

# Report

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Report to:	<b>Performance and Review Scrutiny Forum</b>
Date of Meeting:	<b>29 September 2009</b>
Report by:	<b>Executive Director (Housing and Technical Resources)</b>

Subject:	<b>Benefits and Revenue Service Best Value Review</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Inform the Performance and Review Forum (P&R.F.) of the work undertaken and improvements proposed by the officers undertaking the Review

## 2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- (1) that the findings of the review are noted,
- (2) that the improvement proposals outlined in section 8 are endorsed,
- (3) that the revised structure outlined at Appendix 2 is noted and the Forum approve the report being forwarded for consideration to the Housing and Technical Resources Committee on the 25 November 2009.

## 3. Background

- 3.1. The current service delivery model for Benefits and Revenues (B&R) has been in place in its current format for 9 years. Whilst it has been a very successful model which has kept the Council as one of the top performers in these fields for many years, increasing demands being placed on the service along with the ever increasing financial constraints placed on Local Authority funding makes it essential that we ensure that the aims and objectives of the service are achieved in the most effective and efficient way.
- 3.2. Examples of more effective working practices currently in use elsewhere along with the availability of improved technology, indicates that the Council could improve the service in these areas both in terms of higher performance and lower cost through changing its service delivery model.
- 3.3. Whilst the current review was being undertaken a number of issues were raised by both Internal and External Audit in relation to various aspects of the way the service is currently delivered, and it is intended that the proposals arising from the review will also address these issues.
- 3.4. The review proposals and implementation timescales have been adapted to reflect the impact of the recession, the resultant increases in Benefits caseload and the fact that at present, the Department of Work and Pensions are providing the Council with additional one-off funds to assist with the increased workload.

#### **4. Objectives of the review**

4.1. A summary of the objectives of the review are as follows:

- Identification and detailing of the most effective and efficient service delivery model for the Council in relation to B&R functions,
- Increase the use of technology, reducing reliance on manual processes,
- Increase the accuracy of processing of Benefit forms, and
- Achieve overall service delivery cost reductions of a minimum £500,000 per annum.

#### **5. Review methodology**

##### **5.1. Compare**

5.1.1 South Lanarkshire Council has for a number of years been achieving excellent performance within B&R Services with improvements delivered on a year on year basis. More detail on key performance indicators is provided at appendix 1.

5.1.2 The review team undertook a process benchmarking exercise where the main areas of focus were on:-

- Service delivery models and performance of other local authorities across the United Kingdom,
- Organisations who had recently successfully implemented major changes to their processes and procedures, preferably moving from a decentralised to centralised set up
- An assessment of available technology with the potential to assist in streamlining our processes and procedures.

5.1.3 Officers from the review team consulted with a number of external organisations, mainly other councils who operated alternative service delivery models, undertaking site visits where it was deemed they would further enhance the review process.

##### **5.2. Consult**

5.2.1 The working group who developed the proposals consisted of operational officers and managers from both Area and Support services and the review took account of local office performance statistics and the findings from various recent external and internal audits.

5.2.2 A series of self assessment sessions were carried out with operational staff to critically assess current strengths and areas for improvement.

5.2.3 The proposed revised operating model was also taken to the Tenants B&R Sub Group for their views and opinions and to undertake an impact assessment.

5.2.4 Trade Unions were represented on the working group by Unison.

5.2.5 Consideration of sustainability was also taken into account with the objective to increase the use of technology enabling customers to more easily and effectively transact with the Council through providing improved telephony and internet services and consequently reducing the customer footfall in the offices. This would also reduce the volumes of paper generated and the storage facilities required.

##### **5.3. Challenge**

5.3.1 Whilst the current service delivery performance is at a very high standard the review team identified the areas of weakness within the current model challenging its resilience in an environment of both anticipated increasing demands being placed on the service and financial pressures being placed on local government.

5.3.2 The team also challenged the current heavy reliance on manual processes and the under development of web services within B&R and made recommendations to change the current paper based systems taking into account improved technology in relation to Internet Services and Document Management Systems. Improvements in these areas would also more easily facilitate the use of mobile I.T. solutions including the potential for home working.

5.3.3 The team also undertook an analysis of B&R activities within the local offices.

#### 5.4. Compete

5.4.1 The team considered outsourcing various aspects of the benefits service to the private sector but decided that this was not a viable option with a number of organisations having brought back in-house previously outsourced benefits functions.

