

Governance, Risk and Best Value Committee

10.00am, Thursday 21 May 2015

Audit Scotland – Housing Benefit Performance Audit – Action Plan

Item number	7.3
Report number	
Executive/routine	
Wards	

Executive summary

Audit Scotland carried out a risk assessment of the Council's Housing Benefit (HB) service in January 2015. The audit report was received in February 2015 and the covering letter to the report included a statement indicating that the Council's benefits service has delivered continuous improvement across most operational areas since Audit Scotland's previous risk assessment in September 2012. It also stated that this had been achieved despite the extensive challenges faced as a result of the welfare reform agenda. The audit report was responded to stating that an improvement plan will be implemented that addresses all the Audit Scotland recommendations. The Audit Scotland report and the Council's improvement plan are attached.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

Audit Scotland – Housing Benefit Performance Audit – Action Plan

Recommendations

- 1.1 The Committee is asked to note the attached improvement plan at Appendix 1.

Background

- 2.1 This risk assessment was completed as part of Audit Scotland's Housing Benefit risk assessment programme. It does not represent a full audit of the City of Edinburgh 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.
- 2.2 Information for this risk assessment was gathered from a range of sources including:
- the self-assessment, supporting evidence, and updated action plan provided by the council;
 - Department for Work and Pensions (DWP) indicators and other performance measures;
 - scrutiny of internal and external audit reports;
 - discussions with the appointed external auditor; and
 - discussions with senior officers in the council during site visit in January 2015.

Main report

- 3.1 This is the third risk assessment report on the City of Edinburgh Council's HB service; the first report was dated May 2010 and the second September 2012. Since the previous risk assessment, the service has experienced significant change requiring considerable resource allocation to plan and implement the various changes being introduced as part of the welfare reform agenda.
- 3.2 Local priorities, driven by a need to deliver substantial savings, include an organisational review of the service in October 2012 which optimised the scale and structure of the HB management team.

- 3.3 With the delay to the national roll out of Universal Credit, the council implemented a programme of significant investment in its benefit service. This has included the use of additional external staff and the recruitment of 13 new staff in January 2014. Further initiatives include the introduction of Risk Based Verification for both new claims and changes of circumstances, and the planned implementation of a fully integrated electronic application form from April 2015.
- 3.4 Since 2011/12, the council's speed of processing performance has been in the bottom quartile when compared to other councils in Scotland. However, the investment the council has made is delivering improvement in its speed of processing performance for 2014/15 with performance now being close to the Scottish average. This is despite a significant reduction to the HB administration subsidy and the challenging welfare reform agenda.
- 3.5 Welfare reform changes continue, and the responsibility for investigating HB fraud in Edinburgh transferred to DWP in November 2014. In addition, the council has been included in the first tranche of Universal Credit roll out this year, commencing March 9th 2015, this will affect approximately 5% of the HB case load over a lengthy time frame. Discussions with DWP are ongoing in terms of information sharing regarding Universal Credit and the expectations of service regarding fraud investigations and the associated HB decisions.
- 3.6 The service has maintained its focus on accuracy and security in its caseload and its unique Quality Assurance Framework Group uses all the available intelligence to further improve this area. The lack of any significant findings or issues raised by internal audit following their review in November 2012 or external audit's annual subsidy testing provides assurance that the checking regime and feedback mechanisms are effective in helping to ensure the quality and accuracy of awards. However, a concern noted was that those cases checked were not informed by a risk based approach, either by officer or claim type.
- 3.7 The value of overpayments (claimant error) raised has increased from £8.7m in 2012/13 to £9.9m in 2014/15. The reason for this is that:
- the service has a proactive intervention (review) programme as detailed in paragraphs 51 to 54 of the report; and
 - as stated in paragraph 56 of the report the service is participating in the DWP's Fraud and Error Reduction Incentive Scheme (FERIS) from December 2014.
- 3.8 FERIS provides funding to Local Authorities (LA's) with a view to reducing fraud and error. This is achieved by LA's reviewing their benefits caseload, identifying and recovering overpayments thereby encouraging claimants to report future changes. The DWP recognise that LA's require funding to undertake the level of reviews that FERIS requires so a start up fund and ongoing maintenance fund has been made available for a period to 31 March 2016. FERIS may result in increased overpayments in the short term but should lead to reductions in the longer term as claimants report changes more timeously.

- 3.9 The total HB overpayment debt at paragraph 59 Exhibit 4 within the report will continue to increase because the majority of overpayments will be recovered from ongoing benefit at current maximum rate of £3.70 per week.

Measures of success

- 4.1 The action plan, when implemented will demonstrate that:
- the Council continues to strengthen the security and quality of its benefits service; and
 - the Council is meeting its obligation to achieve continuous improvement with regard to its benefits service.

Financial impact

- 5.1 None.

