

THE EXECUTIVE

Tuesday, 15 June 2004

Open Report (Private and Confidential Appendices)

Agenda Item 8. **Benefits Fraud Inspectorate Site Inspection - Final Report (Pages 1 - 73)**

The covering report has been considered to be an open report and therefore is available to the public. However, the appendices are private and confidential as they contain information regarding specific findings of the inspection – relevant legislation: paragraph 14 of Part 1 of Schedule 12A of the Local Government Act 1972.

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THE EXECUTIVE**15 JUNE 2004****REPORT FROM THE DIRECTOR OF FINANCE**

The appendices for this report are contained in the Private and Confidential part of the agenda papers. They are not for publication because they contain information regarding specific findings of the inspection which are not for public consumption. (Relevant legislation: paragraph 14 of Part I of Schedule 12A of the Local Government Act 1972).

BFI (Benefits Fraud Inspectorate) SITE INSPECTION – FINAL REPORT	FOR INFORMATION & DECISION	
<p><i>This report apprises the Executive of the contents of the Final Report published by the BFI following their on-site inspection in November 2003, and outlines the Council's Action Plan in response to the report.</i></p> <p><u>Summary</u></p> <p>This report sets out the BFI's findings and recommendations following a site inspection in November 2001 and also sets out the Council's Action Plan in response to the report, highlighting progress made since the inspection.</p> <p><u>Recommendation</u></p> <p>The Executive is asked to</p> <ul style="list-style-type: none"> • Note the findings and recommendations of the BFI and the implications this has for the Council and specifically the Revenues Service • Agree the Council's Action Plan, which is to be submitted to the BFI in response to their final report • Note the short and medium term actions undertaken to date by officers to address the BFI's findings and recommendations. • Note the work undertaken by Council in partnership with the BFI's Performance Improvement Action Team (PIAT) <p><u>Reason</u></p> <p>To advise the Executive of the final report following the BFI inspection and obtain approval of the Action Plan which addresses the recommendations of the report.</p>		
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1. Background

- 1.1 On 23 December 2003, the Executive agreed a report highlighting the emerging findings from the site inspection carried out by the BFI. The report gave background information about the BFI, their inspection programme and their links with the CPA (Comprehensive Performance Assessment) framework.
- 1.2 The report of 23 December 2003 gave details of the inspection process, and the DWP Performance Standards which is the methodology used by the BFI to assess the Council's administration of the Benefits Service.

2. BFI Inspection – Final Report

- 2.1 The final version of the BFI report was published on 11 May 2004. The report and its recommendations are very much the same as what was reported as their emerging findings back in November 2003. This was detailed in the Exec report of 23 December 2004. The Council is still not "at Standard" in any of the seven functional areas of the DWP's Performance Standard Framework.
- 2.2 It should be noted that as reported previously in December 2003, no local authority has been able to demonstrate that they fully meet all the 627 "At Standard" criteria of the Framework. Some authorities have been able demonstrate being at standard in one or two specific functional areas, but not all. Being at standard remains an aspiration for all local authorities at this stage and the BFI report should be viewed in this context.
- 2.3 A copy of the published report is available in the members lounge or can be accessed from the BFI's website (www.bfi.gov.uk). The Executive Summary of the report is attached as appendix 1. This is contained in part 2 of the agenda papers.
- 2.4 The table below shows the BFI's scoring of the Benefit Service immediately after concluding the on-site inspection and the revised scores after collation of further information during the post inspection period. This is compared against our self assessment scores as at end of May 2004, which is currently being validated by the BFI.

Functional Areas of Performance Standard	"At Standard" score	BFI Score (Emerging findings)	BFI score (Emerging Findings) as % of Standard	BFI Score (Final Report)	BFI score (Final Report) as % of Standard	Self-assessment Score (as at May 2004)*	May 2004 Self Assessment as a % of Standard	% Improvement between BFI score & Self Assessment
Strategic management	208	62	30%	72	35%	179	86%	51%
Customer services	91	28	31%	30	33%	37	41%	8%
Processing of claims	96	22	23%	29	30%	60	63%	32%
Working with landlords	28	6	21%	8	29%	8	29%	0%
Internal security	33	12	36%	12	36%	13	39%	3%
Counter-fraud	116	44	38%	45	39%	68	59%	20%
Overpayments	55	27	49%	26	47%	26	47%	0%
Total	627	201	32%	222	35%	391	62%	27%

*Awaiting BFI validation

- 2.5 The table (previous page) shows a significant shift since the inspection. This represents the amount of work by officers in respect of quick wins that were identified as part of the Emerging Findings Action plan. Whilst the latest self assessment shows that the Council is still not yet “at standard”, there has been significant steps made towards attaining standard in 3 of the functional areas.
- 2.6 The self assessment scores are in the process of being validated by the BFI as part of the post-inspection support process. This is currently underway. In July as part of the CPA (Comprehensive Performance Assessment) process for 2004, the authority is expected to submit another self assessment. By voluntarily involving the BFI in validating our self assessment at this early stage, it gives further assurance to both parties of the validity of the Council’s self assessment come July 2004.
- 2.7 The Exec report of 23 December 2003 stated that the BFI’s findings in respect of counter-fraud and strategic management of the service was disappointing as efforts had been made over recent months to raise the profile of those aspects of the service. Officers committed to give high priority attention to those specific functional areas and the outcome is reflected in the areas of improvement identified in the table on the previous page.