### **6. Current service delivery model and performance**

#### 6.1. Current delivery model

6.1.1 At present the delivery of B&R functions is undertaken by both Area Services and Support Services employees.

6.1.2 Area Services employees, via 8 local offices, deal mainly with Benefits and Council Tax administration and council house rent arrears. They also deal with the collection of Council Tax for a limited volume of cases.

6.1.3 Administering benefits in South Lanarkshire Council involves processing more than 70,000 new claims and changes of circumstances annually, dealing with benefit appeals, identifying potential benefit fraud and responding to a substantial volume of customer enquiries either by mail, telephone or face to face.

6.1.4 Due to the complex nature of benefits, area office employees primarily work in their areas of expertise i.e. working on either council tax, benefits or rents and not to a generic operating model but can provide support to the other B&R functions if required.

6.1.5 Area Services employees involved in the collection of house rent arrears are not currently located within the Housing Management teams who deal with tenants on estate management issues.

6.1.6 Area Services also provides a front line Q and A service in each of the offices where around 55% of the enquiries dealt with are B&R related.

6.1.7 Support Services B&R functions are undertaken centrally, with the exception of cash collection responsibilities at cash halls located in each of the local offices.

6.1.8 Support Services support the area offices by ensuring systems and procedures are accurate, up to date and comply with legislation and that operational staff have the appropriate knowledge and skills to perform their duties through providing support, advice and training.

6.1.9 Other Support Service B&R functions include the house rent arrears court team, administration and collection of non domestic rates and sundry debt and the collection of warranted council tax arrears, former tenant rent arrears and housing benefit overpayments.

6.1.10 Financial reconciliations of all cash received and banked along with the production of performance management information for benefits and revenues is also undertaken within support services.

6.1.11 The current staffing structure is summarised at appendix 2.

## 6.2. Current performance

6.2.1 The Council has been top of its family group for house rents and council tax collection for the past 5 years and is consistently in the Department for Work and Pensions (DWP) upper quartile of UK Local Authorities in relation to the time taken to process Housing and Council Tax Benefit new claims and changes of circumstances. The recent benefits audit conducted by Audit Scotland acknowledged that South Lanarkshire Council delivers a good or excellent benefits service.

6.2.2 There are however areas of the service where improvements require to be made and these include the following:-

- the accuracy of benefits processing,
- the level of staff resources used in benefit counter fraud activity,
- the quality of service in relation to the targeting of checks on benefit entitlement,
- the current performance in relation to the recovery of Housing Benefit Overpayments, Former Tenant Rent Arrears and Sheriff Officer Fees, and
- the level of staff resources used in the reconciliations of the Council's bank accounts.

## 7. **Factors identified as restricting service improvement**

7.1. The review group identified the following factors as restricting the improvement in current service performance:-

- the number of employees located in different offices, the complex nature and variety of duties involved and the constant changes to legislation, particularly in relation to benefits processing, makes it difficult to ensure consistency in application of procedures,
- the collection of council house rents by officers out-with the Housing Management teams is resulting in evidence of duplicate contacts, correspondence and visits to tenants by employees working within the same office,
- duplication of work streams between Support and Area Services in relation to double handling of Council Tax discounts, exemptions and some arrears cases,
- the current model operates only paper based systems for applying for benefits and monitoring workloads, making it extremely difficult to monitor performance to an appropriate level, assist with resource issues at a local office level and to easily quantify outstanding work volumes,
- call centre operating methods and technology are not part of the current service delivery model. This results in benefits processors at local offices having their work regularly interrupted and contributes to performance issues identified in relation to the accuracy of processing Benefit forms. It also impacts on the quality of call handling and the consistency of information given over the phone to the customer,
- the Council House Rent Court Team currently works for Support Services but deal exclusively with Area Services clients resulting in instances of duplication of effort and double handling of tasks,
- the Resource has an unacceptably high turnover of staff in the area of B&R leading to disproportionate amount of time spent on ongoing recruitment, and induction training which is having an impact on the consistency in service delivery, and
- the current model used for debt recovery makes it far more difficult to recover legal fees with payments initially made towards the main debt outstanding.

