

LONDON BOROUGH OF BRENT

PERFORMANCE AND FINANCE SELECT COMMITTEE 1 OCTOBER 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 July 2003. The previous report to this committee outline plans to eradicate backlogs of benefits work and plans to improve Council Tax collection. The report provides an update on progress in both of these key service areas.
- 1.2 By way of a general overview, the last 3 month period has proved to be very challenging because of difficulties caused by industrial action, the commencement of the organisational restructure and further IT disruption. All of these issues have impeded progress and hence performance has not yet been fully stabilised. This has been during a period time when staff resources are already stretched because of annual leave arrangements. The restructure is due to be implemented on 1 November and this should facilitate stabilisation of the Benefits staff and to allow a complete focus on service recovery.
- 1.3 The Revenues and IT contract with Capita is still at a very early stage however performance to date has been extremely disappointing. 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 revised backlog recovery plans for the Housing Benefit service.
- ❖ To note the further problems encountered since July 2003 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.
- ❖ To note the action that has been taken to ensure that Capita meet contractual requirements in relation to the provision of IT and to guarantee that further unnecessary disruption is avoided.

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.

4. Staffing Implications

- 4.1 A number of short term specialist agency staff have been taken on to help clear backlogs of Housing Benefit work.
- 4.2 A reorganisation of the Revenue and Benefits service is now being progressed, with an anticipated live date of 1 November 2003.

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 August 2003.

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 | 23.99 |
| | May 2003 | 29.02 | 30.99 |
| | June 2003 | 34.84 | 37.47 |
| | July 2003 | 40.47 | 44.02 |
| | Aug 2003 | 46.53 | 50.01 |

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. Council officers have a formal monthly contract meeting with Capita, but now plan to meet with Capita managers on a weekly basis to monitor progress more closely and to oversee improvements in the collection rate.

Council Tax Arrears (balances outstanding to 31 March 2003) collection: achieve 97% for all financial years

Capita have collected a total of £1,289,000 up to 31 August 2003. The target is to reach £3 million by 31 March 2004.

The 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 concurrent with the final year of the EDS contract. This performance is disappointing as 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. These have been compounded by further IT disruption following difficulties that Capita experienced with their network due to infection by the blaster virus.
- ❖ 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. However since July 2003, the number and frequency of recovery notices has been increased significantly.

6.3 In year collection performance for 2003/04 to date has been slow in gaining momentum and very disappointing. Although this is partly explained by a reduction in take up for the prompt payment discount (from 12,000 people in 2002/03 to 10,600 in 2003/04) , progress since May has not resulted in the improvements that are needed to achieve contractual targets. The issues outlined in 6.2 above were largely known factors.

6.4 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 more detailed improvement plan that is aiming to target actions that will help to improve collection levels and meet contractual targets. Paragraph 6.7 provides a summary 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 |
| | June 2003 | 26.28 | 29.19 |
| | July 2003 | 37.47 | 38.55 |
| | Aug 2003 | 46.48 | 46.81 |
| Arrears | To 31 Aug 03 | £2,020K | £2.600K |

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 7 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. Plans are also in place for OSS staff to take on greater responsibility for the resolution of enquires at the point of contact through a jointly agreed “empowerment” arrangements. This will enable OSS staff to be able to amend and progress the Council Tax payers account, rather than passing this to the back office for action.

Eradicating Housing Benefit backlogs and improving processing times

- 6.8 Progress in clearing the backlog has been erratic and has been severely hampered by industrial action, IT disruption and the organisational restructure. The total number of outstanding work items is 17,873. A backlog clearance plan has been in operation since mid August and it is now anticipated that backlogs will be eradicated by December 2003. 10 additional temporary staff are allocated to clearing work items received before 13 August 2003 with permanent staff working on new items of work received since that date. The temporary backlog team has made good progress in reducing older work

items and hence are still on target to have these eradicated by December 2003. Current work has however slipped behind with 8097 items of work now outstanding from 13 August onwards. This represents a backlog of 5570(which is approximately 2. weeks work). It is clear that the productivity of permanent staff has to be improved to ensure that further backlogs do not develop. This will require a raft of measures including : robust performance management of staff to drive up both the quality and quantity of work produced, robust management of sickness absence and a refocusing of resources to assessment priorities (and hence away from other non key activities , in the short term, until stability has been achieved.) . It should be noted however that there is a key dependence on Capita to provide uninterrupted IT provision and that any further disruption to this will have not only prevent progress being made but will result in significant cost to the Council.

- 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.

