

LONDON BOROUGH OF BRENT

MEETING OF THE PERFORMANCE AND FINANCE SELECT COMMITTEE 19 NOVEMBER 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. It provides details of improvements to Council Tax collection levels achieved since the beginning of the financial year and the progress that has been made in stabilising Housing Benefits backlogs.
- 1.2 In overall terms, in year Council Tax collection has shown gradual improvement since July 2003 and an upward trend in terms of the amounts being collected on a monthly basis. This upward trend needs to be sustained for the remainder of the financial year to enable contractual targets to be achieved, however progress is encouraging at this point in time.
- 1.3 Progress has also been made in stabilising backlogs of Housing Benefit claims. The total number of outstanding items of work has been reduced from 17639 to 14551 (3088 items) since 1 October 2003, although levels of "incoming work" have recently been affected by the postal strike. The overall position has stabilised and plans are being reviewed to seek out ways of further improving the rate of clearance during this financial year.

2. Recommendations

- 2.1 The Committee is recommended to:
- Note the Council Tax Recovery and Service Improvement plans.
 - Note the progress that has been made in stabilising Housing Benefit backlogs.
 - Note the need to review Housing Benefit recovery plans in order to achieve backlog clearance within the financial year.

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 engaged to help clear backlogs of Housing Benefit work.

5.0 Legal Implications

- 5.1 There are no legal implications arising from the content of this report.

6.0 Detail

- 6.1 In accordance with feedback received from Members at the last meeting of this Committee, this report sets out :

- Capita's performance against contractual requirements for Council Tax collection, Business Rates collection and IT provision.
- Details of Housing Benefit performance including processing and overpayments recovery.
- Details of Customer Services performance for Revenue and Benefits, including complaints processing.
- Other issues affecting the service.

6.2 Capita's performance against contractual and service objectives

Improving Council Tax and NNDR Collection

Capita are contractually required to achieve an in year collection rate of 92% for 2003/04 and total arrears collection of £ 3 million. These are their two most significant Council Tax targets. For Business Rates they are required to achieve 96%.

In year collection is monitored on a monthly basis against two main indicators. These are a monthly comparison of in year collection against the same point in time last year and Capita's own monthly collection forecast. Collection was down by 3.55% at the end of July compared to last year but this gap has now been reduced to 2.65% as at the end of October 2003. Capita are 1.56% down on their forecast profile at 31 October 2003 and hence still have further improvement to

make in order to achieve contractual targets. The following table shows collection to date compared to the last two financial years.

Table 1 : In year collection to date

	May	Jun	Jul	Aug	Sep	Oct
2001/2	32.5	38.45	44.58	50.9	56.7	63.18
% Collected in month		5.95	6.13	6.32	5.8	6.48
2002/3	30.99	37.47	44.02	50.01	56.53	62.79
% Collected in month		6.48	6.55	5.99	6.52	6.26
2003/4	29.02	34.9	40.47	46.53	52.98	60.14
% Collected in month		5.88	5.57	6.06	6.45	7.16

- 6.3 Table 1 above shows a steady upward trend in terms of the percentage of Council Tax collected on a monthly basis, rising from 5.88% in June to 6.45% in September, and 7.16% in October.

Table 2 : Actual Collection against forecast

Collection Profile	April	May	June	July	Aug	Sept	Oct
2003/4 Target	23.35	29.02	34.84	41.60	48.30	55.00	61.70
Actual	23.35	29.02	34.84	40.47	46.53	52.98	60.14
Variance	0	0	0	-1.13	-1.77	-2.02	-1.56

- 6.4 The monthly collection profile was established from July hence the reason for the first quarter's performance showing a nil variance. Table 2 shows that to date, collection is 1.56% below the profiled target for achieving the 92% collection rate.

Whilst actual collection performance compared to both profiled collection and collection achieved in previous years indicates that current performance is below that expected, there are a number of reasons for this and these are explained in paragraph 6.7 below.

- 6.5 Table 3 below shows Capita's collection targets from November 2003 to March 2004 and compared to actual collection for the previous two years.

