

# LONDON BOROUGH OF BRENT

## PERFORMANCE AND FINANCE SELECT COMMITTEE 8<sup>th</sup> April 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 2 March 2004. There are now a total of 6, 461 work items outstanding which represents a backlog of 1,400 and 5,000 work in progress items. In view of the changes to subsidy in relation to Local Authority error overpayments from 1 April 04, efforts have been focussed on processing any outstanding change in circumstances that were likely to result in overpayment. Identified change of circumstances falling within this category, have been reduced to less than 200 items of work, which is a healthy position to commence the new financial year. In overall terms, work queues are stable and provided this position can be maintained, this will facilitate the improvements to Best Value Indicator performance in 2004/05.
- 1.2 The final 2 months of the financial year have shown signs of improved in year Council Tax collection. However, end of year collection is not likely to achieve the contractual target of 92%. It is critical that Capita's plans for 2004/05 address the issues that inhibited their performance in the first year of the contract. The action plan attached as Appendix 1 will need to be further developed urgently to provide the Council with greater assurances of this.

#### 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 2004/05 plan aimed at achieving contractual targets

### **3.0 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. Diversity Implications**

- 6.1 The nature of the Housing Benefit and Council Tax Benefit service means that we aim to assist the potentially most vulnerable members of the community, including those on low incomes, those with disabilities and pensioners. Improvements to the service in terms speed and accuracy of claims processing is beneficial for all claimants. There are no policy changes outlined within this report but impact assessments will be carried out for all new policies, including the development of in claim checks referred to in 7.13 of this report.

### **7.0 Performance against contractual and service objectives**

#### **7.1 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 2.01% below last year's performance at the end of January 2004 but by February 2004, this gap had reduced to 0.76%. Capita are 1.38% below their forecast profile as at 28 February 2004 and hence still have a significant improvement to achieve in order to attain their contractual targets.

The following table shows collection to date compared to the last two financial years.

## 7.2 Council Tax Collection

Table 1 below shows monthly collection this year to date.

**Table 1: In Year Collection Rate to Date**

	April	May	June	July	August	September	October	November	December	January	February	March
2001/2	25.6	32.5	38.45	44.58	50.9	56.7	63.18	69.61	75.45	81.82	86.42	91.07
2001/2 monthly change in %	25.6	6.9	5.95	6.13	6.32	5.8	6.48	6.43	5.84	6.37	4.6	4.65
2002/3	23.99	30.99	37.47	44.02	50.01	56.53	62.79	69.35	75.34	81.55	85.88	89.86
2002/3 monthly change in %	23.99	7	6.48	6.55	5.99	6.52	6.26	6.56	5.99	6.21	4.33	3.98
2003/4	23.35	29.02	34.9	40.47	46.53	52.98	60.14	66.54	72.98	79.54	85.12	
2003/4 monthly change in %	23.35	5.67	5.88	5.63	6.06	6.45	<b>7.16</b>	6.4	6.44	6.56	5.58	

Table 2 below shows that on a cumulative basis, Capita are 1.38% below their own collection profile and hence will need to exceed their profiled collection during March by 1.38% to achieve their contractual target of 92 %.

**Table 2: Actual Collection against forecast**

Collection Profile	* April	* May	* June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2003/4 Target	23.35	29.02	34.84	41.6	48.3	55	61.7	68.4	75.1	81.8	86.5	
Actual	23.35	29.02	34.84	40.47	46.53	52.98	60.14	66.54	72.98	79.54	85.12	
Variance	0	0	0	-1.13	-1.77	-2.02	-1.56	-1.86	-2.12	-2.26	-1.38	

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

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

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

### Actual Collection against Profiled Monthly Collection Targets

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2003/2004 target	6.70	6.70	6.70	6.70	6.70	6.70	6.70	4.70	5.50
Actual	5.63	6.06	6.45	7.10	6.40	6.44	6.56	5.58	
Variance	<b>-1.07</b>	<b>-0.64</b>	<b>-0.25</b>	<b>0.4</b>	<b>-0.3</b>	<b>-0.26</b>	<b>-0.14</b>	<b>+0.88</b>	

Table 3 below shows Capita's own forecast collection profile for 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 be 90.62%. In order to achieve the contractual target of 92%, an increase of 2.23% compared to 2001/02 and 2.90% compared to 2002/03 would need to be achieved.

