

LONDON BOROUGH OF BRENT

PERFORMANCE AND FINANCE SELECT COMMITTEE

16th July 2003

Report From The Head of Revenues & Benefits

NAME OF WARD(S)

ALL

REPORT TITLE: Update of the current performance within the Revenues and Benefits Service

Above

Below

Confidential Line

1. Summary

- 1.1 This report updates Members on progress being made to improve the performance of the Revenues and Benefits service since October 2002. This period has seen fundamental changes to the way in which the service is being provided and it has thus been a period of significant transition. This transition commenced with the transfer of Housing Benefits unit in October 2002 and has more recently resulted in the letting of a new Revenues and IT contract with Capita.
- 1.2 Since the benefit service transferred back to the Council in October 2002 there has been a significant programme of change which has included major system changes, the commencement of retraining programme for all staff, the re-engineering of procedures and the assimilation of staff on to Brent terms and conditions. These have all been successfully achieved however there have been a number issues during this time that have negatively impacted upon performance. These are explored in more detail in section 6.
- 1.3 The new Revenues and IT contract with Capita commenced on 1 May 2003 and thus is still at a very early stage. It is evident however, that there is much to be achieved in the remaining months of this financial year to improve previous levels of Council tax collection. Section 6 of this report provides detailed information relating to performance and the issues currently surrounding this.

2. Recommendations

2.1 The Committee is recommended to:

- ❖ Note the progress made by the Housing Benefit service since it transferred back to the Council in October 2002.
- ❖ To note the number and extent of the Housing Benefit service problems encountered since October 2002 and the plans which are in progress to resolve them.
- ❖ To note the issues which have affected Council tax collection for 2003-2004 to date and the plans which are being implemented to achieve contractual targets for collection.

3. Financial Implications

3.1 The Benefits Service is responsible for the payment of £142m in Housing and Council Tax Benefits each year. Failure to administer these benefits effectively and securely can bring substantial government penalties in the form of withheld subsidy. Equally any failure to maximise collection of council tax and NNDR will impact on the Council's cash flow and budgetary provision for future years.

3.2 Additional resources have been requested through the Executive meeting due to be held on 21 July 2003 to clear existing backlogs of benefit work

4. Staffing Implications

4.1 As part of the ongoing development of the service and to reduce the current reliance on agency staff an extensive recruitment exercise commenced in April this year which has led to the recent appointment of 13 new permanent staff.

4.2 Additionally, there will also be 10 "new to benefits" staff starting in July that form part of a successful bid to the DWP's Performance Standards Fund. However, it will take a number of weeks before these staff become productive as they will be entering an intensive benefits training programme for the first 6 weeks following the commencement of their employment.

4.3 The post transfer service restructure scheduled for completion in October 2003 has commenced with the initial staff consultation recently taking place. This will not only address pay anomalies within the service but put a new organisation in place that can effectively meet the needs of the benefits service and the clienting arrangements for the contract with Capita.

5. Legal Implications

- 5.1 There are no specific legal implications in this report other than the impact of a backlog on the Council's ability to enforce the damages regime within the Revenues and IT Support with Capita, as a level of £ 14.5 million Council Tax Benefit is guaranteed within the regime.

6. Detail

- 6.1 Since the end of contractual arrangements with EDS the Revenues and Benefits Service has embarked upon a huge programme of change. This programme has been developed around a number of key service objectives with an overall aim of transforming the service. This section of the report provides an update on progress against these stated objectives.

Progress against objectives

6.2 Improving Council Tax and NNDR Collection

The table below summarises the end of year collection performance for Council Tax and actual collection to 31 May 03.

Council Tax In Year Collection

Financial year	Month	Collection achieved (Cumulative) %	Comparison to previous year %
2002-2003	March 2003	89.82	91.07
2003-2004	April 2003	23.35	23.94
	May 2003	29.07%	30.99

Council Tax Arrears collection : achieve 97% for all financial years

Council Tax arrears collection in 2002/03 was very poor with only a total of £ 2.538 million collected. Only £589,000 of this related to year prior to 2001/02. Capita have collected a total of £529,000 against a target of £3million , up to 30 June 2003. New contract arrangements have placed a heavy emphasis on improving this performance with a new incentive and damages scheme to ensure that Capita devote sufficient resource to achieve this.

