



Leicester
City Council

AOUB 2

**FORWARD TIMETABLE OF MEETINGS
PERFORMANCE AND VALUE FOR
MONEY SELECT COMMITTEE
CABINET**

26 AUGUST 2009

1 SEPTEMBER 2009

BENEFITS SERVICE INSPECTION AND IMPROVEMENT PLAN

Report of the Chief Finance Officer

1. Purpose of Report

- 1.1 The purpose of this report is to advise members of the Audit Commission's inspection of the Benefits service, and to seek approval to a radical improvement plan designed to quickly transform the experience of customers of the service.

2. Summary

- 2.1 An inspection of the benefits service was carried out by the Audit Commission earlier this year, using a newly introduced inspection methodology. The final report was published on 21 May 2009.
- 2.2 The inspection awarded the authority "zero stars" (the lowest possible) for its performance, but with promising prospects of improvement. The most significant of the findings of the Commission relate to:
- (a) telephone waiting times;
 - (b) customer access;
 - (c) time to process claims and changes to claims;
 - (d) accuracy of processing.
- 2.3 The findings of the inspection are accepted, and an improvement plan has been prepared for member approval.
- 2.4 Members are asked to note that, despite the findings of the Audit Commission, performance has in fact been improving steadily from a low base caused by IT failures some years ago. This reflects the investment in IT and management improvement since that time.

However, as the Commission found, there is still some way to go. The Commission's conclusion also chimes with feedback from users of the service and elected members.

3. Recommendations

3.1 Cabinet is recommended to:

- (a) note the judgements of, and recommendations made by, the Audit Commission (Appendices A and B);
- (b) approve the action plan to address the key areas for improvement (Appendix C);
- (c) approve the following increases in the budget of the Revenues and Benefits section to enable the plan to be delivered:
 - 2009/10 - £200,000;
 - 2010/11 - £450,000;
 - subsequent years - £350,000 per annum;
- (d) note that the sums will be found from a reduction in the money provided in the budget for the 2009/10 pay award, as described in the financial implications to this report;
- (e) note that the budget increases will be reviewed in 18 months time, to determine whether or not the improvements are self-sustaining, such that the additional budget is no longer required;
- (f) note that detailed responses to all the Audit Commission recommendations have been included in the Benefits Service's normal business plan;
- (g) note that some recommendations, described below, of the Audit Commission are not being pursued;
- (h) designate the Cabinet Lead for Finance as the Cabinet Champion for the benefits' service;
- (i) note the current performance of the service, as described at Appendix D.

4. Background

4.1 The revenues and benefits service has a dual role. It is responsible for the collection of local taxes, and for the administration of housing and council tax benefit on behalf of the Government. In 2008/09, the Revenues and Benefits' service:

- (a) collected £110m of council tax;

- (b) collected £110m of business rates;
- (c) administered £120m in housing and council tax benefit.

4.2 The inspection **only** concerned the benefits element of the service.

4.3 Leicester was selected for inspection by the Audit Commission because of poor claims processing performance in previous years, and because the authority reports a high level of benefit overpayment (compared to others). (As Appendix D shows, performance is now better than it was at the time we were selected for inspection).

4.4 The findings of the Audit Commission appear severe, but it reflects the results of other authorities who have been inspected under the new methodology. The Council's zero star rating compares with a "good" rating under the old CPA regime. So far 13 councils have been inspected, and 7 have received zero stars; some of these were previously judged to be high performing. These results reflect a change in the basis of inspection, which is now considerably wider than looking purely at transactional processing times.

5. **Action Plan**

5.1 The inspection report made a number of recommendations for improvements. The summary of findings and the inspection recommendations are attached at Appendices A and B. An action plan (with implementation dates) has been developed in response to the recommendations, and to address customer and member feedback about the service. This is divided into 5 key areas and is attached at Appendix C:

- (a) telephone access;
- (b) face-to-face access;
- (c) web access;
- (d) speed of claim processing;
- (e) accuracy of processing.

5.2 A significant number of other improvements are being made, which can be met within the service's budget. However, a substantial step change in performance requires additional resource, particularly the key areas of telephone access and improving processing times.

5.3 In the longer-term, further improvements are being considered as part of the authority-wide Organisational Development and Improvement plan:

- (a) the development of a new front-of-house service located in the former post office, which will deal with the majority of customer contacts in one place. It is envisaged that simpler benefits queries will, in due course, be dealt with at this centre;
- (b) transfer of non-complex telephone calls to a corporate call centre.

5.4 The Audit Commission recommended increasing the proportion of pre-payment quality checks, but we do not propose to do this as we already meet national standards.

6. Financial Implications

6.1 The total annual budget of the Revenues and Benefits Section is £4.4m. This is net of £3.4m grant income to fund housing benefits administration (benefits being a national scheme).

6.2 The base budget of the service is under pressure, due to the recession. There has been an increase in caseload from 36,250 claims in April 2008 to 39,365 claims in March 2009; an increase of 9%.