Raising skill sets of staff to improve accuracy and increase work flexibility

- 6.10 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.

- 6.11 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.

Reducing Sickness absence

- 6.12 Levels of sickness absence at the point of the TUPE transfer were unacceptably high, averaging at 9.3% in October 2002 and 10.22 % in May 2003 . This compared to a Council wide target of 4%.
- 6.13 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. The average sickness rate at the end of June 03 was 9.45% , falling to 4.35% in July. (The absence rate for July was distorted because of industrial action). It is aimed to reduce levels to 8% by the end of the financial year.

Securing external funding

- 6.14 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.
- 6.15 The 10 trainees commenced on 21 July 2003. and are now spending some time working on the live system. There are undergoing a comprehensive training programme for the first 3 months of their employment and hence it is too early to build them into resource plans for work clearance. Given the good progress they are making however, it is anticipated that they will become productive from November onwards.
- 6.16 The DIP replacement project is also underway, with the intention of implementing a new system in July 2004.

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

- 6.17 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.
- 6.18 An organisational restructure is now underway with a view to achieving implementation by November 2003. Implementation has been delayed

because of industrial action and this has protracted the overall timetable at the expense of staff productivity. Every effort is being made to ensure that further delays are not experienced but clearly this has to be balanced against the need to ensure that individual concerns are addressed fully.

- 6.19 Staff have been consulted about the new structure and job roles and final structures have now been agreed. New job descriptions exist for every post and these have all now been independently evaluated. The new structure provides 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 however sufficient posts for all permanent staff and every effort is being made to avoid redundancy arising.

Improving overpayment recovery and reducing Local Authority error overpayments

- 6.20 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 August 2003 | | End August 2002 | | 31st March 2002 |
|---|--|----------------------------|--|----------------------------|--|---------------------------------------|
| | | | | | | |
| Recovery from Ongoing | | | | | | |
| LAHRA | | £105,000 | | £113,000 | | £260,000 |
| LANHRA | | £3,500 | | £2,500 | | £5,300 |
| PTEN | | £352,000 | | ££364,000 | | £867,000 |
| Composite | | | | | | |
| | | £123,000 | | £128,000 | | £292,000 |
| Cash (Invoice) | | | | | | |
| | | £460,000 | | £480,000 | | £1.2M |
| | | | | | | |
| £3M in Year Target (Excludes LAHRA Recovery) | | | | | | |
| | | £938,000 | | £934,000 | | £2M |
| | | | | | | |

- 6.21 Progress in achieving improvement has been very disappointing and this remains a high priority for 2003/04. Work is proceeding to re-engineer some overpayment processes in relation to the implementation of the new recovery system, Debtsys. Additionally the following steps are being taken or are planned after implementation:

- Debt strategy drafted which includes recommendations for write off of bad debt. This will clear the system of debt that has no likelihood of collection.
- £90,000 received in August as a result of debt negotiation with one RSL, £45,000 agreed with another and due shortly. Other RSLs about to be approached. This coupled with the new system will allow us to manage new debt effectively.
- There is currently no stage after Final Notice and the Borough needs to introduce some “teeth” at the end of the process, such as:
 - We are arranging administration around lodging Form N322a with the County Court which allows us a number of different recovery routes
 - Appointment of three collection agencies, one already approached
 - Bankruptcy and liquidation letters drafted
 - Administration of Probate searches
- July and August saw more aggressive use of composite recovery within current policies, improving collection in this area by over £80,000 since the last report. This more aggressive approach will continue.
- 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 has been split between composite recovery and implementation of Debtsys.
- Implementation of Debtsys (More below)
- Performance continues to be monitored against the collection profile completed for year. We are currently £90,00 behind profile.
- A change in the RSL attitude to paymen has been detected since our adoption of a more firm approach, this will be consolidated over the coming months.
- Key to success this year is the effective implementation of the new recovery system, Debtsys.
- Look at attachment to other benefits where the debtor has left the Borough
- Look at tracing tools and agencies
- Much more transparent procedures on enforcement

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

6.22 Work has already commenced on this whilst at the same time, implementing the new debtors software (Debtsys) by November 2003. Enhancements we have planned for introduction with the new system are:

- More clear and legal notification letters
- Redesigned invoices that look like a request for payment
- Six instalments offered to all
- Standing order form enclosed with all invoices
- Re-vamped Reminders and Final Notices
- Concentration on recovery
- Acceptance of payment by Paypoint
- More robust further recovery letters

6.23 Migrate from Current World to lworld

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.

6.24 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 – July 2003

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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