Risk, policy, compliance and governance impact

- 6.1 The Audit Scotland report demonstrates that the Council continues to strengthen the security and quality of its benefits service.

Equalities impact

- 7.1 None.

Sustainability impact

- 8.1 None.

Consultation and engagement

- 9.1 None.

Background reading/external references

None.

Alastair Maclean

Director of Corporate Governance

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Links

Coalition pledges

Council outcomes

CO6 - Our children's and young people's outcomes are not undermined by poverty and inequality

CO8 - Edinburgh's economy creates and sustains job opportunities

CO9 - Edinburgh residents are able to access job opportunities

CO16 - Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood

CO24 - The Council communicates effectively internally and externally and has an excellent reputation for customer care

CO25 - The Council has efficient and effective services that deliver on objectives

CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives

Single Outcome Agreement

SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

Appendices

Appendix 1 - Response to Audit Scotland (Improvement Plan) dated March 2015

Appendix 2 – Audit Scotland Report and covering letter dated February 2015



Mr Russell Frith
Assistant Auditor General
Audit Scotland
110 George Street
EDINBURGH
EH2 4LH

Our Ref: CD

Date: 19 March 2015

Dear Mr Frith

Housing Benefit (HB) Performance Audit – outcome of risk assessment

I refer to your letter dated 19 February 2015 regarding the above and note your comments.

The Council will undertake the following to reduce the risks to continuous improvement around accuracy as identified on page 11 of the report.

Risk 1 – A new process has been implemented (March 2015) to manage the ratio of checks per officer randomly extracted from the system. This will ensure a more efficient targeting of resources within the Quality Control Team.

Risk 2 – The following actions will be undertaken:

- a) review best practice (Moray Council) and identify risk based checking by claim type (April 2015)
- b) amend the quality checking schedule for 2015/16 in line with the findings at a) (April 2015)
- c) health check the amended quality checking schedule (November 2015)
- d) annual review of quality checking schedule (January 2016)

With reference to Appendix A of the report the Council will continue to select cases from its electronic workflow system rather than the benefits IT system. The Council will however continue to undertake a targeted check to mitigate this risk as described in paragraph 48 of the report.

Yours sincerely

A handwritten signature in black ink, appearing to read "Danny Gallacher".

Danny Gallacher
Head of Customer Services

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Dame Sue Bruce
Chief Executive
City of Edinburgh Council
Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

19 February 2015

Dear Dame Sue

Housing Benefit (HB) Performance Audit– outcome of risk assessment

I wrote to Neil Jamieson, Depute Head, Customer Services on 9 September 2014 advising that City of Edinburgh Council had been selected for a follow up HB risk assessment.

We have now completed our follow up risk assessment and I write to advise you of our findings.

During the risk assessment phase, carried out in January 2015, we looked at your benefits service's self-assessment and supporting evidence, and analysed information from a number of other sources. We also spent one day on-site and discussed performance with your senior managers. Our work was focused on the following four key areas:

- business planning
- performance reporting
- meeting the needs of the user and community
- delivering outcomes.

I am very pleased to report that the council's benefits service has delivered continuous improvement across most operational areas since Audit Scotland's previous risk assessment in September 2012. This has been achieved after a significant investment from the council and despite the extensive challenges faced as a result of the welfare reform agenda.

Since 2011/12, the council's speed of processing performance has been in the bottom quartile when compared to other councils in Scotland. However, the investment the council has made is delivering improvement in its speed of processing performance for 2014/15.

The service has maintained its focus in accuracy and security in its caseload and the Quality Assurance Framework Group continues to further improve this area. The lack of any significant findings or issues raised by internal audit or the external audit annual subsidy certification provides assurance that the checking regime and feedback mechanisms are effective in helping to ensure the quality and accuracy of awards.

However, of concern the council does not use the results of its checking to inform a risk based approach.

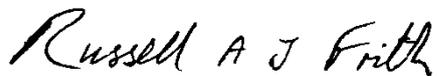
During the previous risk assessment in September 2012, Audit Scotland identified eight risks to continuous improvement. The one risk outstanding and another identified during this risk assessment relate to quality checking as above.

I attach our report and would welcome your response to it. I would be grateful for a response by Friday 20 March 2015 including your proposals to reduce the risks identified.

I would like to take this opportunity to thank you and your benefits staff, in particular Danny Gallacher and Cliff Dryburgh for the well presented self-assessment and their co-operation and assistance throughout the risk assessment process.

If you have any questions or concerns, please contact Anne Cairns in the first instance on 0131 625 1926 or by email at acairns@audit-scotland.gov.uk.

