

# LONDON BOROUGH OF BRENT

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

### Report from The Head of Revenues & Benefits

REPORT NO: 2 March 2003

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 13 January 2004, when it was reported that the isolated backlog of work prior to 13 August 2003 had been eradicated and efforts were now being focussed on ensuring all new work is processed within 3 days with a steady reduction to the secondary backlog. As at 20 February 2004 there are a total of 8,956 items of work outstanding, which represents an overall reduction of 9,843 work items since 18 August 2003.
- 1.2 For Council Tax, the in-year collection rate at 31 January 2004 was 2.01% down on the same time last year. The outstanding correspondence has been reduced to 3,095 at 31 January 2004, and the aim is to reduce this to no more than 1,000 by end of February. For NNDR the in year collection rate at 31 January 2004 was 0.57% up on last year. This is pleasing as the migration of the NNDR IT system to Academy was completed during January and has not had an adverse effect on collection.

#### 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. 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 of 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 7.16 of this report.

### **7.0 Detail**

- 7.1 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.

### **7.2 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. By end of December the gap closed to 2.36% and by end of January the gap closed to 2.01%. Capita are 2.26% down on their forecast profile at 31 January 2004 and hence still have a lot of improvement to make in order to achieve contractual targets.

### 7.3 Council Tax Collection

Table 1 below shows monthly collection this year to date.

**Table 1: In year collection to date**

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
<b>2001/2</b>	32.5	38.45	44.58	50.9	56.7	63.18	69.61	75.45	81.82
<b>% Collect ed in month</b>		5.95	6.13	6.32	5.8	6.48	6.43	5.84	6.37
<b>2002/3</b>	30.99	37.47	44.02	50.01	56.53	62.79	69.35	75.34	81.55
<b>% Collect ed in month</b>		6.48	6.55	5.99	6.52	6.26	6.56	5.99	6.21
<b>2003/4</b>	29.02	34.9	40.47	46.53	52.98	60.14	66.54	72.98	79.54
<b>% Collect ed in month</b>		5.88	5.57	6.06	6.45	7.16	6.40	6.44	6.56

Table 2 shows that on a cumulative basis Capita are down by 2.26% against their own profile for collection and hence will need to exceed their profiled collection between February and March, by 2.26% to achieve the contractual target of 92 %.

**Table 2: Actual Collection against forecast**

<b>Collect ion Profile</b>	<b>*Apr</b>	<b>*Ma</b>	<b>*Ju</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>
<b>2003/4 Target</b>	23.35	29.02	34.84	41.60	48.30	55.00	61.70	68.40	75.10	81.80
<b>Actual Variance</b>	0	0	0	-1.13	-1.77	-2.02	-1.56	-1.86	-2.12	-2.26

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

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

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

**Actual Collection against Profiled Monthly Collection Targets**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>2003/2004 target</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	6.44	6.56		
<b>Variance</b>	-1.07	-0.64	-0.25	0.4	-0.3	-0.26	-0.14		

Table 3 below shows Capita's own forecast collection profile from February 2004 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 89.74%. It should be noted that the forecast profile would require significant improvement to previous years collection for the same months (an increase of 0.9% compared with 2001/02 and 1.89 % compared with 2002/03). In order to achieve the contractual target of 92%, an increase of 3.21% compared to 2001/02 would need to be achieved and 4.15% compared to 2002/03.

**Table 3- Forecast collection**

	Feb	Mar
<b>2001/2 ( Cumulative collection )</b>	86.42	91.07
<b>Monthly collection</b>	4.6	4.65
<b>2002/3 (Cumulative collection )</b>	85.88	89.86
<b>Monthly collection</b>	4.33	3.98
<b>2003/4 Target ( Cumulative collection )</b>	86.5	92
<b>Monthly collection</b>	4.7	5.5

**7.4 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.

**7.5** Capita have referred circa 31,000 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 an additional 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 2003 to coincide with increased Bailiff activity in the Borough. The poster also appeared in the Brent Magazine and local papers in January 2004. The poster will re-appear in the Brent Magazine and on bus shelters during March. A pre-bankruptcy letter is being sent to debtors where the Bailiffs have returned a Liability Order for them to the Council and the debt exceeds £750.

