

# LONDON BOROUGH OF BRENT

## MEETING OF THE PERFORMANCE AND FINANCE SELECT COMMITTEE 13 JANUARY 2004

### 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 Good progress has continued to be made in eradicating Housing Benefit backlogs, since the last meeting on 19 November 2003. The isolated backlog has now been eradicated and efforts are now being focussed on ensuring all new work is processed within 3 days with a steady reduction to the secondary backlog. As at 22 December 2003 there were a total of 12,185 items of work awaiting action. This represents a backlog of 6935 items and 5500 work in progress items.
- 1.2 In overall terms, in year Council Tax collection has shown gradual improvement since July 2003 and a general upward trend in terms of the amounts being collected on a monthly basis, although this has not been consistently maintained. This upward trend needs to be sustained for the remainder of the financial year to enable contractual targets to be achieved. Overall progress since July 2003 has been encouraging but improvements to collection are likely to prove particularly challenging in December, when historically collection rates have dipped.
- 1.3 Plans are currently being made for the implementation of legislative changes for Housing Benefits in 2004. The changes will represent a significant change of emphasis for service delivery from 2004, particularly in terms of the processing priorities. There will need to be increased emphasis on "right first time" and timely processing in 2004, in order that new financial incentives can be maximised and overall service objectives met. Paragraph 6.14 provides more detail.

## **2. Recommendations**

2.1 The Committee is recommended to:

- Note the progress in stabilising the Housing benefit service and planning for changes in 2004.
- Note Capita's progress in improving Council Tax collection levels for 2003/04 and their forecast collection to 31 March 2004.

## **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 There are no direct staffing implications arising from this report

## **5.0 Legal Implications**

5.1 There are no direct legal implications arising from this report.

## **6.0 Detail**

6.1 The following paragraphs set out a detailed update of Capita's performance, Housing Benefits in house performance and details of future plans and issues for 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 their target is 96% for 2003/04, but the deduction and incentive scheme is based on whether or not collection exceeds payments into the National Pool.

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 2.65% at the end of October compared to last year and this gap increased to 2.80% as at the end of November 2003. Capita are 1.86% down on their forecast profile at 30 November 2003 and hence still have a lot of improvement to make in order to achieve contractual targets. The following table shows collection to date compared to the last two financial years.

## 6.3 Council Tax Collection

Table 1 below shows monthly collection this year to date. November collection was lower than October and Capita believe that this was mainly due to the impact of the postal strike, which delayed reminder action and Court hearings in November 2003.

Table 1: In year collection to date

	May	Jun	Jul	Aug	Sep	Oct	Nov
<b>2001/2</b>	32.5	38.45	44.58	50.9	56.7	63.18	69.61
<b>% Collected in month</b>		5.95		6.32	5.8	6.48	6.43
<b>2002/3</b>	30.99	37.47	44.02	50.01	56.53	62.79	69.35
<b>% Collected in month</b>		6.48	6.55	5.99	6.52	6.26	6.56
<b>2003/4</b>	29.02	34.9	40.47	46.53	52.98	60.14	66.54
<b>% Collected in month</b>		5.88	5.57	6.06	6.45	7.16	6.40

Table 2 shows that on a cumulative basis Capita are down by 1.86% against their own profile for collection and hence will need to exceed their profiled collection between December and March, by 1.86% to achieve the contractual target of 92 %.

**Table 2: Actual Collection against forecast**

Collecti on Profile	*April	*May	*Jun	July	Aug	Sept	Oct	Nov
<b>2003/4 Target</b>	23.35	29.02	34.84	41.60	48.30	55.00	61.70	68.40
<b>Actual</b>	23.35	29.02	34.84	40.47	46.53	52.98	60.14	66.54
<b>Variance</b>	0	0	0	-1.13	-1.77	-2.02	-1.56	-1.86

\*The monthly collection profile was established from July hence the reason for the first quarter's performance showing a nil variance.