Table 3- Forecast collection

	Nov	Dec	Jan	Feb	Mar
2001/2	69.61	75.45	81.82	86.42	91.07
	6.43	5.84	6.37	4.6	4.65
2002/3	69.35	75.34	81.55	85.88	89.86
	6.56	5.99	6.21	4.33	3.98
2003/4 Target	68.40	75.10	81.80	86.5	92
	8.26	6.7	6.7	4.7	5.5

- 6.6 This table shows that Capita need to achieve 8.26% collection in November to achieve the profiled collection rate for 30 November 2003. Capita are confident of continuing to improve the in month collection rate however the shortfall against profile will be extremely challenging to achieve. If the current upward trend is sustained this will facilitate enhanced monthly collection targets for December and January. However since historically collection has always dipped over the Christmas period this represents an extremely ambitious profile.

Issues affecting collection 2003/04

- 6.7 Difficulties in collecting some Direct Debit payments have been experienced since July this year, culminating in approximately £490,000 worth of instalments not being collected. The Council joined the paperless direct debit scheme called "AUDDIS" in April 2003. Under this scheme, a Direct Debit can be set up over the phone. Details are transmitted electronically to BACS, and, if accepted, the Direct Debit is activated. About 25,000 payers are currently paying by Direct Debit, but there still approximately 300 accounts where the Direct Debits have not been successfully accepted by BACS. Bank details for cases affected by the transfer to AUDDIS are being re-transmitted to BACS, with monthly instalments being recalculated through to next March and the Council Tax payer duly notified. As a consequence of this, the instalment profiles for the affected customers will be amended to allocate their Council Tax debt over the remaining months of the current financial year.
- 6.8 Capita have referred circa 27,000 Liability Orders to their Bailiffs (Equita) representing both current and previous years' debt. Improvements to collection performance will be dependent upon the extent to which Equita can recover debts promptly and effectively. The Council has raised concerns regarding Equita's capacity to deal with such a large volume of debts simultaneously and as a result, Capita has agreed to use another Bailiff company for some debt. Equita have prioritised Liability Orders to current year debt and will be passing some previous years debts to the new Bailiff later in November. Close monitoring of progress will continue to be undertaken. A Bailiff Publicity Campaign using posters and press adverts has been launched during November to coincide with increased Bailiff activity in the Borough. A pre-bankruptcy letter will be sent to debtors where the Bailiffs have returned a Liability Order for them to the Council and the debt exceeds £750.
- 6.9 The postal strike, at the end of October meant that the issue of some reminders and summonses was deferred and the court date set for 6th November had to be adjourned until 25th November. Capita are endeavouring to redress the situation as quickly as possible by adding additional recovery runs in November and December. Additionally, an extra Court date has been arranged for 23 December 2003. Aside from delays due to the postal strike, investigations have shown that

there is no evidence to indicate that bills are not being issued when they are due. Capita has previously advised that a software bug may have been preventing the issue of some bills.

- 6.10 There is a backlog of Council Tax correspondence to be dealt with, which at the end of October, amounted to 6,023 items of post. To reduce this Capita has taken on additional temporary staff and arranged overtime working. In addition from 10 November some off-site staff at Bromley will be trained to deal with some of the correspondence.
- 6.11 The One Stop Shop officers that staff the Revenues & Benefit Contact Centre and One Stop Shop enquiry counters are currently undergoing comprehensive training on how to update the Council Tax computer system to enable them to be more empowered in answering customer enquiries. e.g. Vacations, new occupiers, and changes of instalments. By 1st May 2004, it is anticipated that they will be able to update the system, within an agreed remit. This will mean that in many cases, when the caller gives them information, they will be able to process it rather than merely taking a note and passing it to the Council Tax back office for processing.
- 6.12 Capita have produced a collection recovery plan and a longer-term Service Improvement Plan (SIP) for discussion with the Council. These are shown in Appendix 1 and 2 to this report.
- 6.13 For arrears outstanding at 31 March 2003, the contractual target is to collect £3 million by 31 March 2004, and as at 31 October 2003, £1.91 million had been collected. Current projections indicate that the £3M arrears target will be marginally exceeded by 31st March 2004.

6.14 NNDR Performance

The NNDR in year collection rate at end of October 2003 was 65.56%, which is exactly the same as at the same time last year. The target is to reach 96% by 31 March 2004, and collection is currently on target to achieve this.