## **8. Proposed Improvement Plan**

8.1. In order to achieve the objectives outlined in 4.1 and effectively address the factors identified as restricting service improvement in 7.1, the following proposals are being made:-

- the transfer of responsibilities for all B&R functions, excluding rent collection, to Support Services,
- the formation of a Benefits and Council Tax Processing Centre with staff solely involved in the processing of Benefit claims and Council Tax Discounts and Exemptions. This would be backed up with a limited number of Benefits specialists located at each area office who would provide assistance to customers calling at their local Q&A for assistance in the completion of benefit applications,
- extending the remit of the current Customer Service Centre (CSC) to deal with calls relating to Benefits and Council Tax including allowing claimants to complete applications via the phone. Due to the complexity of calls in relation to these functions it is proposed that this part of the CSC centre would be contactable via a specific extension of the current call centre to ensure all employees dealing with these calls are trained to the desired level in this very complex area. This follows the same model operated by other Councils who have adopted these working practices and found them to be very successful,
- the transfer of local office responsibility for undertaking benefits verification visits, particularly relating to Private Sector claims, to a central team to work in conjunction with the Benefit Fraud team,
- the implementation of an Electronic Document Records Management System (EDRMS) for Council Tax and Benefits to help simplify and streamline processes, reduce the level of hard copy information being handled and stored and assist in the monitoring of workloads and employee performance, this will also allow for work to be electronically allocated between sections and individuals if and when required,
- the implementation of an improved on-line benefits calculator and benefit claims process, increasing automation and improving links and interfaces to council systems,
- the transfer of responsibility for council house rents collection and the related court function to Housing Management. This would reduce the inefficiencies of duplicate contact with tenants and allow a complete picture of the issues affecting a tenancy to be developed and the appropriate assistance to be provided,
- the skills profiles and associated training requirements of Benefits staff should be reviewed and substantially improved to assist in achieving greater accuracy in processing and understanding of the complex legislation. This will also provide staff with a far greater opportunity for career progression and the opportunity to attain relevant qualifications, supported by the Resource,
- the formation of a Corporate Debt Recovery Team responsible to the B&R Manager to ensure continuous improvement is achieved on the already high levels of collection performance for Council Tax, NDR and Sundry Debtors and substantial improvement in the recovery of Housing Benefit Overpayments and Former Tenant Rent Arrears,
- the improvements in the processes and procedures used in the reconciliation of the Council's income streams beginning with the introduction of a professionally qualified senior officer to lead the team, and
- changes to be made to the debt recovery model, when the next contract is awarded in March 2010, to ensure that debtors pay Sheriff Officers fees at the beginning of any repayment arrangement.

- 8.2. The revised structure required to administer the new service is summarised at appendix 2 with further details of the above improvement plan including timescales and anticipated benefits shown at appendix 3.

## 9. Service Improvement Targets

- 9.1. Detailed below is a summary of the main service performance improvement targets which the Resource aims to achieve as a result of the revised operational structure and responsibilities:-
- achieve 98.5% accuracy in Benefits Processing by March 2011 whilst speed of processing is maintained at current levels,
  - housing Benefit Overpayment in-year collection rate to increase by a minimum 10% each year for the next 3 years achieving at least 50% recovery by March 2012,
  - former Tenant Arrears in-year collection rate to increase by a minimum 10% each year for the next 3 years achieving at least 50% recovery by March 2012,
  - the recovery £180,000 in Sheriff Officer Fees by March 2011,
  - clearer management responsibilities and elimination in duplication of dealing with tasks resulting in streamlined management structure and savings in staffing costs, and
  - the revised structure will resolve the issues raised by Internal and External Audit in relation to Bank Reconciliations and Resources assigned to Benefit Counter Fraud activities.

## 10. Employee Implications

- 10.1. The proposed structure results in staff efficiencies in the following areas:-

- A net reduction of 3 Principal Officer/Team Leaders posts,
- A reduction of 20 B&R assistant posts.\*

\*It is proposed that whilst the re-structure of management posts is progressed the reduction in assistants' posts is only progressed when the impact of the recession, which is resulting in increases in benefit claims, begins to reduce. This is not anticipated to reduce until 2011/12.

- 10.2. It is proposed that the recent methods used in relation to the National Diagnostic Project (NDP) Management Review, for seeking early retirement etc are applied to the management posts. It is anticipated that reductions in the numbers of assistants, when it commences, will be accommodated through natural staff turnover.
- 10.3. Job profiles and task matrices for a number of posts within the proposed new structure will need to be reviewed and potentially re-graded under the Council's Competence Initiative.

