

LONDON BOROUGH OF BRENT

Meeting of the Performance & Finance Select Committee Report from [Director of Finance]

For information

Wards affected:

ALL

Report Title: Revenue and Benefits Performance

Forward Plan ref:

1.0 Summary

- 1.1 This report provides a detailed update on the performance of the Benefits service and a summary of progress with Council Tax and Business Rate collection, up to 31 July 2005.

2.0 Recommendations

- 2.1 Members are asked to note the plans outlined for achieving a benefits CPA score of 4 in 2005/06 and the need to realign priorities to achieve this.
- 2.2 Members are asked to note the increase in the identification of overpayments on benefit claims in quarter 1 arising from proactive interventions and the need to monitor impact closely throughout the year.
- 2.3 Members are asked to note that Council Tax arrears collection for 2003/04 and 2004/05 remains disappointing and the need for Capita to achieve improvements during the remainder of 2005/06 if contractual targets are to be achieved.

3.0 Detail

Overall Summary of Capita's performance

3.1 In overall terms collection performance has remained good for in year Council tax collection and pre contract arrears and NNDR. All three areas are exceeding performance for 2004/05 when compared to collection at 31 July 2004 and have been consistently meeting monthly profiles aimed at achieving or exceeding contractual targets by 31 March 2006. Performance for Council Tax arrears for the years 2003/04 and 2004/05 however remains poor and at this point seems unlikely to achieve contractual targets by 31 March 2006. This is particularly disappointing for 2004/05 arrears given the significant improvements to in year collection achieved during 2004/05. The following paragraphs provide details of collection rates against targets.

3.2 Council Tax Collection for 2005/06

In 2005/06 Capita are contractually required to achieve an in year collection rate of 93.5%.

In year collection will be monitored throughout the year on a monthly basis against two main indicators. These are a monthly comparison of in year collection against the same point in time in previous years and Capita's own monthly collection forecast aimed at achieving contractual targets by 31 March 2006.

Table 1 below shows monthly collection this year to date and compares that with monthly collection in 2003/04 and 2004/05. This shows that the monthly collection between April and July 2005/06 has exceeded that of April to July 2004/05. It should be noted when comparing collection at the end of July in 2005/06 with 2003/04 that the higher level of collection in 2003/04 is attributable to the payments received in April so that customers could benefit from the prompt payment discount. The prompt payment discount was ceased in 2004/05.

Table 1: In Year Collection % to Date compared to previous years

Collection – Council Tax												
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2003/04 Actual	23.35	29.02	34.84	40.47	46.53	52.98	60.14	66.54	72.98	79.54	85.39	90.97
2004/05 Actual	13.77	22.01	29.9	37.42	44.79	52.66	60.15	67.59	74.92	81.53	87.3	93.41
2005/06 profile	13.50	21.50	29.25	37.00	44.5	52.25	60.00	67.75	75.25	82.75	88.25	93.50
2005/06 Actual	14.11	22.6	30.51	37.7								
Variance on 04/05	0.34	0.59	0.61	0.28								

Table 1 also shows that the monthly profile targets for 2005/06 have been exceeded for each month so far in 2005/06. This is encouraging

performance. It should be noted that it is partially due to movement of credits on accounts for 2004/05 and a higher number of customers than forecast paying the full amount of their liability in April 05. The profile will be subject to review throughout the year, to reflect changes in payment patterns, such as any increase to direct debits payers – where instalments are offered up to 31 March 06.

3.3 Council Tax Collection for previous years 2003/04

In 2005/06 Capita are contractually required to achieve a target of 96% for the year 2003/04 arrears. Collection for 2003/04 at the end of July is 93.67%. This represents 0.3% collection since 1 April 05 and means that on average 0.075% per month has been collected. Capita will need to collect 2.33% or 0.29% per month to achieve the contractual target.

Table 2 shows cumulative monthly performance for 2003/04 during 2005/06 and 2004/05

Table 2: Actual Collection for 2003/04 as a % of amount to be collected.