Month	2002/03 collection rate	2003/04 collection rate
May	19.5%	17.73%
June	29.19%	26.28%
July	38.55%	37.47%
August	46.81%	46.48%
September	55.52%	56.76%
October	65.56%	65.56%
Arrears		2.484M

The NNDR IT system currently in use is an Anite system called BRATES. As part of the new contract arrangements with Capita, the

data is being transferred to a Unix based system called Academy. At the time of writing this report, the migration is scheduled to occur in the last 2 weeks of November, and officers will provide a verbal update on progress at the meeting.

6.15 Capita IT Provision against contractual requirements

IT system availability has been significantly improved since early September 2003 with no unscheduled down time. Capita have agreed contingency arrangements with the Council, to provide greater resilience in the event of any future network problems, including the installation of a separate ISDN line that would by pass Capita's network. The new ISDN link should be installed within the next few weeks and will be funded by Capita.

6.16 In House : Housing Benefits Performance

At the last meeting of this Committee on 1 October 2003 the Benefits service was still suffering from severe service disruption following on from a prolonged strike by UNISON members in July and August 2003 and severe IT disruption in August 2003. The service is now relatively stable and a number of short- term actions are starting to bring about improvements in performance and productivity. However, we are undertaking a broader review of our plans to enable complete eradication of backlogs within the current financial year and to resource our ability to keep up to date with incoming work. Our current resourcing arrangements allow very limited resilience in the event of unplanned set backs such as the recent postal strike or for planned activities such as training. Whilst the productivity and attendance of individuals is improving the rate of recovery may not achieve complete recovery of the service within the current financial year.

6.17 There are a number of service enhancements planned for the forthcoming financial year 2004/5 which are dependent on the clearance of backlogs and therefore which are at risk if the backlog is not cleared. These include:

- Improved CPA rating
- Achievement of Local Public Service Agreement (LPSA) targets
- Implementation of Verification Framework
- Integration of all Local Taxation and Benefits enquiries to One Stop Shops and a re-engineering of customer services for personal callers.
- Replacement of Viewstar (i.e. the existing Document imaging and workflow system)

6.18 Backlog

The backlog clearance plan started on 18 August 2003 at which time the backlog was defined as any work received on or before 13 August 2003. At this point there were 16,782 work items in backlog. In addition

there were 1,657 work items “in progress”, giving a total work load of 18,439 work items to be dealt with. The backlog was segregated and a backlog team of agency staff was set up to deal with the segregated backlog work. Priorities for dealing with backlog were in the order of new claims, renewals, changes in circumstances and appeals. In addition those claims not in payment and the oldest work items were prioritised. The overall objective was to keep new work up to date using permanent staff and steadily eradicating backlogs using the additional agency staff.

6.19 Progress on clearance of segregated backlog

The table below indicates the level of backlog still remaining for work received prior to 18 August 2003, as at 10 November 2003.

Work area	Number in payment	Number not in payment	Total number of cases
New claims	1	6	7
Renewal claims	33	5	38
Cancellations	2	98	100
Change in circumstances	1329	324	1653
Appeals	200	292	492
Other	116	565	681
Total	1681	1290	2971

Our previous plans had forecast that we would have a total backlog of 416 items outstanding at this stage. This compares to 2971 shown above. The deficit is partly due to IT problems in August and partly due to difficulties recruiting and retaining sufficiently skilled agency staff.

6.20 Incoming Work

There are a number of issues affecting our ability to keep up to date with incoming work. On average there are 770 new items of work to deal with per day and we have only been able to deal with an average of 600 cases a day. This means that an average of 170 cases of incoming work are not being dealt with on a daily basis.

6.21 Whilst we have been unable to deal with all incoming work on a daily basis we have had to impose priorities, which mean that new and renewal claims not in payment, are dealt with first. This enables us to target our resources at preventing homelessness but does mean that there is an unknown level of overpayments accruing within the changes in circumstances work load. There are financial implications arising for the Council in relation to any overpayments arising as a result of our error or failure to process work on time.

6.22 The table below details work that is still outstanding and has been received since 18 August 2003. This is broken down into claims that are already in payment and those which are out of payment. It should be noted that this includes normal work in progress and also some claims where customers have delayed in submitting documentary evidence with their application. The total figure of 11580 includes normal work in progress that is estimated to be 5250.