**Table 2a: Profile comparison to actual collection: Monthly**

<b>Actual Collection against Profiled Monthly Collection Targets</b>										
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
<b>2003/2004</b>	6.70	6.70	6.70	6.70	6.70	6.70	6.70	4.70	5.50	
<b>Actual</b>	5.63	6.06	6.45	7.10	6.40					
<b>Variance</b>	-1.07	-0.64	-0.25	0.4	-0.3					

Table 2a shows actual month-by-month performance compared to agreed monthly profile targets.

Table 3 below shows Capita's own forecast collection profile from December 2003 to March 2004 with a comparison to actual collection for the previous two years. If this collection profile is achieved, then end of year collection will only be 90.14%. It should be noted that the forecast profile would require significant improvement to previous years collection for the same months (an increase of 2.34% compared with 2001/02 and 3.29 % compared with 2002/03). In order to achieve the contractual target of 92%, an increase of 4.2% compared to 2001/02 would need to be achieved and 5.15% compared to 2002/03.

**Table 3- Forecast collection**

	Dec	Jan	Feb	Mar
<b>2001/2 ( Cumulative collection )</b>	75.45	81.82	86.42	91.07
<b>Monthly collection</b>	5.84	6.37	4.6	4.65
<b>2002/3 (Cumulative collection )</b>	75.34	81.55	85.88	89.86
<b>Monthly collection</b>	5.99	6.21	4.33	3.98
<b>2003/4 Target ( Cumulative collection )</b>	75.10	81.80	86.5	92
<b>Monthly collection</b>	6.7	6.7.	4.7	5.5

#### **6.4 Issues affecting collection 2003/04**

Although 25,000 Council Tax payers are on Direct Debit, problems were experienced with approximately 300 Direct Debit accounts following the transfer to the paperless direct debit system (AUDDIS) in April 2003. Bank details for these cases were re-transmitted to BACS in October and November, with monthly instalments being recalculated through to March 2004 and the Council Tax payer duly notified. As a consequence of this, the instalment profiles for the affected customers were amended to allocate their Council Tax debt over the remaining months of the current financial year.

- 6.5 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 bailiffs can recover debts promptly and effectively. Capita has agreed to use another Bailiff company for previous years debt, and have appointed Newlyn Collection Services for this purpose. Close monitoring of progress will continue to be undertaken. A Bailiff Publicity Campaign using posters was launched in December to coincide with increased Bailiff Activity in the Borough. The poster will also appear in the Brent Magazine and local papers in January 2004. 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.
- 6.6 The postal strike, at the end of October delayed the issue of some reminders and summonses and as a consequence a court date set for 6<sup>th</sup> November had to be adjourned until 25<sup>th</sup> November. An extra Court date has been arranged for 23 December 2003.
- 6.7 There has been a backlog of outstanding Council Tax correspondence for some months and this increased to 6,000 items by the end of November 2003. Capita have advised that this increase arose due to the influx of post after the end of the postal strike and IT problems in December, which disrupted productivity for a week. Capita has taken on additional temporary staff and arranged overtime working, to reduce this backlog before year- end close down in March 2004. In addition some off-site staff at Bromley are now dealing with some of the correspondence.
- 6.8 The One Stop Shop officers that staff the Revenues & Benefit Contact Centre and One Stop Shop enquiry counters are currently undergoing comprehensive training to enable them to update the Council Tax computer system and be more empowered in answering customer enquiries e.g. vacations, new occupiers, and changes to instalments. By 1<sup>st</sup> 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. The training is due to finish in February, so this new process will start then, although it does not become contractual until 1 May 2004.

- 6.9 For arrears outstanding at 31 March 2003, the contractual target is to collect £3 million by 31 March 2004, and as at 30 November 2003, £2.184 million had been collected. Current projections indicate that the £3M arrears target will be exceeded by about £0.25M by 31<sup>st</sup> March 2004.

## 6.10 NNDR Performance

The NNDR in year collection rate at the end of November 2003 was 73.87%, which is 0.36% down compared to the same time last year. This reduction has partly arisen from the need to plan for the migration to Academy software in January 2004. It is anticipated that this position will be rectified and overall collection will recover after migration to enable contractual targets of 96% to be met by 31 March 2004.