Yours sincerely



Russell Frith
Assistant Auditor General

Enc: HB Audit Risk Assessment report

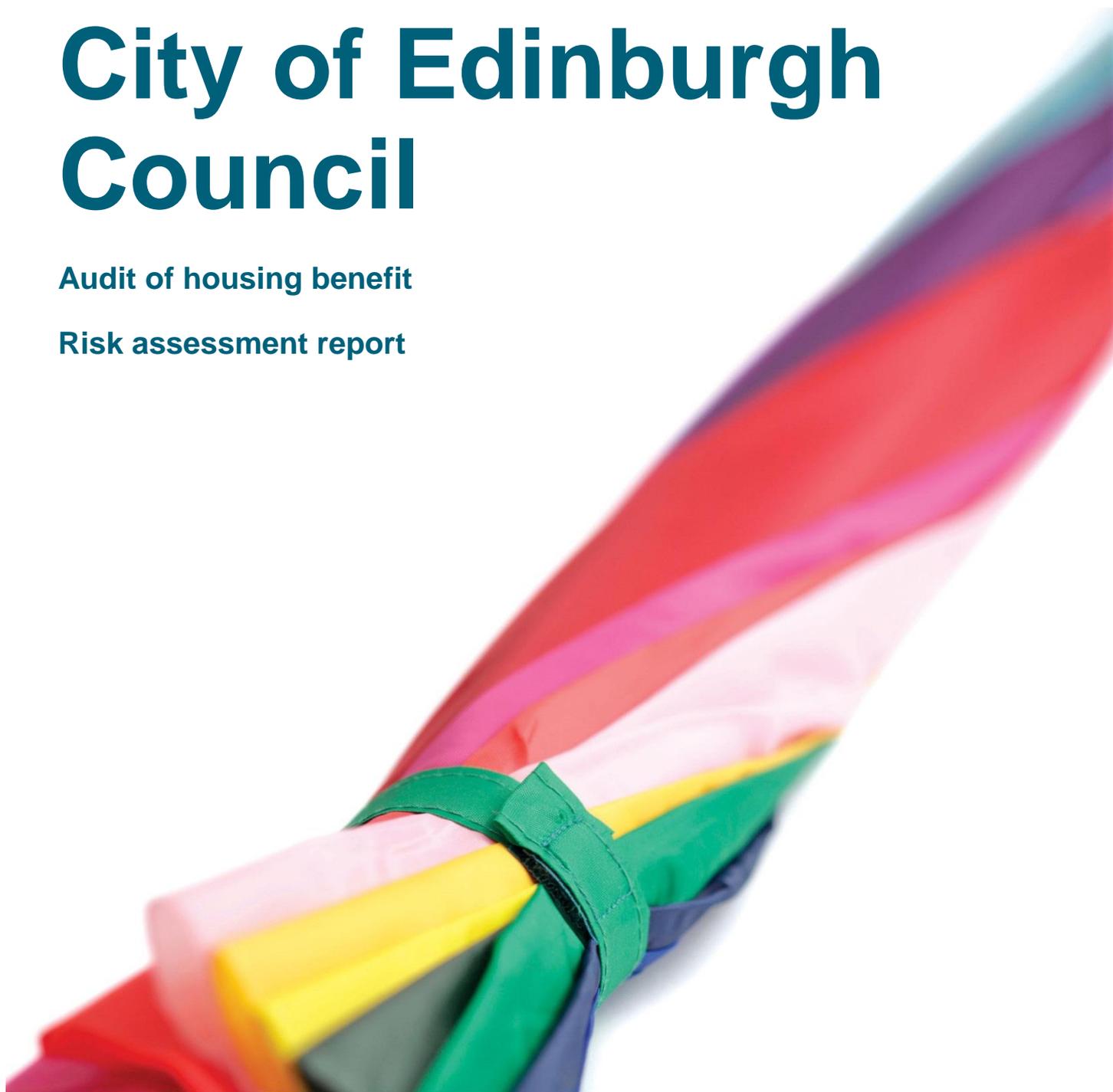
Copied to:

Danny Gallacher, Head of Customer Services
Neil Jamieson, Depute Head, Customer Services
Cliff Dryburgh, Revenues Services Manager