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2003/04 collection in 2004/05	90.73	91.12	91.6	92.02	92.03	92.29	92.63	92.89	93.15	93.26	93.22	93.50
2003/04: in 2005/06	93.37	93.46	93.61	93.67								

Council Tax Collection for previous years 2004/05

3.4 In 2005/06 Capita are contractually required to collect 95.5% of the 2004/05 debt. Collection for 2004/05 is at 93.31% at the end of July. This represents 0.30% collection since 1 April or 0.075% per month on average. Capita will need to collect a further 2.19% by 31 March 2006 or 0.27% per month to achieve the contractual target. This performance is disappointing and of concern. Capita have developed plans to bring about improvements as outlined in the previous committee report however the effectiveness of these plans is yet to be demonstrated on improved collection.

3.5 Table 2a shows accumulative month by month performance in 2005/06 for outstanding 2004/05 debt.

Table 2a: Actual Collection for 2004/05 as a % of amount to be collected.

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2004/05 collection in 2004/05	13.77	22.01	29.9	37.42	44.79	52.66	60.15	67.59	74.92	81.53	87.3	93.41
Collection in 2005/06	93.01	93.00	93.09	93.31								

Other methods of recovery will continue to be explored with Capita to ensure that collection is maximised.

3.6 Pre- contract arrears

The target for pre contract arrears collection during the 2005/06 year is £500,000 to be collected to a cumulative total of £4m. This cumulative total has been exceeded. At the 31 July 2005 cumulative collection of pre contract arrears was £4,514,903 with £263,458 collected between April and July 2005. This means that performance now exceeds contractual targets for 2005/06. The client team will continue to work with Capita to ensure that collection for these years continues to be a priority.

3.7 NNDR Performance

2005/06 Collection

For NNDR (Business Rates) the collection target is 96.4% for 2005/06.

The NNDR in year collection rate at 31 July 2005 was 40.08% which is 2.58% above the monthly target set by Capita and 1.75% up compared to the same time last year when a collection rate of 97.8% was achieved.

Table 3: NNDR collection 2005/06

Collection Profiles – NNDR %												
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2004/05 Actual	9.66	19.01	28.46	38.33	48.85	58.59	68.03	77.54	87.36	95.35	96.67	97.8
2005/06 Target	9.25	18.5	28	37.5	47.5	57	66.5	76	85.5	93.5	95	96.4
Actual 2005/06	10.57	19.75	28.99	40.08								
Variance on 04/05	0.91	0.74	0.53	1.75								
Variance on target	1.32	1.25	0.99	2.58								

Although 96.4% is the target for 2005/06, the deduction and incentive scheme is based on collection compared to payments that have to be paid into the National Pool. This increases Capita's incentive to exceed the targets set.

3.8 Viewstar replacement project

This project relates to the replacement of the existing Document Imaging and Workflow system (Viewstar) currently in use by the service. Good progress has been made on the replacement project, the go live date which was expected to be August 2005 has moved to October 2005.

Once the first phase of the system has been installed, work will commence on Phase 2 which will include more sophisticated work flow and work load management

3.9 Housing Benefit Performance / CPA

As previously advised in June's report, The Department for Work and Pensions have introduced a new Performance Framework for the

Benefits service. Whilst a number of the Performance Measures are the identical to existing BVPI's, the framework includes a number of new areas that were not previously reported. This has required the service to refocus priorities and amend a number of procedures in order to effectively meet the challenges presented by the new framework. The framework forms the basis for self-assessment and determines the CPA score for the service.

3.10 The DWP have advised that 1st quarter performance against the new framework will generate the score for the year. Whilst the DWP have been questioned regarding the fairness of this approach, as the guidance was not received until well into February, there seems little indication that the DWP is willing to move on this issue.

3.11 Through the highly focussed management and monitoring of first quarter performance by the former Head of Benefits, Jenny Dunne and other Team Managers and staff, the service was able to maintain its score of 3. This is a considerable achievement considering the degree of change forced upon the service within a very short space of time.