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%
November	74.23%	73.87
Arrears	3.193M	2.668M

Although 96% is the target for 2003/04, the deduction and incentive scheme is based on collection compared to payments that have to be paid into the National Pool. As at 19 November, £48.367M had been collected and £43.878m paid into the National Pool. To date £46K interest has been earned. Under the terms of the contract, Capita retain the first £60K of interest earned, and interest earned above £60K is shared equally between Capita and the Council.

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 January 2004, and officers will provide a verbal update on progress at the meeting.

At the last meeting, Members requested information on write offs. With regard to NNDR Capita have undertaken a write off exercise in order that bad debts are not transferred to the new Academy system. Approximately £3.9M has been written off since 1 April 2003. Of this approximately £2.6M is in respect of dissolved companies, £1.2M in respect of absconders, and £0.1M in respect of bankruptcies and liquidations. Full details of all the individual debts written off over a value of £3,000 will be reported to the Executive in February or March, in accordance with the Financial Regulations. There has been no similar write off exercise carried out on Council Tax but a verbal update will be provided to members at the Committee meeting on 13 January 2004.

### **6.11 Capita IT Provision against contractual requirements**

There were problems with system availability in December for approximately one week, following the implementation of a scheduled software release onto IWorld. Productivity was adversely affected for both Housing Benefits and Council tax as a result of this. A full report of this incident is awaited from Capita but it would appear that the main source of the problem was a software bug within IWorld. System availability has otherwise been good for this period.

### **6.12 In House : Housing Benefits Performance**

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 workload 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, cancellations, 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.

The segregated backlog was cleared during week commencing 8 December 2003.

### **6.13 Incoming Work**

Now that the original segregated backlog has been cleared, the backlog team are being deployed alongside permanent staff, to ensure that all new work is processed within 3 working days. Prior to 8 December, we were unable to consistently clear a days work in a day. The redeployment of the backlog team to new work will increase our ability to achieve this and thus improve our overall processing times. This should reduce customer services contacts in the future as the need for customer to progress chase diminishes and error rates reduce. We are additionally increasing employing a further 5 agency staff (assessors ) from January. The additional staff should enable secondary backlogs to be steadily reduced before the commencement of the new financial year.



### Assessment work outstanding

Work area	Number in payment	Number not in payment	Total number of cases
New claims	2,538	525	3,063
Renewal claims	1,180	163	1,343
Cancellations	71	741	812
Change in circumstances	3,569	1,757	5,326
Appeals	298	226	524
Other	339	778	1,117
<b>Total</b>	<b>7,995</b>	<b>4,190</b>	<b>12,185</b>

There has been an overall reduction of 6,254 items of work since 18 August 2003. It should be noted that only 668 new applications and renewals currently remain out of payment.

The table below details the age profile of work outstanding

#### Age profile of assessment work outstanding

Month	Total items of work
August	158
September	1,596
October	2,544
November	3,278
December	4,609
Total	12,185

#### 6.14 Best Value Performance Indicators

The table below shows performance against best Value Performance Indicators for the first two quarters of 2003/04 and some updates on quarter three. Verbal updates will be provided to the Committee for processing times in quarter three.

BVPI	2002/3 Performance	2003/4 Target	2003/4 Q1 (April - June)	2003/4 Q2 (July - Sept)	Oct 2003	Nov 2003
Average days to process new claims	89	60	65.84 days	59 days	*	*
Percentage of renewals processed	59.75%	65%	38.24%	53%	45%	47%

without a break in payment						
Average days to process a change in circumstances	32.47	25	26.41 days	32 days	31 days	43 days
Percentage of claims processed accurately	93%	96%	96%	95%	Due Jan 2004 for Q4	Due Jan 2004 for Q4