## 11. Financial Implications

- 11.1. It is anticipated that the following savings can be accrued to the Council over the next 3 years and will count to-wards H&TR contribution to future Council's savings targets.

	2010/11	2011/12	2012/13	Total
Salaries	£147,000	£142,000	£141,000	<b>£430,000</b>
Savings in Sheriff Officers Fees	£180,000			<b>£180,000</b>
Increased debt recovery	£240,000	£240,000	£240,000	<b>£720,000</b>
Cost of EDRMS	(£90,000)	(£90,000)	(£90,000)	<b>(£270,000)</b>
Cost of Benefits calculator	(£40,000)			<b>(£40,000)</b>
Office re-location costs	(£100,000)			<b>(£100,000)</b>
<b>Total projected savings</b>	<b>£337,000</b>	<b>£292,000</b>	<b>£291,000</b>	<b>£920,000</b>

## **12. Risk Implications of the Proposals**

12.1. A summary list of the main anticipated risks is shown at Appendix 4.

## **13. Equalities Impact Assessment and Consultation Arrangements**

13.1. Consultation with staff and Trades Unions, represented on the working group and the Tenants B&R Sub Group has taken place and will continue to take place through the implementation period.

13.2. An impact assessment on the new operating procedures is currently underway involving the Tenants B&R Sub Group and will be fully completed prior to the report being passed for Committee Approval and subject to the approval of the Performance and Review Forum.

**Jim Hayton**

**Executive Director (Housing and Technical Resources)**

15 September 2009

### **Link(s) to Council Values and Objectives**

◆ Accountable, effective and efficient

### **Previous References**

RMT Report 5 December 2008

### **List of Background Papers**

None

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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**Selection of Benefits & Revenues Key Performance Indicators**

<b>B &amp; R Function</b>	<b>SLC Actual 2007/08</b>	<b>Scottish Average 2007/08</b>	<b>SLC Actual 2008/09</b>
Benefits Processing:-			
New Claims	13.5 days	25.8 days	13.9 days
Change of Circumstances	6.4 days	10.6 days	7.8 days
*Accuracy	96.4%	98.0%	95.6%
*Housing Benefit Overpayment Recovery	20.1%	30.9%	19.7%
Council Tax In-Year Collection	95.2%	94.2%	94.9%
Rent Arrears	3.9%	6.4%	3.9%
*Former Tenant Rent Arrears (Recovered and Written Off)	36.7%	34.1%	27.1%

\* Recognised areas where improvements are required



**Area and Support Services B & R Structures****Current Structure**

	<b>Principal Officers</b>	<b>Team Leaders</b>	<b>Officers/ Assistants</b>	<b>Total</b>
Area Office B & R Teams	5	10	145	<b>160</b>
Debt Collection (Council Tax Sundry Debt, Non domestic Rates)	0	3	21	<b>24</b>
Fraud and Support & Development	2	0	10	<b>12</b>
Council Tax Reviews (Discounts and Exemptions)	0	1	3	<b>4</b>
Court Team and Former Tenant Arrears	0	1	7	<b>8</b>
Audit & Development	1	1	13	<b>15</b>
Support Co-ordinator	1	0	0	<b>1</b>
Financial Reconciliations and Account Management	0	1	7	<b>8</b>
<b>Total</b>	<b>9</b>	<b>17</b>	<b>206</b>	<b>232</b>

**Proposed Structure**

	<b>Principal Officers</b>	<b>Team Leaders</b>	<b>Officers/ Assistants</b>	<b>Total</b>
Corporate Debt	1	3	26	<b>30</b>
Benefits Processing Centre incl. Audit	1	4	56	<b>61</b>
Local Benefits Officers	0	0	8	<b>8</b>
Benefits Call Centre	0	2	20	<b>22</b>
Fraud/Interventions/Legislation & Appeals	1	3	34	<b>38</b>
Financial Reconciliations/Systems Development	1	1	7	<b>9</b>
Transfer to Housing Management	1	4	32	<b>37</b>
Court Team	0	1	3	<b>4</b>
<b>Total</b>	<b>5</b>	<b>18</b>	<b>186</b>	<b>209</b>