3.12 Appendix A outlines the DWP's Performance Measures, the Benefits Service performance against them and the scoring mechanism used. In overall terms performance has remained stable throughout the first quarter and has achieved improvements in accordance with plans. The exception to this is performance in relation to the processing of change in circumstances, in which the service has scored poorly. This has been due mainly to a number of factors including:

- the decision to prioritise processing of new applications where performance has significantly improved.
- changes to the definition of a change in circumstance during 2004/05 which significantly increased work loads for this area.
- new case law which arose in 2004/05 and which has built in delays in processing because Local Authorities can no longer end benefit entitlement without seeking clarification of the customer's new circumstances . In many cases this means suspending payment for a period of 4 weeks whilst this information is sought.
- The late notification of CPA scoring methodologies for 2004/05 which simply left insufficient time to address the issues identified in the above bullets in a planned way.

3.13 In order to realign priorities and specifically improve our performance for change in circumstances, new plans for the remainder of 2005/06 have been developed. These plans have been necessary to achieve the newly defined priorities for the service and will help to improve performance measure scores for the rest of the year, with the aim of achieving a score of 4 by the end of the year.

3.14 **Details of plans for 2005/06**

In order to address the changes in circumstance backlog an additional five temporary assessors have been brought in for a four-month period.

The backlog was ring-fenced from 1st August and contained over 4000 items of outstanding work. Current productivity estimates show that the additional staff are clearing approximately 1000 items a month and will clear the backlog by the end of November. Incoming change in circumstances work has been kept up to date by the main assessment teams. Clearing the backlog of 4000 items in 4 months will increase reported processing times for quarter 2 which means that our performance will appear to decline. However once backlogs are cleared, this initiative should significantly reduce the time taken to process change in circumstances in quarter four of 2005/06 and leave the service in a much stronger position at the end of the year.

3.15 The service has also improved its post handling capability by utilising admin staff to proactively sift the post on a daily basis and allocate the work to specific work trays. This will ensure that priorities such as processing appeals on time and reducing local authority error overpayments are achieved. This will help to improve the council's financial position by avoiding subsidy penalties. Additionally, dedicated assessment officers have been located within the Appeals and Complaints team to ensure all assessments are completed with the minimum of delay and improve the performance measure for this area.

3.16 **Outstanding Work**

Table 4 below shows the current level of outstanding work for all work categories broken down into individual months.

Table 4: Age Profile of Processing Work Outstanding

Month	New claims	Canc's	CIC Backlog	CIC	Appeal	Other	Total items of work
Pre March 2005	2	None	144		4	45	249
March 2005	4	None	347		4	9	397
April 2005	4	None	509		7	38	601
May 2005	3	2	463		14	31	563
June 2005	4	2	648		11	84	851
July 2005	36	5	460		39	59	736
August 2005	87	6	32	661	37	97	501
Total	140	15	2,603	661	116	363	3,898

3.17 In addition to the work outlined above, there are 46 items relating to HBMS (Housing Benefit Matching Service) 1435 items relating to Verification Framework Postal Reviews and 554 items relating to Verification Framework Visits which are being dealt with by the Verification Framework Team. Further details on this are provided in paragraph 3.25.

- 3.18 The overall outstanding work figure has reduced over the last two months. However, this must be balanced against the increase in new work generated from the introduction of the Verification Framework modules. It is still too early to say what the likely operating work totals will be for these areas as it will take a few more months for newly established procedures and systems to bed in.
- 3.19 New claims continue to be processed as a priority, which should enable the service to achieve its LPSA processing target of 36 days.
- 3.20 Appeals work has increased slightly as absences due to sickness and annual leave, however additional resources are being committed to this area to reduce this figure over the next two weeks.

3.21 **Best Value Performance Indicators**

Table 5 below shows performance against Best Value Performance Indicators for the 2003/04, 2004/05 and the first three quarters of this year. Whilst these indicators form part of the new Performance Framework for consistency in reporting they have been included separately here.