\*These figures are being collated and will be verbally presented on 13 January

- 6.15 The percentage of renewals processed without a break in payment has remained stable. We are processing renewal forms returned before the claims expire. If the claim has already expired by the time the form is returned, we are processing within 3 days of receiving the forms. We would need to be more proactive than we currently are, in encouraging customers to return claim forms and evidence required more promptly, in order to improve this performance indicator. This would involve sending reminders for claim forms and evidence and chasing requests by telephone and by home visits. In view of backlogs for claims which have been returned and the fact that the need to renew claims is being abolished in April 2004 we are concentrating all effort in to clearing the backlogs of work received.
- 6.16 The change in circumstances indicator increased significantly in November as a substantial volume of backlog changes were processed in November and continue to be processed throughout December. This indicator will not improve significantly until all backlogs are eradicated.

### 6.17 Future Changes in Legislation

Plans are being made to prepare for the abolition of benefit periods for working age claimant from 1 April 2004. Claimants will no longer be required to renew their claim on an annual basis. However, Local Authorities will be required to carry out in claim checks on a proactive basis and utilising risk assessments for fraud and predictive changes in circumstances. These changes will significantly alter the way in which Housing Benefits are administered.

There are also changes to subsidy, which will incentivise Local Authorities to minimise the creation of Local Authority error overpayments. At present Local Authority error overpayments do not attract subsidy and in many cases are not legally recoverable. From 1 April 2004, 100 % subsidy will be payable on such overpayments provided that the total value is less than 0.48% of total benefit

expenditure. If the total value is between 0.48% and 0.54% of total expenditure, subsidy of 40% will be attracted and above 0.54% of total expenditure will attract no subsidy. These subsidy changes provide clear financial incentives for minimising Local Authority error overpayments.

### 6.18 Housing Benefit Service Plans

In order to meet objectives to reduce processing times, minimise overpayments and reduce error rates plans for the next year include:

- Eradication of all outstanding backlogs of reported change in circumstances by 31 March 2004
- New procedures for dealing with reported change in circumstances which will ensure that these are dealt with within 3 working days (and where this is not possible, payments will be suspended until the change has been processed)
- The implementation of refresher training for those Housing Benefit assessors who transferred from EDS, to improve the quality of processing work and thus reduce errors.
- Increased emphasis on quality checking with a direct link to training and performance management, to ensure that the root causes of errors are directly tackled.
- A review of application forms and publicity arrangements to ensure that customers are fully aware of their responsibilities to report changes in their circumstances, promptly
- An evaluation of implementation of the Verification Framework to secure the gateway to receiving Housing Benefit and thus prevent fraudulent claims.

### 6.19 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. This shows improvements to recovery rates year to date compared with 2002/03.

	<b>End November 2003</b>	<b>End November 2002</b>	<b>31<sup>st</sup> March 2002</b>
<b>Recovery from Ongoing</b>	£824,000	£796,876	£1,132,000

<b>Composite</b> (* See <i>below</i> )	£239,041	£219,873	£292,000
<b>Cash</b> <b>(Invoice)</b>	£829,706	£784,290	£1.2M
<b>Total</b> <b>Recovery</b>	£1.72M	£1.57M	£2M

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

**6.20** The new debt recovery system, Debtsys, went live on 3<sup>rd</sup> November 2003 and our first invoices were despatched on 1<sup>st</sup> December 2003. Feedback is positive so far. In November we received £188,000 in cash compared to £99,000 in November last year. Recovery from ongoing benefit also rose in November to £824,000 compared to £796,000 at the same time last year.

**6.21** 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. Composite recovery continues to be ahead of last year's performance. This is encouraging given the need to divert resource to the implementation of Debtsys.

**6.22** In terms of performance against budget the following shows the position at 30<sup>th</sup> November 2003:

<b>Recovery type</b>	<b>Budget assumption for 2003/04</b>	<b>Actual performance</b>
<b>Clawback</b>	£1.2M	£830,000
<b>Cash</b>	£1.1M	£1.063M

**6.23 Customer Services Performance and Issues**

The following paragraphs summarise performance for complaints, counters and telephones.

