

# **Audit and Corporate Governance Committee briefing note**

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To: Audit and Corporate Governance Committee  
DATE: 28 September 2010

## **AGENDA ITEM NO 9**

## **Audit Commission report on the certification of annual claims and returns (2008/09): update on position.**

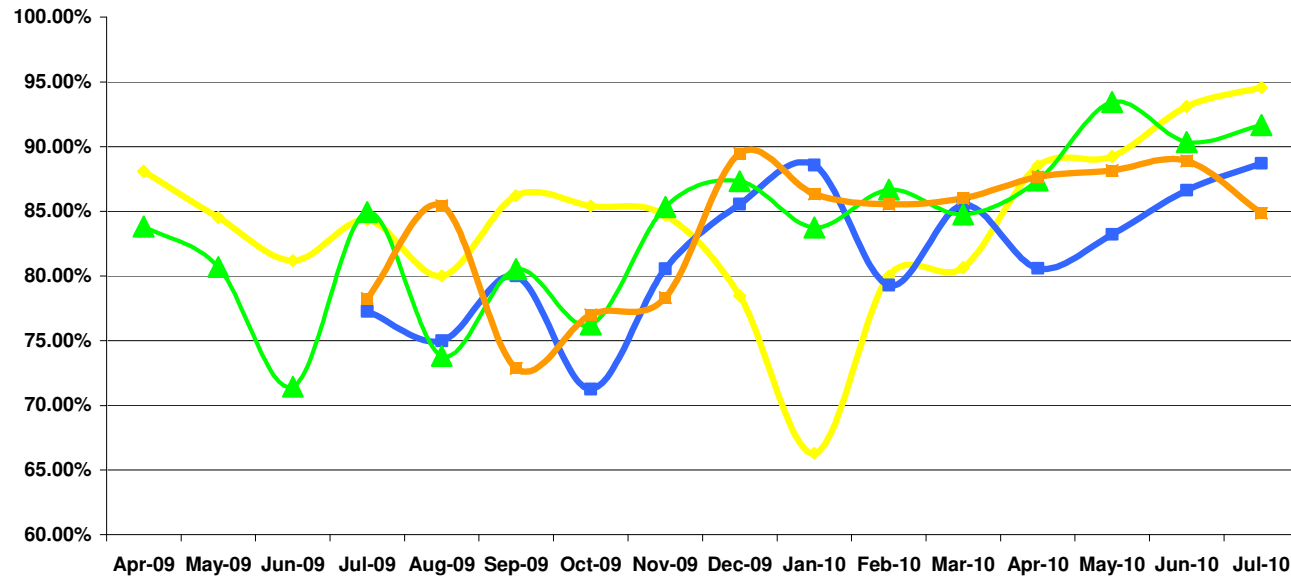
1. At its meeting on 23 March 2010 this committee received a report on the certification of annual claims and returns. At this meeting, Anne Ockleston (Audit Manager - Audit Commission) emphasised the large amount of money involved in making claims to grant paying departments and that this was a useful audit for detecting any underlying problems. She drew to councillors' attention the issues arising around housing benefit accuracy although the council was known to be addressing the problems. She referred to the qualification letter in respect of the 2008/09 benefit subsidy claim and advised that it was up to the Department for Work and Pensions (DWP) as to whether they accepted the findings. The Audit Commission was in the meantime undertaking some additional testing on claims, which would result in a further report to the DWP.
2. Steve Bishop, Strategic Director, commented on the report acknowledging that it was the first time South Oxfordshire District Council had received a qualification. He acknowledged that this must not happen again but also highlighted that as many as 50 per cent of councils had had their claims qualified during a period where caseloads had risen dramatically. In fact subsequent information received has confirmed that up to 85 per cent of 2008/09 benefit subsidy claims were either qualified, amended or both. He confirmed that the council would implement

all the recommendations in the Audit Commission's report and would address the unacceptable error levels with Capita - with improvements being evident within three months.