Table 5 best Value Performance indicators

BVPI	2003/4 Performance	2004/5 Performance	2005/06 Target	2005/6 Q1 (April - June)
Average days to process new claims	56 days	48 days	36 days	19 days
Average days to process a change in circumstances	34 days	22 days	20 days	32 days
Percentage of claims processed accurately	97%	99%	99%	99%

- 3.22 Significant progress has been made in reducing new claims processing times to 19 days which leaves the service well placed to achieve the Local Public Service Agreement target of 36 days by the end of the year. Given the need to realign priorities, it is anticipated that processing times for new application will increase in quarter 2 but will remain within the DWP performance standard and LPSA target of 36 days.
- 3.23 We have continued to achieve a high level of performance for the accuracy of claims processing indicator.
- 3.24 **Benefits Complaints**

Table 6 below shows the volumes of complaints received, the percentage, which have been responded to on time and the percentage of complaints upheld. Reduction in the overall level of work outstanding has had the positive impact of reducing the level of complaints received. We have also made improvements in the timeliness of responding to complaints and the level of complaints upheld at stage 2

and 3. There has been much greater consistency in performance over the last three months.

Table 6: Analysis of Benefits Complaints

Received	Jul 04	Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	April 05	May 05	June 05
Stage 1	75	41	39	32	48	44	38	60	40	51	44	48
Stage 2	13	10	9	9	1	4	3	9	7	8	6	5
Stage 3	3	3	3	0	2	0	3	0	1	2	2	2
Ombudsman	0	0	1	1	0	1	1	0	0	0	0	0
Total	91	54	52	42	51	49	45	69	48	61	52	55
Response on Time												
Stage 1	69%	76%	50%	91%	97%	96%	100	97.5	91.3%	91%	97%	77%
Stage 2	96%	83%	90%	55%	71%	100%	100	88	100%	100%	100%	88%
Stage 3	0%	0%	25%	0%	0%	50%	25	0	N/A	100%	N/A	50%
Ombudsman	100%	N/A	100%	N/A	100%	100	100	0	N/A	N/A	N/A	N/A
Upheld												
Stage 1	52%	51%	36%	35%	31%	47	63.3	63.9	61.9%	83%	53%	59%
Stage 2	36%	83%	70%	73%	100%	50	66.7	25	80%	86%	83%	63%
Stage 3	100%	33%	50%	0%	50%	50	25	0	N/A	0%	50%	25%
Ombudsman	0%	N/A	N/A	N/A	0	0	0	N/A	N/a	NA	N/A	N/A

3.25 Verification Framework

At the last Committee it was reported that we were planning to implement two modules from the Verification Framework (Reviews and Visits) by August 2005 and that we would consider implementing the final module (New Claims) by the summer of 2006. Progress in implementing the first 2 modules in quarter 1 was very positive and has enabled us to go live earlier than originally planned. We formally went live on the visiting module from 1 May 2005 and on the reviews module from 1 July 2005. This has enabled us to obtain DWP running costs a little earlier than expected but also means that we must meet DWP targets for the remainder of the year in order to retain funding.

3.26 The Verification Framework targets set by DWP for quarter 1 are much gentler than subsequent quarters, in recognition of the fact that this quarter is typically the busiest period of the year because of Council Tax billing and annual benefit upratings. We were required to carry out a total of 1230 proactive interventions on claims, 438 of which had to be conducted by visits to customers homes. Additionally we cleared a backlog of approximately 1330 data matches received between October 2004 and March 2005 before we began to pilot Verification procedures. The following summarises how this was achieved :

Total Intervention required quarter 1	1230
Number of visits successfully concluded	438
Number of Housing benefit matches resolved (received since April 05)	85
Number of postal reviews sent to customers	810
Total achieved	1333 (target exceeded)