**Table 3- Forecast collection**

	<b>Mar</b>
<b>2001/2 ( Cumulative collection )</b>	91.07
<b>Monthly collection</b>	4.65
<b>2002/3 (Cumulative collection )</b>	89.86
<b>Monthly collection</b>	3.98
<b>2003/4 Target ( Cumulative collection )</b>	92
<b>Monthly collection</b>	5.5

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

Capita have referred circa 33,000 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 previously agreed to use another Bailiff company for previous year's debt, and appointed Newlyn Collection Services for this purpose. Equita currently have approximately 19,000 liability orders to be processed. They collected £165K in February, and have directly collected a cumulative amount of £988K from debtors during 2003/04. Additionally, £425K has been paid directly to the Council in 2003/4 as a consequence of Equita's actions in respect of cases held by them. Newlyns have about 2,000 previous years' cases being processed and collected £5.5K in February. Pre-bankruptcy letters are being sent to debtors where the Bailiffs have returned a Liability Order for them to the Council and the debt exceeds £750. Over 100 cases are now being prepared for the next stage in this recovery process, which is the issue of a statutory demand.

- 7.4** There had been a backlog of outstanding Council Tax correspondence for some months but by the end of February, this reduced to 831 items, which equates to four days post. The system closed down between 28 February 2004 and 2 March 2004 for annual billing and all the Council Tax bills were sent by 25 March 2004.
- 7.5** For arrears outstanding at 31 March 2003, the contractual target is to collect £3 million by that date. As at 28 February 2004, just over £2.9 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.
- 7.6** At the last meeting of the Select Committee, members requested Capita produce a detailed plan by 10 March showing how contractual targets would be met in 2004/05 and this plan is shown in Appendix 1. Officers have expressed their concerns particularly regarding Equita's bailiff capacity, database accuracy / cleansing of the data, and the likelihood of Capita achieving the 93% in-year collection target for

2004/05 based upon the plans submitted. Further work to address these issues is currently being undertaken by Capita and will result in amendments to the plan attached to this report. Capita's Local Government Director is due to attend Brent's Performance Board on 5 April 2004, and a verbal update from that meeting will be given to the Committee.

## 7.7 NNDR Performance

The NNDR in year collection rate at the end of February 2004 was 94.98%, which was 0.65% up compared to the same time last year. This is particularly pleasing because the migration to the Academy software took place in January 2004 without an adverse effect on collection rates. It is anticipated that the contractual collection target of 96% will be met by 31 March 2004.

The table below shows the performance to date for 2003/4 relative to last year's collection results.

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	73.87%	73.51%
December	83.5%	84.03%
January	92.01%	92.58%
February	94.33%	94.98%

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 February 2004, £61.4M had been collected and £57.3M paid into the National Pool. To date £88K 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 (currently £14K each).

## 7.8 Capita IT Provision against contractual requirements

There have been no major IT incidents since the last meeting of the Performance and Finance Select Committee, although there continue to be minor problems causing some disruption to productivity.

Year end processing has progressed very successfully with only 1 day's loss of productivity and time scales for dispatching Council Tax bills being achieved.

There are a further two days of planned downtime to enable the rollover of financial systems to the new financial year.

## 7.9 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.

## 7.10 Incoming Work

Since clearing the original segregated backlog it has been our aim to clear ‘a day’s work in a day’ and to deal with all work is within three working days of receiving it. However, whilst the segregated backlog was being cleared we were not able to keep up with all incoming work and it was necessary to prioritise incoming work in the same order as described in 7.9 above. It was not appropriate to deal with lower priority new work before dealing with higher priority older work.