City of Edinburgh Council

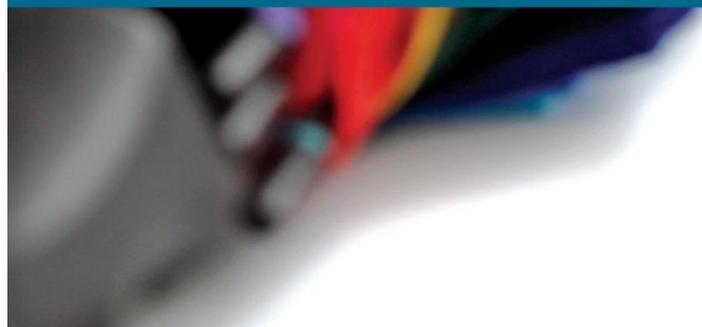
Audit of housing benefit

Risk assessment report



 AUDIT SCOTLAND

Prepared for City of Edinburgh Council
February 2015



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Introduction

1. 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 the City of Edinburgh Council's benefit service.
2. The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The key objective of the risk assessment is to determine the extent to which the benefit service is meeting its obligations to achieve continuous improvement in all its activities.
3. Specifically, the risk assessment considers the effectiveness of the benefit service in meeting national and local priorities, business planning and reporting, and delivering outcomes.
4. Information for this risk assessment was gathered from a range of sources including:
 - the self-assessment, supporting evidence, and updated action plan provided by the council
 - Department for Work and Pensions (DWP) indicators and other performance measures
 - scrutiny of internal and external audit reports
 - discussions with the appointed external auditor
 - discussions with senior officers in the council during our site visit in January 2015.

Executive summary

5. This is the third risk assessment report on the City of Edinburgh Council's HB service; the first report was dated May 2010 and the second September 2012. Since our previous risk assessment, the service has experienced significant change; not least the significant resources required to plan and implement the various changes being introduced as part of the welfare reform agenda.
6. Local priorities, driven by a need to deliver substantial savings, include an organisational review of the service in October 2012 which reduced the HB senior management team.
7. With the delay to the national roll out of Universal Credit, the council agreed and has started to implement a programme of significant investment in its benefit service. This has included the use of additional external staff and the recruitment of 13 new staff in January 2014. Further initiatives include the introduction of Risk Based Verification for both new claims and changes of circumstances, and the planned implementation of a fully integrated electronic application form from April 2015.
8. Since 2011/12, the council's speed of processing performance has been in the bottom quartile when compared to other councils in Scotland. However, the investment the council has made is delivering improvement in its speed of processing performance for 2014/15. This is despite

a significant reduction to the HB administration subsidy and the challenging welfare reform agenda.

9. Welfare reform changes continue, and the responsibility for investigating HB fraud in Edinburgh transferred to DWP in November 2014. In addition, the council is to be included in the first tranche of Universal Credit roll out this year, which is likely to start between February and April 2015 and will affect approximately 5% of the HB case load over a lengthy time frame. Discussions with DWP are ongoing in terms of information sharing regarding Universal Credit and the expectations of service regarding fraud investigations and the associated HB decisions.
10. The service has maintained its focus on accuracy and security in its caseload and its unique Quality Assurance Framework Group uses all the available intelligence to further improve this area. The lack of any significant findings or issues raised by internal audit following their review in November 2012 or external audit's annual subsidy testing provides assurance that the checking regime and feedback mechanisms are effective in helping to ensure the quality and accuracy of awards.
11. However, it is of concern that those cases checked were not informed by a risk based approach, either by officer or claim type.
12. During the previous risk assessment in September 2012, Audit Scotland identified eight risks to continuous improvement. The council's action plan to address these risks by June 2013 was presented to the Governance, Risk and Best Value Committee in November 2012 and a progress report was presented in April 2013. The one risk outstanding relates to quality checking as above. Information on previous risks is detailed at Appendix A.

National and local priorities

13. The UK Government's welfare reform agenda aims to make work pay and simplify the benefits system by bringing together a range of working-age benefits, including HB, into a single streamlined payment of Universal Credit administered by DWP. This is the biggest change to the welfare system for over 60 years and has a significant impact on local authorities and the services they provide.
14. The council has three working groups in place to ensure its most vulnerable residents are fully informed and supported through the many complex changes being made to the welfare system. These are the:
 - Welfare Reform Working Group which includes elected members, key stakeholders and council officers. It has a strategic role in monitoring the implementation and impact of welfare changes and considering potential measures to support those affected
 - Welfare Reform Core Group which includes officers from key service areas. It is responsible for planning and delivering communications, training and other relevant

activities to support the implementation of welfare reform within the council. This group also monitors the impact of welfare reform on the council and its service users

- Welfare Reform Partners Forum includes external stakeholders and representatives from the Core Group and facilitates a joint approach to collaborative working, information sharing, and joint training and awareness sessions. The Forum monitors the impact of welfare reform on the residents of Edinburgh and other service users of the partner organisations.
15. In September 2014, the Welfare Reform Core Group developed the council's Strategic Response to Welfare Reform document and supporting action plan to mitigate any negative impacts. The action plan will be reviewed and monitored quarterly and outcomes are presented to the Welfare Reform Working Group and reported as part of the Welfare Reform updates to the Corporate Policy and Strategy Committee.
 16. Within Customer Services there is a dedicated Welfare Reform Team that plans and manages operational welfare reform issues and joint working initiatives, and provides advice and support to homeowners, tenants and benefit recipients. The team also provides bi-monthly updates to the Corporate Policy and Strategy Committee, with financial updates reported to the Finance and Resources Committee.
 17. In June 2013 Internal Audit reviewed the council's approach to mitigate the impacts of welfare reform. Its report highlighted good practice and a number of areas that required to be strengthened, all of which have been addressed.
 18. As part of the national Universal Credit roll out, the council has been notified that it will be included in the first tranche this year, likely to start between February and April 2015. While it is calculated that this will only affect approximately 5% of the HB case load over a lengthy time frame, discussions are still taking place around information sharing between the council and DWP.
 19. A local priority is the council's Better Outcomes through Leaner Delivery (BOLD) transformation programme, to generate additional savings from 2015/16. To better facilitate integration and single assessment, consideration is being given to including the administration of educational benefits within the benefits team where a single financial assessment can be calculated in one system and shared across all council service areas.