3. The following is an update on current accuracy performance:
  - The good news is that accuracy (based on statutory council checks) rose from an in-month performance of **86.67%** in February 2010 to **90.36%** in June 2010 – with the May accuracy rate being the first time Capita had hit >90% accuracy since the inception of the contract. In month performance can be seen in **table 1** below.
  - Capita is now checking up to 35% of its daily work and its accuracy figures are also included in table 1. As these are usually pre-payment checks, it means more customers are now receiving correct benefit entitlements. This should lead to fewer complaints and improved customer satisfaction.
  - On the cumulative front, from Feb 2010 to June 2010 (which was the key period) performance improved from **86.67%** to **88.35%**. This is shown in **table 3** below.
  - On the cumulative front for the 2010/11 financial year, performance is currently running at **90.38%**. This time last year it was running at **79.83%**. This is shown in **table 2** below.
4. We are still awaiting the DWP's decision on the 2008/09 qualified benefit subsidy claim following the additional work undertaken by the Audit Commission mentioned in 1 above. The penalty could now be anything up to £178,000 (previously estimated at £72,000). Letters of mitigation from Steve Bishop and the leader of the council have been sent to the DWP. The council will claim back any penalty from Capita.
5. The latest version of the overarching Benefits Accuracy Action Plan (updated on 14 September) is attached for information. It was introduced to drive up accuracy performance and confirms that task 1 (the recommendations emanating from the Audit Commission's report) has been completed.
6. In the meantime the audit of the 2009/10 benefit subsidy claim commenced on 16 August.

**Paul Howden**  
**17 September 2010**

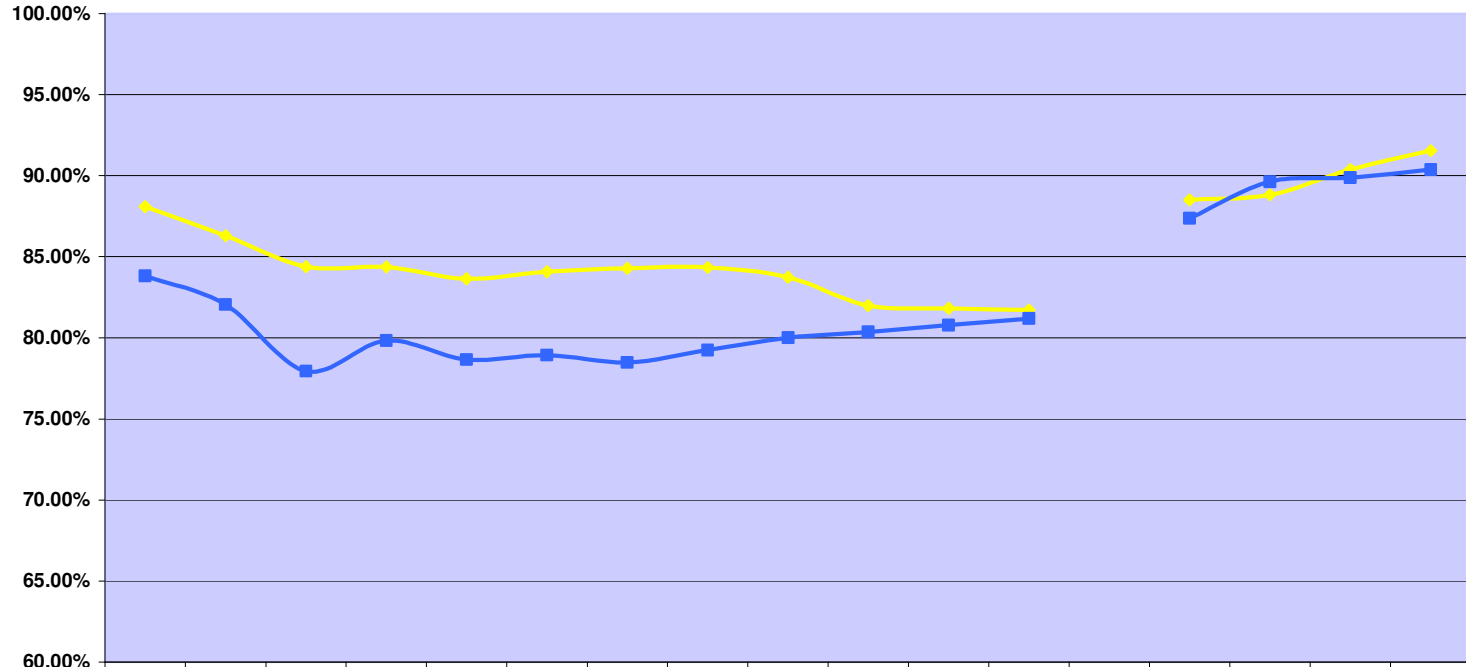
### 1. Benefits accuracy (monthly performance)