We have established a higher degree of stability since the period from December 2003 and have continued to clear backlog on a daily basis. It is still not possible to clear all incoming work as it is necessary to prioritise whilst there remains a backlog.

The table below indicates the current position with outstanding work. Assessment work outstanding

Work area	Number in payment	Number not in payment	Total number of cases
New claims	676	1991	2667
Renewal claims	127	678	805
Cancellations	26	61	87
Change in circumstances	110	1098	1208
Appeals	644	331	975
Other	342	377	719
<b>Total</b>	<b>1925</b>	<b>4536</b>	<b>6461</b>

There has been an overall reduction of almost 12,000 items of work since 18 August 2003.

## 7.11 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.

<b>BVPI</b>	<b>2002/3 Perf.</b>	<b>2003/4 Target</b>	<b>2003/4 Q1</b>	<b>2003/4 Q2</b>	<b>Oct 2003</b>	<b>Nov 2003</b>	<b>Dec 2003</b>	<b>Jan 2004</b>	<b>Feb 2004</b>
Average days to process new claims	89	60	65.84	59	60	61	59	59	58
Percentage of renewals processed on time	59.75	65	38.24	53	45	47	52	48	56
Average days to process change in circumstances	32.47	25	26.41	32	31	43	43	35	43
*Percentage of claims processed accurately	93	96	96	95	N/A	N/A	97	N/A	N/A

\*Percentage of claims processed accurately is a quarterly BVPI

### Comparison with other LA's

#### Average days to process new claims 2003/4

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
Camden	47	60	-
Hammersmith	59	58	61
Westminster	66	60	58
Barnet	58	56	57
Ealing	54	54	47
Harrow	93	99	87
Brent	66	59	59

#### Average days to process change of circumstances 2003/4

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
Camden	4	6	-
Hammersmith	19	20	19
Westminster	41	46	24
Barnet	10	13	12
Ealing	15	16	11
Harrow	22	24	26
Brent	26	32	43

**Percentage of renewal claims processed on time 2003/4**

	Q1	Q2	Q3
Camden	50	53	-
Hammersmith	44	44	34
Westminster	24	40	43
Barnet	55	47	53
Ealing	70	79	72
Harrow	30	30	34
Brent	38	53	53

**Percentage of accurate cases 2003/4**

	Q1	Q2	Q3
Camden	98	97	-
Hammersmith	-	98	-
Westminster	-	98	98
Barnet	99	98	95
Ealing	95	98	98
Harrow	-	98	96
Brent	96	95	98

- 7.12** The percentage of renewals processed without a break in payment has remained stable. 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.

There are presently 136 Changes in Circumstance where Housing Benefit is in payment. These are being dealt with as a priority to ensure they are reduced significantly before 31<sup>st</sup> March 2004. To further protect subsidy in 2004/05, we are looking to introduce new procedures that will ensure we deal with work that will lead to an Overpayment as soon as possible after it is received. We are currently putting together plans to monitor Local Authority Error Overpayments on a daily basis, alerting us issues at an early stage.

Although the accuracy level measured by this BVPI is good, it still places Brent in the lower quartile of national BVPI's. To achieve upper or second quartile performance we are aiming for 99% and 98% accuracy levels respectively.



### 7.13 Future Changes in Legislation

Plans for implementing the abolition of benefit periods are progressing well. We have completed work on making changes to IWorld to facilitate the changes to the Regulations and arrangements for publicity and information to stakeholders and customers. Staff have been trained on the overall impact of the changes and plans are in place to conduct training in relation to responsibilities surrounding in claim checks and the Housing Benefit Matching Service.

### 7.14 BFI Assessment

The Housing Benefits service is inspected on an annual basis by the Benefit Fraud Inspectorate, who evaluate compliance against DWP performance standards and consider performance against national indicators. A CPA rating is then decided which ranges from poor to excellent. The Brent Benefits service has been rated as poor for the last 2 years and it is a key objective to improve this rating in 2004/05 and beyond.