Business planning and reporting

20. An effective business plan provides an opportunity for the council to set out the aims and objectives for each service and should contain key deliverables against which performance can be measured, monitored and reported.

21. There are two business plans that guide the work of the benefits service and these are the Corporate Governance Service Plan 2012-17 and the Customer Services Service Plan 2013-2017.
22. The Customer Services Service Plan with clear links to the Council Strategic Priorities and the Corporate Governance Service Plan sets out the service's vision, priorities, and implementation plan. The 35 high level key performance indicators include targets for speed of processing and gross administrative cost per case that the benefits service is expected to achieve.
23. Supporting this is the Customer Services 12 Month Plan which details the key improvement initiatives to be delivered, with associated completion dates. Successful and timely delivery of the seven main tasks is included in the Benefits Manager's Performance Review and Development (PRD) objectives and progress is monitored and discussed at regular meetings with the Head of Customer Services.
24. Service plans are presented to all staff, and feedback and staff suggestions in progressing different projects help ensure the council is providing the best possible service to all its customers.
25. Performance for all aspects of the service is monitored by senior management on a monthly basis apart from overpayments which is quarterly. Results are reported and discussed at management and staff meetings and on an individual basis. Specifically speed of processing performance is reported to the Corporate Management Team.
26. Audit Scotland identified risks to continuous improvement during the previous risk assessment in that performance was not routinely monitored for reconsiderations and that reports to the Corporate Management Team on the speed of processing were based on the historic DWP Right Time Indicator which had not been used by DWP since April 2011. Both risks have been addressed.