3.27 The intervention requires us to proactively check the customer's circumstances to ensure that their benefit entitlement remains correct. It is still too early to be able to evaluate the likely outcomes of intervention work over the year however early analysis is identifying high levels of unreported change in circumstances. This has resulted in a significant increase in benefit overpayments identified in the first quarter, particularly for private tenant cases. Analysis of the average value of overpayments arising from visits is being carried out and will be reported as soon as this is available. The DWP have analysed the outcomes of our investigation and resolution of data match discrepancies with other benefit systems and this shows that the average value of overpayments created was £2347.43 with approximately 50% of matches resulting in overpayment. There are approximately 183 matches received every month Experience from other Local Authorities has shown that as data match discrepancies are resolved each month, the accuracy of claim detail improves and as the year progresses less overpayments are identified. It is also true that highest risk cases are most likely to be reviewed in the early stages of

implementation and hence overpayment identification is likely to be highest in the initial months of implementation. Notwithstanding that, it is clear that we will need to monitor the impact of interventions on overpayments closely and ensure that timely recovery is effected.

3.28 During quarter 2, targets for interventions are much higher. We need to carry out a total of 4732 interventions in total . This includes the need to successfully conclude 1900 visits, 2282 postal reviews and resolve approximately 553 data match discrepancies. The increase in targets has been challenging, however progress is being made to achieve these. To date 218 visits have been successfully concluded , 392 data matches resolved and 714 postal reviews sent. There is a backlog of assessment work that has developed as a result of returned postal review forms and change in circumstances identified through visits and additional resource is being obtained to tackle this.

3.29 The team is still being resourced by agency staff until such time as we have been able to form clearer views about the skill set required for the posts and the volume of assessment work that is likely to arise over the year. We are also just about to pilot use of wireless technology with intelligent scripting for visiting officers, which will help us to make better judgements about the level of knowledge and experience required for visiting officers.

3.30 **Counter callers**

The table 7 below details the number of callers being received at Brent House enquiry counter and customer waiting times.

Table 7: Details of callers to the counter service-

Counter	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05
Total seen	5798	4645	5386	4710	4210	4379	4052	4234	4401	4638	4649	5339
Number seen within 30 minutes	4084	3253	3492	3464	3427	2798	3019	3201	3465	3466	3468	3907
% seen in 30 minutes	70.4%	70.0%	64.8%	73.5%	81.4%	63.9%	74.5%	75.6%	74.7%	74.73%	74.6%	73.18%
Average wait time (mins)	74.6%	50.6	44.9	32.1	25.0	41.0	29.0	29.0	28	38.2	35.9	48.25

A total of 56004 customers were seen during 2004/05, 40885 were seen within 30 minutes. The temporary Revenues and Benefits Counter arrangements came into effect from 27th June. This has seen customers directed to other OSS points around the borough to ease the burden on the reduced counter facilities at Brent House. The relatively minor reduction in customers attending Brent House counters and the significant increase in average waiting times reflects this situation. The Revenues and Benefits Counter service is scheduled to transfer over to the OSS service on 5th September 2005 where a fully integrated service will be available.

Table 7a: Details of callers to the counter service – 2005/06

Counter	Apr-05	May-05 Up to 23/5/05	Jun-05	July-05
Total seen	5393	1946	2007	2000
Number seen within 30 minutes	4682	1313	1195	947
% seen in 30 minutes	86.8%	67.47	59.54	47.35
Average wait time (mins)	23.23 mins	30.22 mins	34.00 mins	1hr12mins

A total of 13,009 customers were seen at the Brent House customer service counter since April 2005, of these 9,688 (74%) were seen within 30 minutes.

A major refurbishment of the Brent House location began on June 27 2005, this resulted in the Revenues and Benefits counter service and the Brent House One Stop Shop being relocated temporarily to a smaller location within Brent House. All bills and correspondence sent to customers during that period including notification of the refurbishment and encouraged customers to visit other One Stop Shop locations.

The refurbished One Stop Shop is on target to open on September 5, at this time the Revenues and Benefits counter service will transfer to the One Stop Shop. This will mean that all Revenues and Benefits enquiries received over the telephone or from customers visiting the council will be dealt with by the One Stop Shop, the Call Centre having transferred in April 2003.