- 7.6** 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. The backlog was reduced to 3,095 by end of January and the aim is to reduce it to no more than 1,000 by end of February. The system is due to closedown on 27 February for the annual billing run.
- 7.7** For arrears outstanding at 31 March 2003, the contractual target is to collect £3 million by 31 March 2004, and as at 31 January 2004, £2.718 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.

**7.8 NNDR Performance**

The NNDR in year collection rate at the end of January 2004 was 92.58%, which is 0.57% up compared to the same time last year. This is pleasing because the migration to the Academy software took place in January 2004. It is anticipated that the contractual collection target of 96% will 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	73.87%	73.51%
December	83.5%	84.03%
January	92.01%	92.58%

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 January, £60.187M had been collected and £56.039M paid into the National Pool. To date £74K 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.

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

There were problems with system availability in February 2004 for approximately three days, including Saturday overtime. 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 problems were functionality of Oracle and network problems. Capita are liaising with Oracle and Cable and Wireless to identify the source of the problems.

Preparations for the new financial year uprating of Benefits and billing for Council Tax and NNDR are progressing well. We will lose one working day and one weekend's system availability for this work to be completed and a further two working days for the system to rollover financial records from the 2003/4 financial year to the 2004/5 financial year.

## **7.10 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.

## **7.11 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 7.10 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	1,237	801	2,038
Renewal claims	1,467	680	2,147
Cancellations	62	336	398
Change in circumstances	1,650	875	2,525
Appeals	453	317	770
Other	430	648	1,078
<b>Total</b>	<b>5,299</b>	<b>3,657</b>	<b>8,956</b>

There has been an overall reduction of 9,843 items of work since 18 August 2003.

The table below details the age profile of work outstanding

### Age profile of assessment work outstanding

Month	Total items of work
August 2003	771
September 2003	221
October 2003	547
November 2003	703
December 2003	940
January 2004	2,077
February 2004	3,697
<b>Total</b>	<b>8,956</b>

## 7.12 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.

BVPI	2002/3 Performance	2003/4 Target	2003/4 Q1 (April –June)	2003/4 Q2 (July-Sept)	Oct 2003	Nov 2003	Dec 2003
Average days to process new claims	89	60	65.84 days	59 days	60 days	61 days	59 days
Percentage of renewals processed without a break in payment	59.75%	65%	38.24 %	53%	45%	47%	52%
Average days to process a change in circumstances	32.47	25	26.41 days	32 days	31 days	43 days	43 days
Percentage of claims processed accurately	93%	96%	96%	95%	N/A	N/A	Qtr 3 Oct – Dec 2004 97%

**7.13** 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 them within 3 working 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.

The change in circumstances indicator increased significantly in November and December 2003 as a substantial volume of backlog of changes were processed in this time. The improvement in January 2004 reflects improvements in clearing the backlog of work in this area.

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.

#### **7.14 Future Changes in Legislation**

Plans for implementing the abolition of benefit periods are progressing well. We will be installing software (which allows claims to run continuously) at the end of February 2004. Training of all Revenues and Benefits and One Stop Shop staff on the changes will be carried out during March 2004 along with the issuing of briefing notes to all relevant stakeholders. We will be writing to all claimants notifying them of the change in legislation and reminding them of their responsibility to advise us of any change which may impact on their entitlement. We are also developing leaflets and posters for display at One Stop Shops. We will be carrying out Housing Benefit Matching Service checks on a monthly basis with effect from April 2004 (these are carried out three times a year currently) whereby we will identify changes in circumstances and potential fraud. We are developing plans for further 'in claim checks' and will update this Committee of progress at future meetings.