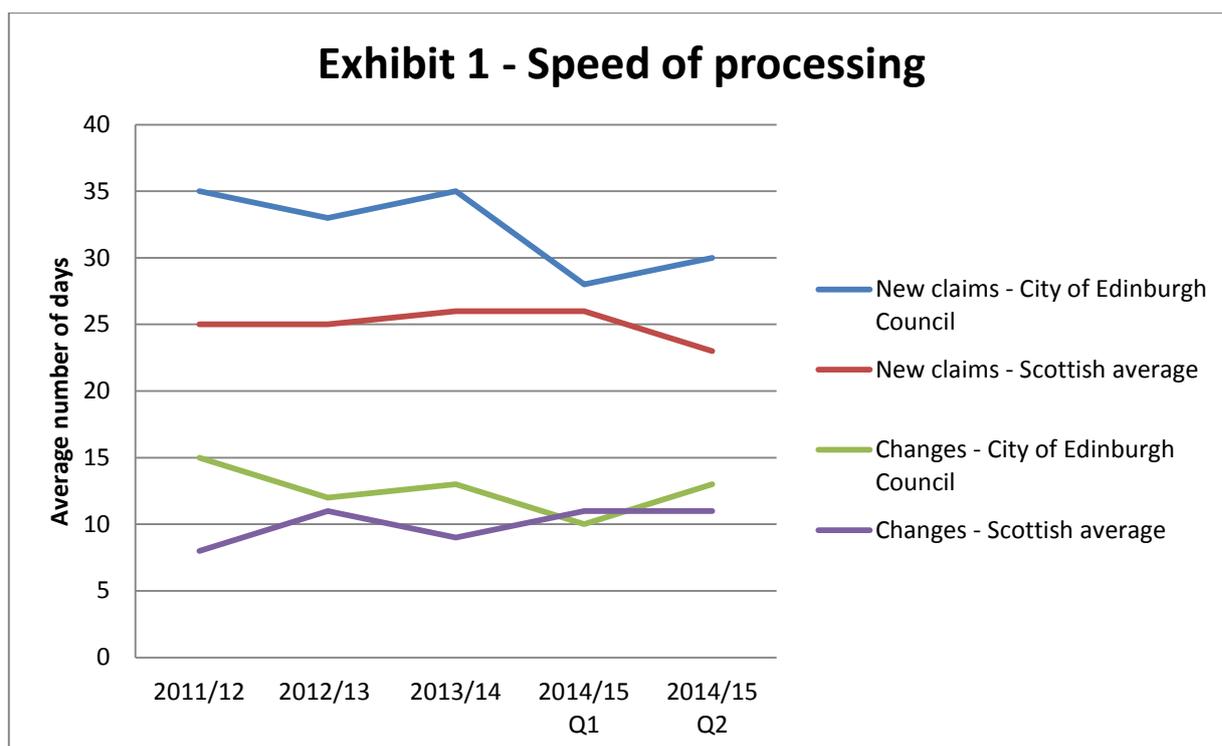
Delivering outcomes

27. Effective operational processes and IT systems, along with skilled staff help benefit services deliver sound performance and continuous improvement. Since Audit Scotland's previous risk assessment, the council has experienced significant challenges, not least the delay in the national roll out of Universal Credit and the associated difficulties this presents for workforce planning.
28. To help meet this challenge, the council separated benefits delivery from income collection in May 2013 and established the current benefits service. This change ensures a focus on benefit processing times and that staff are sufficiently skilled to deal with the rapid changes in the HB scheme.

29. The council's preferred model for benefits delivery is specialism and to that end the service's structure includes a number of functionalised teams, examples include:
- new claims processing
 - ATLAS notification processing
 - interventions, who issue the postal review forms and make subsequent decisions on return
 - reconsiderations, a newly established team to deal with all such requests rather than the benefit processors
 - Discretionary Housing Payments (DHP), a team further functionalised with an officer to specifically deal with claims affected by the benefit cap, and another to deal with requests for deposits and rent in advance, while the rest of the team deal with under occupancy cases and general DHP applications.
30. The sporadic nature of DHP funding during 2013/14, which saw the council's initial funding rise from £400,000 to an eventual £1.4m, caused considerable extra work which was extremely resource intensive for the service. It involved reviewing approximately 5,000 cases that had been affected by the removal of the spare room subsidy, which at one point saw the DHP team increase from four to twelve.
31. In January 2014, all benefits staff moved into the council headquarters, including those staff previously located at the area offices. This move was trouble free and has facilitated increased productivity. In addition, 45% of processing staff work from home which is a successful arrangement for staff and employer, in terms of productivity and reduced sick leave.

Speed of processing

32. When customers claim benefit, it is a time of financial uncertainty for them and, as such, it is essential that the service has sufficient fully trained and effective benefit processors in place who can make informed decisions on complex benefit claims and pay benefit promptly.
33. Exhibit 1 illustrates the council's current and previous performance.



Sources: DWP and City of Edinburgh Council

34. Exhibit 1 illustrates that, despite the extensive welfare reform changes the service had to implement from April 2013, new claims performance dipped minimally and changes performance actually improved during 2013/14. While current year performance has dipped in quarter two from that of quarter one, the overall direction of travel sees in-year performance to December of 29 days for new claims and 12 days for changes which is positive when compared to previous years.
35. With the delay in the national roll out of Universal Credit, the council agreed and has begun to implement a programme of significant investment in the service. The overall objective of this is to improve customer service through improved processing times. Initiatives include:
- the ongoing use of temporary agency staff when required
 - a contract with an external provider for off-site processing of changes of circumstances from June to September 2014
 - the recruitment of 13 additional staff on two-year fix term contracts in January 2014 to better manage the implementation of welfare reform and to help sustain the service until the roll out of Universal Credit
 - a local arrangement with three housing associations that has a benefit processor working in their respective offices
 - introducing Risk Based Verification (RBV) for new claims in June 2014 and RBV for changes in November 2014
 - plans to implement a fully integrated e-form for new claims in April 2015.

36. Having completed the necessary training and consolidation, the new staff are now effective members of the service and, coupled with the fact there has been no recent turnover of experienced HB staff, this has helped maintain and improve performance.
37. While evaluation confirms that RBV for new claims has contributed to the improvement in processing times, it is too early for the service to similarly evaluate the impact of RBV on changes.
38. Individual targets for both productivity and accuracy are included in staff's PRD objectives and, in order to evaluate effectiveness, performance is monitored each month.
39. The service hopes to further improve its speed of processing performance by summer 2015 when the use of the fully integrated e-form will have bedded in.

Accuracy

40. The accurate and secure administration of HB should be a key priority for every council, and to support this it should have a robust quality assurance framework in place.
41. Quality checking is carried out by the Performance and Information Team, also responsible for handling complaints, who sit within the Business Hub area of Customer Services.
42. The council's Income and Benefits Quality Assurance Framework, reviewed in December 2013, specifies that:
 - a minimum of 6000 (approx. 3.5% of the benefit transactions performed annually on the processing system) will be subjected to quality checking
 - checking will include both pre and post payment random sampling of individual cases, targeted reviews of certain processes and reviews of individual officer's processes.
43. The council's aim is that 95% of HB awards will be right first time and to evaluate this it uses the results of its pre and post payment checks. Exhibit 2 illustrates the council's current and previous performance and the actual number checked to measure this.