A detailed self assessment is being carried out against the Performance Standards alongside an action plan which identifies the actions required to address any areas which remain below standard. Concurrent with this, service plans for 2004/05 are focussing on the critical need to improve performance against national Best Value indicators, such as reducing average processing times. Improvements to our CPA rating will depend on our ability to demonstrate evidence that we are meeting the requirements of the Performance standards and that BVPIs are improving.

The full self assessment is due to be submitted to BFI in July 2004 and inspection is likely to be in September 2004. The Performance and Finance Select Committee will be regularly updated on progress against the action plan, BVPI performance and plans for the inspection.

### 7.15 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.

	<b>End February 2004</b>	<b>End February 2003</b>	<b>31<sup>st</sup> March 2003</b>
<b>Recovery from Ongoing</b>	£1.143M	£1.054M	£1,132,000

<b>Composite</b> (* See <i>below</i> )	£355,000	£260,000	£292,000
<b>Cash</b> <b>(Invoice)</b>	£1.1M	£1.1M	£1.2M
<b>Total</b> <b>Recovery</b>	£2.345M	£1.96M	£2M

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

**7.16** Recovery from ongoing benefit continues to be ahead of last year's performance at £1.143M compared to £1.054M. Composite recovery is also ahead of last year's performance, by £95K and cash is at last year's levels. The signs are good in terms of reaching our target of £2.5M by the 31<sup>st</sup> March 2004.

**7.17** 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 have been made to identify short-term successes during the remainder of 2003/04. We continue to be aggressive with composite recovery with performance at the end of February over £60K ahead of the performance for the full year last year. We will concentrate on recovery of newer debt in the final push to 31<sup>st</sup> March 2004. Overall performance in relation to the end of year target of £2.5M is ahead of last year by £383,000. This is encouraging given the need to divert resource to the implementation of Debtsys.

**7.18** 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>	/ £1.35M	£1.50M
<b>Composite</b>		
<b>Cash</b>	£1.05M	£1.10M

### **7.19 Customer Services Performance and Issues**

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

## 7.20 Complaints

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

### Benefits Complaints

	January 2004			February 2004		
	Recd	Response on time	Upheld	Recd	Response on time	Upheld
S1	58	59.2%	79.4%	55	45.7%	55.9%
S2	15	33.3%	33.4%	8	0%	70%
S3	1	N/A	N/A	3	75%	50%
LGO	1	N/A	N/A	2	50%	0%

### Council Tax Complaints

	January 2004			February 2004		
	Recd	Response on time	Upheld	Recd	Response on time	Upheld
S1	39	70.6%	55.9%	47	91.8%	56.2%
S2	6	22.2%	75.0%	7	20%	60%
S3	1	N/A	N/A	2	0%	100%
LGO	0	100%	0%	0	N/A	N/A

## 7.21 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	November 2003	December 2003	January 2004	February 2004
Quick enquiries at reception	3287	2,746	2,954	2,730
Detailed interviews	2347	2,047	2,448	2,559
<b>Total callers</b>	<b>5,634</b>	<b>5,343</b>	<b>5,900</b>	<b>5,927</b>

<b>% seen in 30 minutes</b>	12%	26%	28%	36%
<b>Average waiting time</b>	2hrs 10 mins	1hr 32 mins	1hr 32mins	1hr 24mins

## 7.22 Telephone Performance

The table below shows telephone performance for Revenue and Benefits calls to the end of February 2004.

	Jan-04			Feb 04		
	Benefits	Tax	Total	Benefits	Tax	Total
No of calls attempted	9372	10136	<b>19508</b>	8969	13173	<b>22142</b>
No of Calls answered	7860	8321	<b>16181</b>	7194	10819	<b>18013</b>
% calls abandoned	16%	18%	<b>17%</b>	19.79	17.86	<b>19%</b>
Average time to answer	2 mins 22	2 mins 41	<b>2.32 mins</b>	3 mins 23	2 mins 53	<b>3.8 mins</b>

## 7.23 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.

## 7.24 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**  
**Head of Revenues and Benefits**

**Read**