6.3 The end of year performance for 2002-2003 Council Tax collection was poor for both in year and arrears. Brent's collection performance was in fact the 4th lowest in the country and represented a drop of 1.25% compared to 2001/02. There are a number of factors which affected this end of year performance which was also the final year of the EDS contract. The performance is disappointing given that performance for the first 6 months of the year exceeded that of 2001/02 and looked promising for a small improvement until November 2002. The factors affecting collection include :

- ❖ The transition of the service to a new contractor, including the transfer of responsibility for IT systems and printing.
- ❖ A change to bailiff arrangements which was hampered by functionality problems on IWorld. This resulted in bailiff cases being in limbo (or between bailiffs) from February 03 to June 03.
- ❖ The activities surrounding the tender of the Revenues and IT contract. Whilst this work was undertaken by the Brent client team, it inevitably caused some uncertainty and anxiety for staff working for EDS. The handover of the service and the transfer of staff to Capita then took place in late April/early May 03.
- ❖ The migration of IT software from SX3 Current World to IWorld in February 2003. This involved a system close down that was quickly followed by further system close downs for year end billing and the roll over to the new financial year. A range of IT problems (separate to the migration) also occurred in the final weeks of the EDS contract.
- ❖ A range of IT problems which arose during the transition of IT to Capita and which took several weeks to resolve.
- ❖ In the early weeks of the Capita contract , a gentler approach to recovery plans was instigated, with lower number of accounts being targeted for recovery action. This was done to facilitate a better mutual understanding of the most effective arrangements for meeting customer demand following the issue of recovery documents. In essence this has meant that less accounts have been subjected to recovery notices despite the fact that collection year to date is lower than 2002/03.

6.4 In year collection performance for 2003/04 to date has been slow in gaining momentum. This is partly due to a reduction in take up for the prompt payment discount (from 12,000 people in 2002/03 to 10,600 in 2003/04) but also due due to the issues outlined in 6.3 above. Capita took responsibility for the contract on 1 May 03 and have been evaluating the strengths and weaknesses of inherited arrangements before embarking upon major change. They are now in the process of developing a detailed improvement plan that is aiming to target actions that will help to improve collection levels and meet contractual targets. Paragraphs 6.7 to 6.8 provide details of the main actions identified.

NNDR in year collection :

6.5 The following table sets out performance for 2002/03 and 2003/04 year to date.

Financial year	Month	Collection achieved (Cumulative) %	Comparison to previous year %
2002-2003	March 2003	94.75	95.8
2003-2004	April 2003	Not available	
	May 2003	17.73	19.5
Arrears	To June 03	£1,238K	

NNDR is administered from Capita's Bromley site and as with Council Tax, the change of contractor did cause some disruption. The function has been taken on by existing staff located in Bromley and files and paperwork were relocated there in May 2003. As with Council Tax, the end of year position for NNDR in 2002/03, was very disappointing. This was particularly so because performance was on course to exceed 95.8% in Feb 03, the figure achieved in the previous year.

The Council Tax and NNDR Improvement Plan

6.6 Given the slow start, it is clear that decisive action now needs to be taken to achieve an improvement over the remaining 9 months of the financial year. This will necessitate a focus on timely and robust recovery and careful planning for the increased customer contacts this will generate.

6.7 There are 4 key areas of the improvement plan: The following represents a summary of the key actions being taken:

Valuation actions

- Reconciling the Valuation office records with the property data base to ensure that correct details about the property are held.

Inspections

- Increasing inspection activity to ensure that liability on properties is accurate , particularly in relation to empty properties and those discounts and exemptions.

Account processing and billing

- Responding quickly to reported changes in liability to ensure that bills are correctly produced and promoting direct debit payment to eliminate the need for recovery actions.