Exhibit 2: Accuracy performance		
	No of cases checked	Accuracy achieved
2011/12	N/K	92%
2012/13	N/K	91%
2013/14	4,479	94%
2014/15 (YTD Dec)	3,523	95%

Source: City of Edinburgh Council

44. As part of the council's PRD process, all processing staff are given an accuracy target of 95% and quality control staff are required to check and report on a minimum of 15 cases per staff member. All errors are fed back to the staff and their team manager. Where performance is

under 85% a support and monitoring process begins and if there is no sign of improvement the council's formal capability assessment will begin.

45. The checking results are reported to the Management Team each month along with an analysis on the reasons for the error. These are also discussed at the monthly meeting of the well established Quality Assurance Framework Group to aid improvement either through training, updated guidance or reminders for staff.
46. Further checks carried out include overpayments and subsidy as well as special projects such as backdated claims, valid suspensions and checks on ATLAS notifications. The results of these checks are not used to inform individual or organisational accuracy performance.
47. The lack of any significant findings or issues raised by internal audit following their review in November 2012 or external audit's annual subsidy testing provides assurance that the checking regime and feedback mechanisms are effective in helping to ensure the quality and accuracy of awards.
48. Audit Scotland identified a risk to continuous improvement during the previous risk assessment in that cases to be checked pre-payment are selected from the electronic workflow system rather than the benefits IT system. While the selection source has not been changed quality control staff conducted a study in November 2014 and confirmed that all 50 cases selected for sampling on the benefits IT system had a valid claim form on the electronic workflow system. This targeted check helps mitigate the risk of and deter internal fraud.
49. A further risk identified during the previous risk assessment was that the service committed to checking at least 4% of all decisions but had no process in place to ensure that the appropriate number of cases was checked. To address this, the council specified the number of cases it would check.
50. It is of concern that management information shows that five processors had over 100 of their cases checked during 2013/14, when their accuracy levels ranged from 100% to 94%. In contrast, there were 15 processors who did not achieve 85% accuracy and, except for one who had 57 of their cases checked, had fewer than 30 of their cases checked over the course of the year.

Risks to continuous improvement	
1	The process used to select cases for checking is not leading to the most efficient targeting of resources within the quality control team.
2	While the service has effective processes in place to analyse the results of its quality checks to improve its accuracy performance at an individual and service level it does not use the results to inform a risk based approach to checking, either by officer or claim type.

Interventions

51. To minimise error in the caseload, councils must encourage customers to report changes of circumstances on time and have a robust intervention programme to identify changes and take appropriate corrective action.
52. The service has a proactive intervention programme carried out by its intervention team. Their work includes full postal reviews of those cases identified as high risk both nationally and locally, along with a targeted review of those cases where a future change had been previously noted on the IT system.
53. Audit Scotland identified a risk to continuous improvement during the previous risk assessment in that the service did not report the number and percentage of cases where intervention activity identified a change in benefit entitlement. This has been addressed and Exhibit 3 illustrates the council's current and previous performance.

Exhibit 3: Intervention performance			
	Number completed	Number of changes identified	%
2011/12	4,783	2,538	53%
2012/13	3,669	1,997	54%
2013/14	2,124	1,390	65%
2014/15 (YTD Dec)	2,033	1,492	73%

Source: City of Edinburgh Council

54. Senior managers made a decision to reduce the level of intervention activity to focus resources on claims processing. However, while the number of cases that were reviewed has reduced from 2013/14, the results have improved in terms of the percentage where changes were identified,. This has been achieved by analysing results and identifying the types of changes not reported by customers and causing over and underpayments. Consequently intervention activity is focused on
 - earned income
 - occupational pensions
 - childcare costs
 - estimated earnings.
55. This analysis also identifies typical staff processing errors which feed into the Quality Assurance Framework Group discussions to identify appropriate remedial action through training or amended guidance.
56. The council signed up to the DWP's Fraud and Error Reduction Incentive Scheme (FERIS) in December 2014 and has increased the resources in its intervention team to maximise results.

Overpayments

57. To protect public funds, councils should take appropriate steps to ensure that overpayments are minimised and that when they do occur they are correctly classified and rigorously recovered.
58. The council has a number of arrangements in place to help minimise overpayments and these include:
- optimum automation of ATLAS notifications and prioritisation of the remainder
 - informing customers at every opportunity of their duty to report changes
 - four temporary staff who promptly sift all incoming benefit mail and suspend appropriate cases
 - analysing overpayment causes and changing working practices to help reduce future occurrence
 - routine monitoring of all overpayments and recovery as part of the budget monitoring process.
59. The council has a separate Overpayment Recovery Team and implemented an electronic HB overpayments module in 2010 to start the recovery process earlier and improve communication to the customer. Exhibit 4 illustrates the council's current and previous recovery performance.

