>	<i>Progress Report June 2015</i>	<i>Progress Report Sept 2015</i>
10	<i>The council needs to establish and address the reasons why only 52 (28%) of the 189 cases investigated in 2013/14 resulted in a positive outcome for the council. A positive outcome could be a sanction, the identification</i>	10.1	<i>Annual review of risk scoring to focus on successful outcomes.</i>	<i>Kathleen Leddy</i>	<i>30/09/2015</i>			

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	<i>of an overpayment or underpayment, the removal of a single person discount, or any other outcome that would result in a financial saving to the council.</i>	<i>10.2</i>	<i>Pilot change in working practices to provide further success in investigations: interview all customers where an investigation takes place.</i>	<i>Kathleen Leddy</i>	<i>30/09/2015</i>			
<i>No.</i>	<i>Priority</i>	<i>No.</i>	<i>Action</i>	<i>Manager Responsible</i>	<i>Date Due</i>	<i>Progress Report Jan 2015</i>	<i>Progress Report June 2015</i>	<i>Progress Report Sept 2015</i>

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11	<i>The council is not routinely being notified of the outcome of prosecution cases and is therefore missing an opportunity to raise the profile of the fraud team by publicising its successes in the local press and media, and on the council website.</i>	11.1	<i>Ensure that all reported cases are tracked by Fraud Officer and where suitable, a press release is prepared and signed off by Head of Service.</i>	<i>Kathleen Leddy</i>	<i>30/09/2015</i>			
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