6.3 The nationally available administration grant is reducing by 5% pa in real terms from 2008/09 to 2010/11. The Government has, however, made additional resource of £490,000 available in 2009/10 to meet additional workload. An extension of this additional resource into 2010/11 is not guaranteed, and the trend in administration grant must be considered to be reducing.

6.4 The service can contribute to the costs of the improvement plan by absorbing the costs of the increased caseload within its base budget, using additional grant to pay for service improvement. However, the costs of the plan will exceed this.

6.5 Using prudent estimates of the future grant, the funding gap is as follows:

	<u>2009/10</u> £000s	<u>2010/11</u> £000s	<u>2011/12</u> £000s
<u>Cost:</u>			
Telephone access	148	430	200
Face-to-face	12	3	3
Web access	43	12	12
Speed of Processing	430	60	60
Extended hours	47	94	94
	680	599	369
<u>Resources:</u>			
Extra HB grant:			
- actual	489		
- estimated		250	

	<u>2009/10</u> £000s	<u>2010/11</u> £000s	<u>2011/12</u> £000s
- less reduction in basic grant		(100)	
	489	150	
Gap	191	449	369

6.6 Should members wish to support the plan and approve additional resources, this can be accommodated within existing resources. Members are, however, advised that there are likely to be substantial budget pressures arising from deterioration in the public finances which is expected to have a major impact on future resources. The plan should, therefore, only be agreed if members regard it as an extremely high priority, recognising that (in due course) it will be at the expense of spending elsewhere.

7. Legal Implications (Anthony Cross)

7.1 There are no direct legal implications.

8. Background Papers

Audit Commission Benefits Inspection report, which can be obtained from:

www.audit-commission.gov.uk/sitecollectiondocuments/inspectionoutp/inspectionreports/2009/leicester21May2009REP.pdf

Detailed service improvement plan, which can be obtained from the report author.

9. Report Author/Officer to Contact

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and
Caroline Jackson
Head of Revenues and Benefits
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6 August 2009

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

Audit Commissions – Summary Inspection Findings

Although the Audit Commission found many strengths within the Housing Benefit & Council Tax Service, their decision to award Leicester a Zero rating was based on the following findings.

- **The service has received a poor, zero star rating because**
 - Some aspects of customer access are inadequate
 - Opening times are inconsistent and inadequate
 - Waiting times can be unreasonably long
 - Customer satisfaction is low

- **It is failing to deliver its core business**
 - It is taking 37.5 days to process new claims (2007/08 figures)
 - It is taking 17.7 days to process a change in a customer's circumstance (2007/08 figures)
 - Too many customers do not receive an accurate decision on their claim

- **It loses significant income for the council as a result of local authority error**
 - It has not used its full subsidy allocation for discretionary housing payment
 - Data quality is inconsistent

- **The service has strengths**
 - Benefit take up is improving
 - Local authority tenants can access the service through their local neighbourhood offices
 - Effective engagement with stakeholders and partners

- **The service has promising prospects for improvement because**
 - It recognizes its weaknesses
 - Has plans in place to ensure continual improvement for customers
 - Councillors and senior managers are committed to improving the service
 - Leadership and management of the service are good
 - Front line staff are positive, knowledgeable and experienced
 - The service is responsive to changing local needs.

- **However**
 - Challenge by Councillors is weak
 - Councillors do not ensure they have the training necessary to be fully informed about all aspects of the service.

Audit Commission – inspection recommendations

1. Improve the access to the service

- Ensuring opening times for all service points and access routes are appropriate for customers and are well publicised.
- Ensuring that take up campaigns are effectively targeted using information on communities available to the council, and recording the impact of this activity to inform future campaigns
- Expanding the membership of the Benefits Community Group (BCG)* to ensure it is reflective of the diverse community and including other methods of consultation in addition to daytime meetings to allow more people to contribute.
- Improving the telephony service to meet the Council corporate customer care standards.
- Providing local access to an equivalent of the 24 hour new claims assessment service for those customers who do not/can't currently do so
- Delivering a response to the need for an out of hours service identified in customer surveys.
- Consulting customers to refine the appointment service at Wellington house to reduce waiting times, repeat visits and turn-a-ways;

2. Ensure that customers receive the right benefit at the right time and reduce fraud by:

- Developing stretching targets for the service delivery in consultation with customers and stakeholders to improve the speed of processing in line with the best performing councils.
- Increasing the use of pre-payment quality checks (QA) and analyzing the results to inform individual and team training requirements.
- Analyzing unsuccessful or defective claims for benefit and taking action to reduce the level;
- Ensuring registered social landlord staff are trained to undertake verification of claims and documents
- Exploring how partners, for example housing options staff, could have more access to systems to assist faster claims completion.

3. Improve value for money by:

- Keeping under review workforce capacity requirements and the use of off-site resilience to ensure best use of resources in light of changing customer demand.
- Using benchmark information and examples of best practice to explore alternative ways to delivering the service.