Exhibit 4: Overpayment levels and recovery performance				
	2011/12	2012/13	2013/14	2014/15 (YTD Dec)
Total HB overpayment debt	£17,653,445	£19,981,600	£22,220,633	£23,265,145
HB debt recovered	£4,547,395	£4,441,548	£5,718,342	£3,708,713
% recovered of total HB debt	26%	22%	26%	16%

Source: City of Edinburgh Council

60. In looking to improve its recovery performance the council is considering implementing new recovery methods now available such as Direct Earnings Attachments and through Wills and Probate.
61. It is also reviewing its Corporate Debt Policy in the area of write-off and is planning to develop improved management information with a view to achieving more targeted and timeous recovery.

Appeals and Reconsiderations

62. Customers who disagree with the council's decision on the manner in which their benefit application is processed have a right to request the claim to be reconsidered, and to appeal against the decision.
63. Audit Scotland identified a risk to continuous improvement during the previous risk assessment. We found that performance relating to dealing with requests for reconsiderations was not routinely monitored for speed or quality to ensure that those customers making such requests are provided with an effective and efficient service and one that complies with legislation.
64. The council addressed this by introducing a performance measuring system for reconsiderations. In January it took this a step further and, in line with its favoured approach of specialism, has established a reconsiderations team to specifically deal with this area of work, rather than the processors who dealt with them before. This functionalisation will help the service understand the causes and try to reduce the number of such requests in the future.

Counter-fraud

65. The prevention, detection and investigation of fraudulent claims are important aspects of a secure and effective benefit service. Counter-fraud activities help to protect public funds by ensuring that fraudulent claims are identified and sanctions are applied where appropriate. Exhibit 5 illustrates the council's current and previous performance.

Exhibit 5: Benefit fraud sanctions performance				
	2011/12	2012/13	2013/14	2014/15 (YTD Sept)
Administrative Cautions	46	29	15	2
Administrative Penalties	95	72	31	17
Referred for prosecution	60	115	61	10
Total	201	216	107	29

Source: City of Edinburgh Council

66. With the introduction of ATLAS notifications, the number of fraud referrals declined and this is reflected in the reduced number of sanctions that were achieved in 2013/14. However, as can be seen, a high percentage were referred for prosecutions and this was achieved through effective joint working with DWP.
67. In line with the Autumn Statement by the Chancellor of the Exchequer on 5 December 2013, a Single Fraud Investigation Service (SFIS) has been launched within DWP to bring together welfare benefit fraud investigations currently undertaken by DWP, local authorities and Her

Majesty's Revenues and Customs (HMRC). As part of the national roll out, the responsibility for investigating HB fraud in Edinburgh transferred to DWP in November 2014.

68. A service level agreement has been formalised and sets out the responsibilities of both the council and DWP. At the time of our visit in January 2015, it was too early to evaluate the level and quality of service being delivered.
69. While nine investigators transferred to DWP as part of this move, the council has established a small corporate fraud team.

Appendix A

Progress against action plan dated October 2012			
	Risk identified	Target completion date	Addressed
1	Performance is not routinely monitored or reported for reconsiderations which are decided by the processing teams.	Dec-12	Yes
2	Reports to CMT on speed of processing are based on the historic DWP Right Time Indicator (RTI). However DWP has not used this measure since April 2011 as it concluded that combining information on new claims and changes into the RTI did not provide a clear picture of local performance. Since then, DWP's focus is on considering new claims and changes processing times separately.	Dec-12	Yes
3	In its Quality Assurance Framework, the service commits to checking at least 4% of all decisions. However it has no process in place to ensure that the appropriate number of cases is being checked.	Oct-12	Yes
4	Cases to be checked pre-payment are selected from the electronic workflow system rather than the benefits IT system, which would provide better assurance on security.	June-13	No
5	In its Intervention Manual, staff are instructed that where an intervention form is not returned a case should be cancelled from the date it was last paid. The number of cancelled cases are recorded but, given that there has been an extensive period when there has been no intervention activity, the service needs to be explicit about the further action that should be taken in these types of cases to determine the actual date of change.	Aug-12	Yes
6	The service does not currently report the number and	Oct-12	Yes

Progress against action plan dated October 2012			
	percentage of cases where its intervention activity identifies a change in benefit entitlement. Doing so could help improve the effectiveness of its intervention approach.		
7	Performance relating to dealing with requests for reconsiderations is not routinely monitored for speed or quality to ensure that those customers making such requests are provided with an effective and efficient service and one that complies with legislation.	Dec-12	Yes
8	Quality checks on live and closed investigations are not carried out routinely throughout the year. With a 10% reduction in counter fraud resources such checking helps ensure cases are progressed to a timely and appropriate outcome.	Mar-13	Yes