## 6.24 Complaints

The following tables detail the volumes of complaints received, processed on time and upheld for Housing Benefit and Council Tax.

### Housing Benefit Complaints

#### October and November 2003 : Housing Benefit Complaints

	October 2003			November 2003		
	Recd	Response on time	Upheld	Recd	Response on time	Upheld
<b>Stage 1</b>	72	25.8	78	85	35.7	70.5
<b>Stage 2</b>	7	25	100	12	25	87
<b>Stage 3</b>	3	100	100	1	25	100
<b>LGO</b>	1	100	100	0	N/A	N/A

#### Complaints December to 19 December 2003 : Housing Benefits

Up to 19 December 2003		
Recd	Response on time	Upheld
61	26	81
5	57.1	64
1	33.3	100
0	N/A	N/A

There are 45 Housing Benefit complaints overdue and it is planned that these will be up to date by 11 January 2004. The tables above and below illustrate that a high proportion of complaints are upheld. This is largely due to backlogs of work and the need to improve the quality of claims processing and stage 1 responses. Training and performance management procedures referred to earlier in the report will assist in reducing the volumes of complaints received and the numbers upheld.

## Council Tax Complaints :

### October and November 2003 : Council Tax complaints

	October 2003			November 2003		
	Received	Response on time	Upheld	Received	Response on time	Upheld
<b>Stage 1</b>	74	47.6	41	60	53	57
<b>Stage 2</b>	6	50	100	9	0	100
<b>Stage 3</b>	3	100	100	1	100	100
<b>LGO</b>	1	100	100	0	N/A	N/A

### Council Tax complaints to 19 December 2003

Up to 19 December 2003		
Received	Response on time	Upheld
35	37	47
4	40	50
1	50	50
0	N/A	N/A

#### 6.25 Counter callers

The table below details the number of callers being received at Brent House enquiry counter and customer waiting times. The aggressive recovery strategy for Council Tax and the outstanding workloads in Housing Benefit processing mean that there will be continued pressure on this service, which is leading to customers waiting for unreasonable lengths of time to deal with their enquiries. The eradication of backlogs and the timetabling of Council Tax recovery over twelve months will mean improvements to this service in the next financial year.

Numbers of callers to Brent House Enquiry Counter	October	November	December to 19 <sup>th</sup> Inclusive
<b>Quick enquiries at reception</b>	3308	3287	2330
<b>Detailed interviews</b>	2911	2347	1627
<b>Total callers</b>	6,219	5,634	3,957
<b>% seen in 30 minutes</b>	33%	12%	22%
<b>Average waiting time</b>	1hr 26 mins	2hrs 10 mins	2hrs 15 mins
<b>Longest waiting time</b>	4hrs 17 mins	5hrs 18 mins	4hrs 4 mins

## 6.26 Telephone Performance

The table below shows telephone performance for Revenue and benefits calls to the end of November 2003. A verbal update on December's performance will be provided for the Committee. There were some improvements to average call answering calls in November compared to October, but overall the call centre is finding it difficult to meet the competing demands being placed on it. The pressures on the call centre should begin to be alleviated as backlogs are cleared and Council Tax recovery cycles are better managed in the new financial year.

	October 2003	November 2003
<b>No. calls attempted</b>	<b>11,068</b>	<b>9,895</b>
<b>No. calls answered</b>	<b>8,709</b>	<b>7,861</b>
<b>% calls abandoned</b>	<b>21%</b>	<b>21%</b>
<b>Average time to answer</b>	<b>4.5 mins</b>	<b>4.07</b>

The issues around back office workloads impact on the call centre in the same way as they do the Brent House enquiry counter.

## 6.27 Next steps

The Revenues and Benefits service has experienced a difficult year that has been dominated by transitional issues and unplanned service disruption. As we approach the end of this financial year, we have finally reached a stable position that will enable proactive service development and improvement to be progressed during 2004/05. Plans are already well progressed for achieving this however it is critical that current levels of stability are maintained to facilitate the transformation of this service.

## 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]*

**Margaret Read**  
**Head of Revenues and Benefits**