3. The BFI’s Recommendations

- 3.1 There are a total of 218 recommendations in the BFI report. The Council agrees with all of them, and has already implemented 103 recommendations (47%) to date. Details of the recommendations and progress in implementation are summarised in the table below;

Functional Areas	Total No. of Recommendations	No. of Completed Actions	Due in 0 - 6 Months	Due 6 – 12 Months	Due 12 Months & Over
Strategic Management	51	36	13	0	2
Customer Services	29	9	19	1	0
Processing Claims	26	10	15	0	1
Working with Landlords	13	3	10	0	0
Internal Security	13	7	4	0	2
Counter Fraud	58	36	21	1	0
Overpayments	28	2	25	0	1
Total	218	103	107	2	6

- 3.2 The above table shows that nearly all the recommendations (96%) are due to be completed within a year of the inspection taking place. The remaining 4% are recommendations that are linked to the replacement of the IT systems for the Benefits Service. This is a long term project expected to be completed within the next 12 – 18 months

- 3.3 The table of recommendations summarises the action plan which is attached as Appendix 2. This is contained in part 2 of the agenda papers. Members are asked to endorse the action plan and note the significant progress that has been made in completing almost half of the BFI's recommendations within 6 months of the site inspection. This is in line with the initiatives and quick wins outlined in the Emerging Findings report in December 2003.
- 3.4 As a result of the BFI's Emerging Findings presentation to officers in November, following their site visit, an action plan was produced, which identified quick wins and short term actions that could be taken to address some of the emerging findings.
- 3.5 An updated Emerging Findings Action Plan is attached as Appendix 3. All the action points on the Emerging Findings Action Plan have either been completed or are due to be completed at the end of June. Those action points mainly constitute the 103 BFI recommendations that have been implemented to date. The Emerging Findings Action Plan will now be replaced by the BFI Action Plan. It is proposed that periodic progress updates be made to CMG (Corporate Monitoring Group) on a quarterly basis.
- 3.6 The BFI Action plan and the progress made so far represents a robust and comprehensive response to the BFI inspection. The action plan is due to be sent to the Secretary of State for Works & Pension by 18 June 2004.

4. Next Steps

- 4.1 As advised in the December 2003 Emerging Findings report, on receipt of the Council's action plan and formal response to the BFI report, the DWP will consider our response and the next step depends on whether the Secretary of State is satisfied with our response or not. The options are
- (i) Where there are significant concerns about the Council's performance but the situation does not warrant the giving of directions, the Secretary of State may ask the Minister to write to the Leader of the Council requesting the Council to take specific steps to improve benefit administration performance.
 - (ii) If the Secretary of State is not satisfied, he may direct the Council to improve performance. The Secretary of State can:
 - Direct the Council to work with the BFI's Performance Improvement Action Team to secure improvements or
 - Direct the Council to submit the work to tender.

In essence, directions are only considered when the BFI identifies poor standards of administration and where the Council has failed to provide a satisfactory response.
 - (iii) If directions are not appropriate then the Secretary of State will normally ask the BFI to monitor progress against the Council's plan and this may lead to a follow-up inspection by the BFI or the BFI providing help through its Performance Improvement Action Team.

The Secretary of State is kept informed of the Council's performance on a regular basis.

- 4.2 The Council is already working closely with the BFI's Performance Improvement Action Team (PIAT). We signed up to work with the PIAT on a voluntary basis after the site inspection. The PIAT is an arm of the BFI set up as a support mechanism to assist local authorities with implementing recommendations and addressing any findings following an inspection.

5 Partnership working with BFI's Performance Improvement Action Team (PIAT)

- 5.1 The Emerging Findings feedback from the BFI in Nov 2003 showed that the Council had 3 significant failings within the Benefits Service in respect of the DWP's Performance Standards Framework. The 3 areas were
- Strategic Management
 - Counter Fraud
 - Overpayments
- 5.2 Officers approached the PIAT, (which had been offered as a source of support by the BFI) for assistance in these 3 areas. It had the potential to help address a number of concerns around management capacity within the division and the scope to support staff through the culture change and change management issues that the division had to address in the coming months, in order to begin to transform the service and deliver improvements.
- 5.3 The Council entered into a partnership agreement with the PIAT. The aim of the partnership is to "Prepare and equip managers and staff for a period significant organisational change including further PIAT assistance in the area of overpayments and counter-fraud".
- 5.4 Strategic Management: In this area, the PIAT committed to the development of our strategic management capacity through a focused series of management developments sessions for managers and staff within the division. We started working with the PIAT on this area in April, so far the following has been achieved;
- They have held a series of diagnostic interviews with managers and staff from the division
 - Provided feedback to the Head of Revenue Services concerning emerging themes
 - Delivered a 2-day facilitated management development workshop for 25 managers (team leaders & above) within the division, which addressed the management issues that were identified from the diagnostic interviews with managers and staff. Issues covered included Managing Change, Empowerment, Team Working & Team Development, Communication, Learning Styles, Action & Business Planning.
 - Carried out approximately **ten** 3-hour facilitated workshops for staff to prepare them for change and to identify and help overcome barriers to change. This has covered all staff within Revenues.
- 5.5 Overpayment: Work started on this in May, and so far there have been 2 days of diagnostic and information gathering activities. The key priority areas have been agreed, and the outcomes expected are contained within the action plan. Further work is expected to continue in June.

- 5.6 Counter Fraud: This is the 3rd area of support from the PIAT. PIAT is yet to allocate resources to this, as they normally only carry out support within one functional area, within one authority at any given time. It is anticipated that this will start off during the latter part of the year.
- 5.7 The partnership work with the BFI's PIAT has proved to be very good value for money. It is in essence free consultancy and support which has been very beneficial to the division and the Council.

Background Papers

DWP/BFI Performance Standards

BFI Presentation Slide & Notes from Emerging Findings Briefing – 27/11/03

Report to the Executive, 23 December 2003– BFI Emerging Findings

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of the Local Government Act 1972.

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