Recovery actions

- Increasing the number and frequency of recovery notices being produced and applying for additional court dates. This includes a review of existing procedures to identify ways in which recovery action could be made more effective. Capita have already identified the need to defer use of the non statutory pre summons notice in order to facilitate more timely production of summonses.

The OSS are separately evaluating options for meeting increases in customer contact.

Eradicating Housing Benefit backlogs and improving processing times

- 6.8 There were approximately 8064 unactioned work folders held on the Viewstar work flow system on 1 October 02. Good progress was being made to reduce this number in the early stages of the transfer, with the backlog falling to 7000 by early December 2002. This progress was halted in January 2003 following the close down of the system to enable the migration to I World to be achieved. Since that time the backlogs have increased from 8000 to 14000 mainly due to chronic IT system instability. A backlog clearance plan has been developed with a view to eradicating these backlogs by the Autumn of 2003 and this is attached as Appendix A. This involves the recruitment of 14 additional temporary staff who will work on eradicating the backlog whilst permanent staff focus their efforts on turning new work around within a 4 working day period.
- 6.9 The Best Value Performance Indicator for measuring processing time for Housing Benefit claims, is measured from the date the claim is received to the date that the claim is determined *and* a valid rent officer decision is received. In many cases the rent officer decision is received sometime after the date that the claimant has received their first payment, with early payments being based on an interim rent level. This coupled with the fact that the clearance of the backlog will by necessity increase average processing times, does mean that reported processing times are likely to get worse before they get better. The average number of days taken to process new claims was 89 days at the end of 2002/03. It is critical that backlogs are eradicated to facilitate more accurate measurements of claim processing for new applications. Equally , efforts are being made to ensure that timely referrals are made to the Rent Officer service and that systems are put in place to ensure that rent officer decisions are received within target deadlines (5 days), to ensure that this is reflected in benefit awards as quickly as possible.
- 6.10 Raising skill sets of staff to improve accuracy and increase work flexibility**
- 6.11 Previous reports to Members highlighted the fact that knowledge and skills amongst transferred staff had been limited to specific areas of claim processing. This was impacting on quality and accuracy and also on management ability to target staff resources in a flexible way, in accordance with the priorities of the service. Since 1 October 2002, a comprehensive training needs analysis has been completed for all staff which has formed the basis of an overall service training plan for 2003/04 and beyond. Assessing teams do now work on a generic basis, with individual team members possessing a broad mix of skills and experience between them. This mix of skills is enabling staff to gain experience of new work areas and to have support from more experienced assessors following training. The implementation of the training plan has to be carefully planned to ensure that service needs can be met alongside this. For this reason it is likely that it will

take up to 18 months to address all of the issues raised in the training needs analysis.

6.12 Although some measurements of quality and accuracy currently exist, these need to be developed more comprehensively in order to set a meaningful benchmark for improvement. It is evident from analysis of complaints however that there is much to be achieved in this area. The percentage of justified stage 1 complaints has remained at approximately 70% since October 2002.

6.13 Reducing Sickness absence

6.14 Levels of sickness absence in October 2002 were unacceptably high, averaging at 9.3% (this excludes those staff who transferred in May 2003). This compared to a Council wide target of 4%. The average from October 02 to May 03, has risen to 10.22% mainly due to the transfer of staff on 1 May 2003.

6.15 The new Council wide sickness procedure has been piloted within the Revenues and Benefits unit since 1 April 03. This has provided much greater clarity for managers in dealing with unacceptable levels of absence and a much greater ability to tackle this robustly, where required. Whilst it is too early to evaluate the eventual effects on sickness levels, early signs are encouraging with significant reductions in absence on some teams. It is aimed to reduce levels to 8% by the end of the financial year.

6.16 Securing external funding

6.17 Three bids for external funding were submitted to the DWP in the Autumn of 2002. As a result £137, 000 has been made available to create 10 trainee posts for a year and £422 ,000 to replace the existing Document imaging and workflow system. A further bid for approximately £50,000 has been resubmitted for enhancement to debtors software, for reconsideration by DWP.