#### **7.15 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.

## 7.16 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 January 2004</b>	<b>End January 2003</b>	<b>31<sup>st</sup> March 2003</b>
<b>Recovery from Ongoing</b>	£1.04M	£0.99M	£1,132,000
<b>Composite (* See below)</b>	£306,000	£237,000	£292,000
<b>Cash (Invoice)</b>	£970,000	£964,000	£1.2M
<b>Total Recovery</b>	£2.1M	£1.9M	£2M

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

**7.17** The new debt recovery system, Debtsys, has continued to have a positive impact. The more clearly worded invoices and reminders have produced more contact by telephone of claimants wishing to negotiate repayment. Recovery from ongoing benefit continues to be ahead of last year's performance at £1.04M compared to £0.99M.

**7.18** 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 quick wins during the remainder of 2003/04. We continue to be aggressive with composite recovery with performance at the end of January 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 £200,000. This is encouraging given the need to divert resource to the implementation of Debtsys.

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

Recovery type	Budget assumption for 2003/04	Actual performance
<b>Clawback Composite</b>	/ £1.35M	£1.128M
<b>Cash</b>	£1.05M	£0.969M

## 7.20 Customer Services Performance and Issues

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

### 7.21 Complaints

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

#### Housing Benefit Complaints

	December 2003			January 2004		
	Recd	Response on time	Upheld	Recd	Response on time	Upheld
S1	77	35.8%	86.5%	58	59.2%	79.4%
S2	10	57.1%	66.7%	15	33.3%	33.4%
S3	3	33.3%	66.7%	1	N/A	N/A
LGO	0	N/A	N/A	1	N/A	N/A

#### Council Tax Complaints

	December 2003			January 2004		
	Recd	Response on time	Upheld	Recd	Response on time	Upheld
S1	38	33.9%	52.7%	39	70.6%	55.9%
S2	5	40.0%	40.0%	6	22.2%	75.0%
S3	2	66.7%	100%	1	N/A	N/A
LGO	1	N/A	N/A	0	100%	0%

We have made good progress in getting up to date with complaints during January 2004 and this will continue during February. We are commencing a full review of our complaints handling process in late February 2004 and will be undertaking more analyses of complaints in order that we can learn from mistakes and build improvements from them into our policies and procedures.

## 7.22 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.

<b>Numbers of callers to Brent House Enquiry Counter</b>	<b>October 2003</b>	<b>November 2003</b>	<b>December 2003</b>	<b>January 2004</b>
<b>Quick enquiries at reception</b>	3308	3287	2,746	2,954
<b>Detailed interviews</b>	2911	2347	2,047	2,448
<b>Total callers</b>	6,219	5,634	5,343	5,900
<b>% seen in 30 minutes</b>	33%	12%	26%	28%
<b>Average waiting time</b>	1hr 26 mins	2hrs 10 mins	1hr 32 mins	1hr 32mins
<b>Longest waiting time</b>	4hrs 17 mins	5hrs 18 mins	4hrs 4 mins	4hrs 34 mins

## 7.23 Telephone Performance

The table below shows telephone performance for Revenue and Benefits calls to the end of January 2004. There has been an improvement to average call answering in December and January compared to the previous months, from over 4 minutes to just less than 3 minutes in December and 2 minutes and 32 seconds in January.

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 Benefits backlogs are cleared and Council Tax recovery cycles are better managed in the new financial year. Work continues to be carried out to improve the quality of calls answered. The percentage of abandoned calls has also decreased from 21% in October to 17% in November.

	Dec-03			Jan-04		
	Benefits	Tax	Total	Benefits	Tax	Total
No of calls attempted	8564	7505	<b>16069</b>	9372	10136	<b>19508</b>
No of Calls answered	7182	6141	<b>13323</b>	7860	8321	<b>16181</b>
% calls abandoned	16%	18%	<b>17%</b>	16%	18%	<b>17%</b>
Average time to answer	2 mins 56	2 mins 58	<b>2 mins 57</b>	2 mins 22	2 mins 41	<b>2 mins 32</b>

#### 7.24 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.

#### 7.25 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**