Work area	Number in payment	Number not in payment	Total number of cases
New claims	2157	1486	3643
Renewal claims	1420	254	1674
Cancellations	53	574	627
Change in circumstances	2801	1533	4334
Appeals	226	142	368
Other	161	773	934
Total	6818	4762	11580

The total backlog cleared since 18 August 2003 is 15458, however the overall reduction to outstanding work is 3,888 work items.

6.23 Best Value Performance Indicators

The table of Audit Commission Best Value Indicators (BVPI) below are an external measurement of performance in comparison to other Authorities. They do not take account of the fact that backlog clearance increases processing times and hence our BVPI performance will be affected as long as we continue to clear backlogs.

BVPI	2002/3 Performance	2003/4 Target	2003/4 Q1	2003/4 Q2
Average days to process new claims	89	60	65.84 days	59 days
Percentage of renewals processed without a break in payment	59.75%	65%	38.24%	53%
Average days to process a change in circumstances	32.47	25	26.41 days	32 days
Percentage of claims	93%	96%	96%	95%

processed accurately				
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6.24 Strategies for clearing backlogs

There are a number of strategies being considered and implemented to improve the position including the following:

- Agency staff are being retained until April 2004
- Further agency staff are being sought
- Targeted overtime working commenced on 25 October 2003
- We are prioritising renewals that are due to expire on a weekly basis, to prevent the payments stopping.
- We are reviewing our procedures for “Payment On Account”, which will enable us to make payments to private tenant customers in circumstances where we do not have all of the necessary information to make a final decision on the claim.
- We are changing our procedures for checking entitlement to Income Support and Job Seekers Allowance to ensure that the claims are paid more quickly
- We are monitoring the action taken on a claim to ensure that claims are paid when at all possible.
- We will be reviewing our “urgents” procedures as we realise that the criteria is very tight and that customers and front line staff are experiencing significant pressure as a result
- We have commenced monthly liaison meetings between Benefits staff and Customer Services staff so that we can share information and review procedures

6.25 Pension Credits Implementation

On 6 October 2003 Pensions Credits were introduced affecting approximately 9,000 pensioners claiming Housing Benefit and or Council Tax Benefit in Brent. Aligned with this change is the abolition of benefit periods for pension age claimants. This means that there is no longer the necessity for pensioners to re-claim Housing Benefit on a yearly basis.

In order to implement the change of legislation we have had to train all Housing Benefit staff, amend computer records write to each pensioner setting out details of the change and how it affects them. We have established liaison mechanisms with the Pension Service and have signed a Service Level Agreement with the Pension Service. On the whole the implementation has been a success.

6.26 Future Changes in Legislation

The Department of Work and Pensions (DWP) are finalising consultation on the abolition of benefit periods for working age claimants, with the intention of implementation from April 2004. We have had very limited guidance to date but broadly the intention is that claimants (pensioners and working age) will not renew their claims on a regular basis but that Local Authorities will 'intervene' on a risk assessment basis to check the validity of claims. At this stage there is no clear guidance on the manner in which an Authority must intervene or the volumes of cases on which an, 'intervention' must take place and we are awaiting more detailed guidance. The DWP have advised however, that whilst they are likely to require Authorities to 'intervene' on fewer cases, the level of work required is also likely to be more resource intensive. Currently if a claimant chooses not to renew their claim the Authority has a choice to take no further action. Under the new arrangements if an Authority takes steps to validate a claim (by telephone, letter or visit) they must secure validation in order to continue paying Benefit. Therefore, if a customer does not reply it may be that several checks have to be made in order to justify continued payment of Benefit. Under current guidance from DWP it is not acceptable to stop benefit on the basis of a claimant failing to respond to one letter, telephone call or home visit.

6.27 Housing benefit Overpayments

The target for this financial year is to recover £2.5 M in contrast to the £2 million achieved during 2002/03. The table below provides a breakdown of the position year to date for 2003/04.

	End October 2003	End October 2002	31 st March 2002
Recovery from Ongoing	£694,700	£702,000	£1,132,000
Composite (* See below)	£218,000	£185,000	£292,000
Cash (Invoice)	£641,000	£685,000	£1.2M
Total Recovery	£1.40M	£1.38M	£2M

(* Composite recovery is the recovery of a Housing Benefit Overpayment owed by a landlord from the ongoing benefit of another of their tenants

6.28 Progress in achieving improvement has been slow but there are signs that the remainder of this year will see good results. This is a high priority. The new debt recovery system, Debtsys, went live on 3rd November 2003 and this will help to improve overpayments management for the future.