6.18 The 10 trainees have been recruited and are due to commence on 21 July 2003. The DIP replacement project is also underway, with the intention of implementing a new system in July 2004.

6.19 Addressing pay anomalies within the service and creating an organisational structure capable of achieving improvement

6.20 Good progress has been made in resolving pay anomalies with a large proportion of transferred staff being offered voluntary transfer to Brent Terms and Conditions. An organisational restructure is now underway with a view to achieving implementation by October 2003. This will involve the creation of new roles and Job Descriptions, with independent and objective evaluation of each. The new structure will provide a transparent grading and career structure and clarity of roles for all staff. As with any reorganisation, the impact on individual staff will vary with some staff experiencing very little change and

others more significant. There are sufficient posts for everyone and every effort is being made to avoid redundancy arising.

6.21 Improving overpayment recovery and reducing Local Authority error overpayments

6.22 A total of £ 2 million was recovered in terms of Housing benefit overpayments during 2002/03 against a target of £3 million. The table below provides a breakdown of this along with the position year to date for 2003/04.

	End June 2003	End June 2002	31 st March 2002
Recovery from Ongoing			
LAHRA	£63,000	£69,000	£260,000
LANHRA	£1,500	£1,600	£5,300
PTEN	£216,000	£217,000	£867,000
Composite			
	£41,000	£36,000	£292,000
Cash (Invoice)			
	£262,000	£221,000	£1.2M
£3M in Year Target (Excludes LAHRA Recovery)			
	£520,000	£460,000	£2M

6.23 Progress in achieving improvement has been very disappointing and this is a high priority for 2003/04. There is an urgent need to re-engineer overpayment processes to eradicate the high level queries that are currently being generated as a result of current procedures for producing invoices. In the interim the following actions are being taken :

- Write off bad debt - recommendations about to be made. This will clear the system of debt that has no likelihood of collection.
- Successful deals made with two RSLs on settlement of old debt, others will be approached. This will bring a cash injection and will also allow us to concentrate on robust current debt management.

- Appointment of two collection agencies. There is currently no stage after Final Notice and the Borough needs to introduce some “teeth” at the end of the process.
- More aggressive use of composite recovery within current policies.
- Recovery cycle from Invoice to Final Notice already shortened by one month. This allows us to reach other methods of recovery much more quickly.
- New resource on team will continue to resolve queries raised on invoices so that these can be proactively chased. The resource has been replying to appeals and correspondence that would otherwise cause debt to stagnate. This has been particularly successful.
- Implementation of Debtsys (More below)
- System reports to be generated so that debts can be cleared by new Benefit and various other methods.
- Collection profile completed for year giving monthly targets towards in year collection of £3M. This will allow us to measure our progress at regular intervals against the cash target.
- More rigorous management of RSLs payment regimes. The RSLs have varying attitudes to payment and differing

6.24 Re-engineering the overpayment process and increase the quality and accuracy of notifications and invoices

6.25 Work has already commenced on this with plans for implementing new debtors software (Debtsys) by the end of July 2003. Concurrent with the implementation of Debtsys will be the launching of new procedures for dealing with overpayments that will refocus effort into ensuring that invoices are accurate and that more comprehensive explanations of the overpayment are provided to the customer.

6.26 Migrate from Current World to Iworld

This was achieved successfully in February 2003 and is now running on a stable platform. There remain some functionality problems but these are being addressed by SX3 in future software releases.

6.27 Review use of IT and systems to develop more accurate and reliable PI's

Much has been achieved here with the development of a new work allocation system and new management reporting systems that enable output from both Viewstar and SX3 to be measured. There is still further work to be achieved through the development of more accurate management reports from SX3.

7. Background Information

The Benefits Recovery Plan Update - April 2002

The Future of Revenues and Benefits, Executive Report - 1st July 2002

Local Taxation and Benefits Best Value Review Report - October 2001

[Any person wishing to inspect the above papers should contact Catherine Morgan, Room 114, Town Hall, on 020 8937 1423]

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