	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10
<b>Vale Council Team Accuracy Rate</b>	88.10%	84.52%	81.19%	84.34%	80.00%	86.21%	85.42%	84.71%	78.48%	66.28%	80.00%	80.65%	88.51%	89.23%	93.10%	94.57%
<b>Vale Capita Havant Accuracy Rate</b>				77.27%	75.00%	80.00%	71.25%	80.54%	85.55%	88.57%	79.29%	85.50%	80.60%	83.22%	86.64%	88.72%
<b>South Council Team Accuracy Rate</b>	83.82%	80.68%	71.43%	84.95%	73.81%	80.52%	76.24%	85.33%	87.32%	83.75%	86.67%	84.76%	87.38%	93.44%	90.36%	91.67%
<b>South Capita Havant Accuracy Rate</b>				78.27%	85.44%	72.86%	77.00%	78.34%	89.48%	86.32%	85.53%	86.00%	87.64%	88.15%	88.89%	84.85%

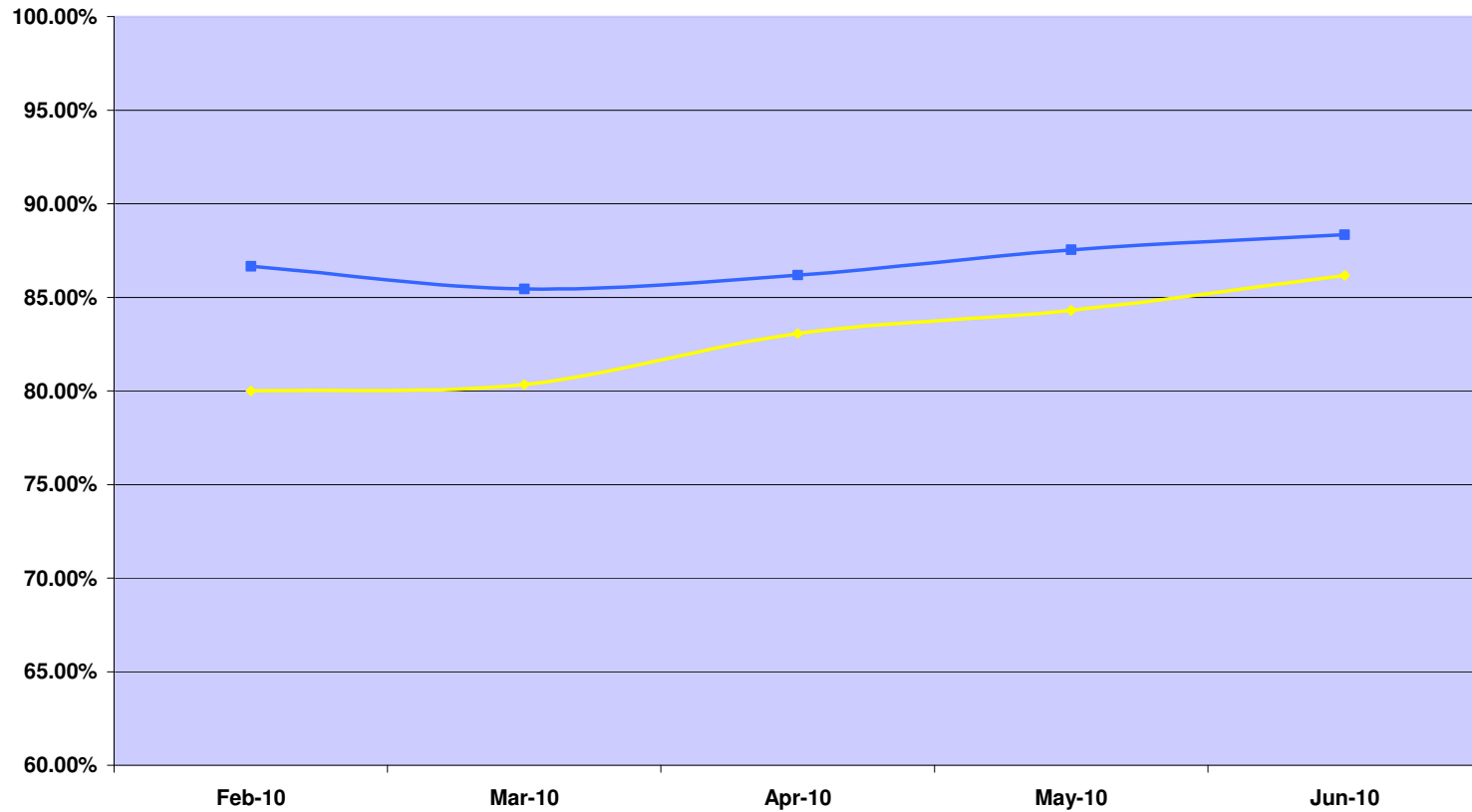
\*Performance bonus/penalties are based on council team accuracy rates