Table 8 provides details of the Call Centre performance when dealing with Revenues and Benefits enquiries for the period April to July 2005.

Table 8

Call Centre (Benefits Line)				
	Apr-05	May-05	Jun-05	Jul-05
Answered	7514	6610	7141	7344
Abandoned	1346	1542	1594	1129
% of calls answered in 15 seconds	31.4%	16.9%	20.2%	33.1%
% of calls answered in 5 minutes	70.4%	66.6%	68.7%	78.2%
% abandoned	15.2%	18.9%	18.2%	13.3%
Average time to answer (secs)	144	178	159	113
Average call duration (secs)	275	425	386	371
Call Centre (Council Tax Line)				
	Apr-05	May-05	Jun-05	Jul-05
Answered	11614	9261	9607	8090
Abandoned	2613	2668	2412	1412
% of calls answered in 15 seconds	31.3%	11.8%	14.2%	25.1%
% of calls answered in 5 minutes	67.7%	65.5%	67.1%	75.5%
% abandoned	18.4%	22.0%	20.1%	14.9%
Average time to answer (secs)	132	183	167	134
Average call duration (secs)	379	341	373	357

Funding for additional temporary posts within the Call Centre was obtained from the DWP; these posts have now been recruited to. On June 6, a Training and Quality Manager was appointed for 12 months and on July 4, 6 additional customer service officers were appointed for 6 months.

3.31 Housing Benefit Overpayments

The target for this financial year is to recover £3.7M in contrast to the £3.3 million achieved during 2004/05. The increase in target part way through the year is as a direct result of an increase in the level of overpayments raised due to the Verification Framework, in the first quarter of this financial year. Table 9 below gives a breakdown of overpayments recovered in the current financial year.

Table 9: Overpayment Recovery –

	2004 / 05	End July 2005	End July 2004
Recovery from Ongoing Housing Benefit	£1.376M	£553,490	£464,127
Composite Recovery (* See below)	£598,936	£155,201	£48,355
Cash Recovery (Invoice)	£1.335M	£479,455	£385,897
Total Recovery	£3.311M	£1,188,1 46	£898,379

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

- 3.32 Additional resource was recruited to the Overpayments Team in 2004/05 to focus on recovery and good results have been achieved. We are planning to retain this resource during 2005/06 and further recruit two more staff to increase revenue.

During 05/06 we are continuing to focus on Composite Recovery whilst continuing with County Court action (we have been granted around 30 County Court Judgements), expanding our Collection Agency pilot, and taking steps to minimising the incidence of Overpayments.

- 3.33 Performance measurement of Overpayments in terms of BVPIs has changed this year in that we are measured both on our recovery performance against current year debt, but also against arrears. We intend to carry out some benchmarking against other authorities. It will mean that careful consideration will need to be given to the management of bad debt.

4.0 Financial Implications

- 4.1 Any failure to maximise collection of Council Tax and NNDR will impact on the Council's cash flow and budgetary provision for future years.

- 4.2 Effective management of benefits workload has a direct impact on the overall finances of the Council. Prompt assessment of claims enables us to maximise subsidy through the provision of up to date and accurate management information provided to the Department for Work and Pensions. Similarly the prompt action on overpayment work and accuracy of payments enables us to avoid subsidy penalties. Effective workload management has a direct impact on council tax and rent recovery.
- 4.3 Reduced levels of subsidy are attracted by Housing Benefit overpayments so any increase in the values of overpayments created may represent a cost to the Council unless the debt is recovered.

5.0 Legal Implications

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

6.0 Diversity Implications

- 6.1 There are no direct diversity implications arising from this report.

7.0 Staffing/Accommodation Implications (if appropriate)

- 7.1 There are no direct staffing implications arising from this report.

Background Papers

Contact Officers

Margaret Read
Head of Revenues and Benefits
Paula Buckley Head of Client
Sean O'Haire Head of Benefits