6.29 Debtsys is an important element in the implementation of a long-term strategy for overpayments management. The major benefits of implementation will be seen in the next financial year. With this in mind, efforts are being made to identify short-term successes during the remainder of 2003/04. These include reaching settlement agreements on old debt with RSLs, County Court action using Form N322A (application for County Court judgement on a debt) and continued aggressive Composite Recovery. Overall performance in relation to the end of year target of £2.5M is very slightly ahead of last year. Use of composite recovery has been particularly successful with an 18% improvement on last year. This is encouraging given the need to divert resource to the implementation of Debtsys.

6.30 Customer Services Performance and Issues

This part of the report summarises details of Customer Services performance for telephone answering, personal callers and complaints. By way of overview, the implementation of aggressive Council Tax recovery and overpayments recovery plans alongside the prioritisation of Housing benefit backlogs, is having a clear impact on Customer Services. This is evident from the large number of engaged telephone calls, waiting times exceeding 30 minutes for personal callers and a high level of justified complaints. There are very immediate customer needs relating to the clearance of backlogs however there is also a very urgent need to improve the Council's financial position by improving collection of Council Tax and Housing benefit overpayments. In the longer term, Council Tax recovery plans will be spread more equally over the year, Housing Benefit backlogs will be eradicated and historical Housing Benefit debts will have been cleared. In the interim, these multiple service pressures will continue to manifest themselves in exceptional levels of customer contacts.

6.31 Complaints

The following table shows complaints performance for the month of October and April to date. This relates to complaints for both Revenue and Benefits

Month of October

	Received	No. Done	% In Time	% Justified
Stage 1	126	48	37.2%	62.7%
Stage 2	13	6	33.3%	100.0%
Stage 3	5	2	100.0%	100.0%
Ombudsman	1	1	0.0%	0.0%

01/04/03 - 31/10/03

	Received	No. Done	% In Time	% Justified
Stage 1	787	649	31.0%	55.8%
Stage 2	107	129	14.0%	86.8%
Stage 3	29	26	73.1%	73.1%
Ombudsman	5	5	60.0%	0.0%

The 2 major causes of complaints are delays in processing Housing Benefits and Council Tax recovery action. The percentage of justified complaints will remain high until backlogs are cleared but should level out once this has been achieved. Efforts are also being made to ensure that complaints responses are achieved within target times.

6.32 Counter callers

On average 6500 customers visit the dedicated Revenue and Benefits counter located in Brent House, on a monthly basis. A similar number visit the other 5 One Stop Shops located across the Borough. On average 66% of customers visiting Brent House are seen within 30 minutes, however in October this fell to 32.6%. Resolution of queries is normally dependent on back office processing. Many customers are chasing progress of their Housing Benefit claim.

There are nine staff based at Brent House One Stop Shop who are dedicated to providing advice on Benefits and Council Tax. The backlog of benefits, and the increased rate of recovery activity on Benefit Overpayments and Council Tax has had an impact on the service Counter staff are able to provide. The table below details performance for October 2003 and November 2003 to date:

6.33 Telephone Performance

There are significant pressures on the Revenue and Benefits call centre because of the intense nature of Council Tax recovery runs over the last 3 months. As a result the number of engaged and abandoned calls have increased significantly and the average length of calls has increased as customers express dissatisfaction with recovery action. This has been further exacerbated by the need to train new recruits and the implementation of Council Tax empowerment training for all staff. Between July and September 2003, 109,545 callers received an engaged tone, this compares to 59,625 in the same period last year. Clearly many callers tried to ring several times before being able to get through on the available lines. For the same period, 49,939 call were

answered which is slightly higher than the same period last year. On average callers waited 4.5 minutes for their call to be answered by an operator.

The volume of calls received in the last quarter has been directly influenced by the pace of Council Tax recovery runs, the problems with Direct Debits, staff training and the Housing Benefit backlog.

6.34 Next steps

There is still much to be achieved in terms of the transformation of the Revenue and Benefits service. However the service is now in a more stable position than it has been for some months. The last major element of major organisational change took place on 1 November when the new structure was implemented. This along with improved IT stability have been critical factors in making progress over the last period.

7. Background Information

The Benefits Recovery Plan Update – July 2003

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

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