2. Benefits accuracy (cumulative performance)



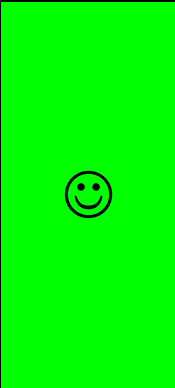

	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	EOY	Apr-10	May-10	Jun-10	Jul-10
—◆— Vale Accuracy Rate	88.10%	86.31%	84.39%	84.38%	83.65%	84.09%	84.30%	84.35%	83.75%	81.99%	81.82%	81.71%		88.51%	88.82%	90.38%	91.54%
—■— South Accuracy Rate	83.82%	82.05%	77.95%	79.83%	78.65%	78.94%	78.49%	79.24%	80.00%	80.36%	80.78%	81.20%		87.38%	89.63%	89.88%	90.38%

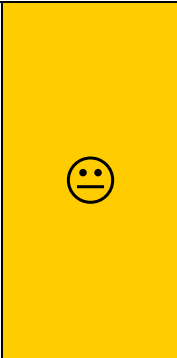
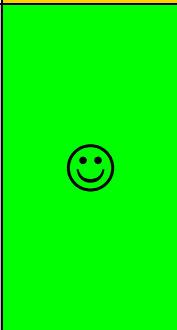
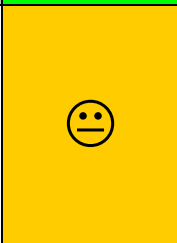
### 3. Benefits accuracy (cumulative performance) Feb 2010 to June 2010

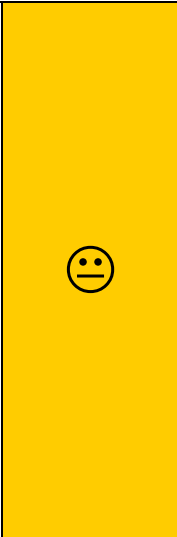
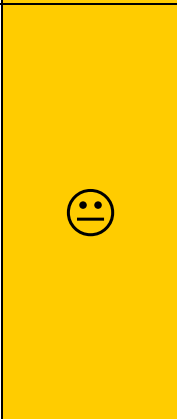


	Feb-10	Mar-10	Apr-10	May-10	Jun-10
Vale Accuracy Rate	80.00%	80.35%	83.08%	84.31%	86.17%
South Accuracy Rate	86.67%	85.45%	86.19%	87.54%	88.35%



## Benefits accuracy action plan - March 2010

Log no	Task	Completion date	Action to date	Follow-up action required	Owner(s)	RAG status
1	Complete the agreed recommendations to address the shortcomings highlighted in the Audit Commission's Certification of Annual Claims and Returns - Annual Report (relating to the benefits subsidy grant audit).	31 May 2010	<p>i. An action plan has been agreed for each council and reported to the Ridgeway Shared Services Board (RSSP) and respective Audit and Corporate Governance Committees. Actions will be monitored.</p> <p>ii All recommendations have been actioned. The last action relating to checking coding for the 2009/10 subsidy claim work was completed 25 May 2010</p>		Darren Keen/Paul Howden	
2	Capita to provide an improvement plan to address quality issues in its claims processing administration (predominantly at Havant)	Ongoing	<p>i Weekly conference calls are taking place to discuss issues which have arisen during the previous week.</p> <p>ii Full time quality officer appointed at Havant to work on South/Vale contract. QO started 1 April. 2 main issues identified and remedial training given. Performance Improvement Plans implemented for 2 staff. Documentation issued to RSSP members on 10 May.</p>		Darren Keen/Sue King	