**Difference**

	<b>-4</b>	<b>+1</b>	<b>-20</b>	<b>-23</b>
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## Summary Action Plan

	Improvement	Actions Required	Due Date
1.	Clearer management responsibilities and elimination of duplication of working practices resulting in streamlined management structure and savings in staffing costs	<ul style="list-style-type: none"> <li>• Develop a plan for forming new management structure including interviews for new posts where applicable,</li> <li>• Conduct interviews for new posts where applicable'</li> <li>• Develop an accommodation strategy for staff moves to all new teams,</li> </ul>	Nov 09  Dec 09  Oct 09
2.	Achieve 98.5% accuracy in benefits processing performance by March 2011 whilst maintaining speed of processing at current levels	<ul style="list-style-type: none"> <li>• Review current training and audit processes,</li> <li>• Develop plan for extension of the Customer Service Centre (CSC) to deal with B&amp;R functions,</li> <li>• Develop an EDRMS implementation plan,</li> <li>• Implement EDRMS</li> </ul>	Dec 09 Nov 09  Aug 09 May 10
3.	Housing Benefit Overpayment in-year collection rate to increase by a minimum 10% each year for the next 3 years achieving at least 50% recovery by March 2012	<ul style="list-style-type: none"> <li>• Review current IT and Management Information systems including proposals for improvement,</li> <li>• Review and amend current procedures,</li> </ul>	Dec 09  Dec 09
4.	Former Tenant Arrears in-year collection rate to increase by a minimum 10% each year for the next 3 years achieving at least 50% recovery by March 2012	<ul style="list-style-type: none"> <li>• Review current IT and Management Information systems including proposals for improvement,</li> <li>• Review and amend current procedures,</li> </ul>	Dec. 09  Dec 09

	<b>Improvement</b>	<b>Actions Required</b>	<b>Due Date</b>
5.	The recovery £180,000 in Sheriff Officer Fees by March 2011	<ul style="list-style-type: none"> <li>• Develop tender timetable for new contract for Debt Collection and Sheriff Officer services (current contract expires 31 March 2010)</li> <li>• Place advert in E.U. Journal,</li> <li>• Undertake assessment of Pre Qualifying Questionnaire responses</li> <li>• Finalise Invitation to Tender document specifying proposed new procedures in relation to Sheriff Officer fees</li> <li>• Invite select contractors to submit contract proposals,</li> <li>• Undertake interviews with selected contractors,</li> <li>• Committee approval to award contract,</li> <li>• Implement contract under new terms and conditions.</li> </ul>	<p>June 09</p> <p>July 09 Sept 09</p> <p>Sept 09</p> <p>Sept 09</p> <p>Dec 09 Feb 10 April 10</p>
6.	Resolve the issues raised by Internal and External Audit in relation to Bank Reconciliations.	<ul style="list-style-type: none"> <li>• Implement new structure with qualified accountant responsible for reconciliations,</li> <li>• Review all processes currently detailed to ensure their effectiveness,</li> </ul>	<p>Nov 09</p> <p>Dec 09</p>
7.	Resolve the issues raised by External Audit in relation to Resources assigned to Benefit Fraud Prevention	<ul style="list-style-type: none"> <li>• Implement new structure and undertake a review of current systems and procedures with a view to introducing improvements,</li> </ul>	<p>Dec 09</p>

## Risk Assessment and Control

Risk	Risk Score	Actions
Recession continues resulting in additional benefits caseload.	8	B&R officers and assistants posts not to be affected whilst caseload continues to increase and DWP provides additional funds.
The allocation of staff numbers between teams is not accurate resulting in disproportionate workloads across teams.	7	Staff numbers are based on best estimate at present but workloads will be reviewed on an ongoing basis to ensure an even spread and if required a re-allocation of team numbers.
Insufficient suitable office accommodation is available to accommodate staff.	6	A joint accommodation plan will be developed with all Heads of Service to ensure all staff moves are jointly arranged on a Resource wide basis.
EDRMS system implementation does not achieve timescales or budget.	8	Draft project plan developed but implementation plan and costs to be finalised in conjunction with the Head of IT.
Change in method of recovering Sheriff Officers' fees adversely impacts on Council Tax collection and therefore Council income.	7	Whilst it is accepted that there may be a one off reduction in the in-year collection, it is not anticipated to be significant and will not affect the Council Tax yield, and therefore, income.