3	Revised targets for accuracy as well as new targets to try and reduce administrative delays to be agreed and incorporated into payment and performance mechanism.	30 April 2010	Proposed new targets include: 90.5 per cent for accuracy; 19 days for new claims; 9.5 days for changes in circumstances; 12/13 days for NI181 (change events). Note - P&P mech may take longer to sign off. <b>Targets agreed - revised P&amp;P mech pending. SB/WJ/PH met on 27 April to discuss P&amp;P mech implications and WJ will then feedback to Capita.</b>	2010/11 proposed P&P mech still to be fed back to Capita	Darren Keen/Paul Howden/Sue King/William Jacobs	
4	Additional benefit administrative subsidy received from DWP to help with ongoing effects of economic downturn to be passported to Capita. Additional subsidy is £55,966 for Vale and £49,848 for South	30 April 2010	<b>Proposal received from DK (Capita) on 9 April. Signed off 16 June.</b>		Darren Keen/Paul Howden	
5	Capita to implement Academy Quality Assurance software on Vale/South contract.	30 June 2010	Capita undertaking a feasibility study and waiting for details on timescales. <b>Capita to implement software.</b> Software was loaded into test environment on 6 July and training will be arranged with provider.	<b>Training to be arranged.</b>	Darren Keen	

6	DWP's Performance Development Team (PDT) to provide free consultancy to help improve performance.	TBC	Initial meeting held with Alan Sullivan (PDT) on 12 March 2010. Initial 1 day visit to Havant now arranged for 30 April. First visit took place and feedback received and second visit was made on 7 May. Visits to SODC and Vale arranged for 27 & 28 May. Feedback received from 7 May visit on 24 May. Feedback from SODC and Vale visits received on 5 June (including a script for LSP to survey customers). Further visit to Vale on 21 July to meet JB (FFTF) re LSP/Capita interface and DK to discuss benefits service.	Visit to Coventry contact centre with DK and PH to be arranged in due course. <b>AS still awaiting appeal and defective claim data from Capita.</b>	Darren Keen/Paul Howden	
7	Benchmarking with other authorities will be stepped up to encourage better performance and help identify and apply best practice.	Ongoing	Initial 2010/11 MKOB (plus others) meeting to take place at WODC on 23 April. National Capita/Client forum to take place in Coventry on 13 May. Both meetings have taken place and benchmarking data will be shared amongst the respective members. At 13 May meeting Capita agreed to circulate performance data from all sites. MKOB meeting took place on 9 July at WDC. Some data has now been provided.	Benchmarking accuracy maybe difficult to compare because of various methods in operation, but we will try to harmonise as far as possible. However 09/10 subsidy audits for MKOB will be undertaken by the same Audit Commissioner so accuracy comparisons should be possible.	Paul Howden	



8	RSSP Board will monitor accuracy on a weekly basis until improvements are apparent.	Ongoing	Weekly statistics now being received (26 March). <b>April accuracy - the best for over 12 months.</b> May accuracy - SODC best recorded - Vale dipped slightly. June client check performance was > 90% for both authorities as was July (with Vale recording best ever in month accuracy rate). 10/11 cumulative performance now also > 90% for both authorities. The Board no longer requires weekly stats - 2 Sep 2010.		Darren Keen	
9	Capita/councils will work closely with the Audit Commission to ensure the 2009/10 subsidy claim is signed off without qualification.	31/5/2010 unaudited claim 30/11/2010 audited claim	Initial meeting held with Kevin Stewart (AC) on 24 February during which 2009/10 process was explained. <b>Meeting between MKOB authorities and AC to discuss 2009/10 process took place on 15 April.</b> Top level meeting arranged between David Buckle, Steve Bishop, Anne Ockleston and Maria Grindley. <b>31 May deadline met for both councils.</b> 10/11 audit commenced on 16 August. Deadline for submission to DWP is 30 November.	Audit Commission work ongoing with update meetings taking place.	Darren Keen/Paul Howden	
10	Capita's Local Government Services Managing Director and the Chief Executive continue to closely monitor the situation.	Ongoing	Regular meetings have taken place - the next one being held on 19 April. <b>Meeting cancelled due to volcano issue.</b> Meetings rearranged. <b>21 May meeting took place.</b> Meeting took place on 26 July. No further meetings arranged.	.	Mark Chapman/David Buckle/Steve Bishop	