4. Minimize subsidy loss by:

- Reducing the amount of overpayment caused by local authority error and delay
- Effective monitoring, prioritizing and progressing work: and
- Agreeing an effective approach to data quality with the external auditor.

5. Strengthen performance management by:

- Using data effectively to focus on improvement
- More active portfolio holder/councillor/scrutiny involvement and challenge, particularly where service standards are consistently not being achieved
- Ensuring that the current review of councillor responsibilities provides sufficient leadership by Elected Member champions for failing services.

Benefits Service Improvement Plan

Theme 1 - Improving Telephone Access

Aim to reduce average telephone waiting times to one minute by December 2009.

Action Required	Cost	Budget Implication	Implementation Date
Recruit six staff, to be trained and effective within 12 months. This action will be supplemented by use of an off-site telephony contract dealing with peak overload telephone calls. In the short-term, use of the off-site contract will be expensive; by Autumn 2010, the service will be reliant upon the extra staff, using the off-site contract purely at peak periods.	Estimated £200,000 per annum in a full year. Costs will peak in 2010/11 due to dual running of in-house staff and off-site telephony.	See financial implications section.	December 2009, dependent upon outcome of telephony contract in November.
Use more sophisticated routing through the telephone system so that customers are directed to the right people first time (eg by asking a customer to select '1' for new claims, '2' for change of circumstances etc).	No additional cost.	None.	Completed July 2009
Introduce pilot call-back facility, whereby customers can leave message and staff return call within 24 hours (usually same day).	Resourced within existing budget.	None.	Completed July 2009. Call volumes currently 70 to 90 per day.
Extend telephone operating hours with reduced lines until 6.00 pm Monday to Friday, and Saturday morning 9.00 am to 1.00 pm. (Requires staff terms and conditions review as a pre-requisite, hence extended implementation date). We will also explore directing evening calls to Customer Services Centre, which already operates 8.00 am to 8.00 pm.	£50,000 per annum.	See financial implications section.	September 2010
Transfer simple calls to Council Corporate Contact Centre.	Not known.	Part of "One Council, One Contact" project, costings not yet finalised.	April 2010

Benefits Service Improvement Plan

Theme 2 - Face-to-Face Access

Action Required	Cost	Budget Implication	Implementation Date
Extend the current appointment handling system deployed at Wellington House (Jayex) to offer a web-based appointment system, adapting the current system used in the health sector. This will need software to be written for the purpose, which the supplier will develop. Alternative suppliers are also being considered. [Digitv?]	£12,000 one-off, plus £3,000 per annum for 10 customers to access at once. Note – these costs are estimates only, no product has been developed.	Within existing budget.	December 2009
Expand the “24 hours new claim service”, which guarantees a 24 hour turnaround of claims assessments if all documentation is provided, to the New Parks CSC, Merlyn Vaz Centre and Brite Centre. It is currently provided at Wellington House only.	Resourced within existing budget.	None.	December 2009
Improve scanning facility in Wellington House to allow direct copying to data image processing system.	Resourced from within existing budget.	None.	October 2009
Expand opening hours on basis of reduced service to 6.00 pm Monday to Friday (ie a further 1.5 hours); and Saturday morning 9.00 am to 1.00 pm. (Requires staff terms and conditions review as pre-requisite).	£44,000 per annum.	See financial implications section.	September 2010
Provide option for customers to drop off documents in free standing “post box”, to avoid queuing. This facility will require customers to complete their own details on the face of a deposit envelope, and tear-off a receipt slip. <i>Note that currently documents are checked when deposited, which will not be possible with this system - customers choosing to use it may therefore have to make repeat visits if documentation is missing.</i>	£2,000	Within existing budget.	November 2009
Integrate customer access with new front of house provision at former Post Office.	Not known.	Part of “One Council, One Contact” project, costings not yet finalised.	February 2011

Benefits Service Improvement Plan

Theme 3 - Web Access

Action Required	Cost	Budget Implication	Implementation Date
Purchase additional IBS system module enabling customers to apply for benefit and manage claims online. [Digitv?]	One-off cost of £43,000 purchase cost. Annual maintenance cost of £12,000.	See financial implications section.	December 2009
Install bank of 2 PCs at Wellington House for use by customers to access their online details.	£3,000 per annum.	Within existing budget.	December 2009
Review ability to provide self-service access to enable customers to view their council tax/business rate accounts and benefit claim records. This would reduce telephone and face-to-face queries. A self-service module is available with the existing system, but security concerns need to be resolved. This is potentially a significant project. [Digitv?]	Covered within existing maintenance budget.	None.	Detailed report on way forward by October 2009.

Benefits Service Improvement Plan**Theme 4 - Improved Speed of Claim Processing**

Action Required	Cost	Budget Implication	Implementation Date
Improve average processing time for new claims and changes. Customer guarantee: Once a customer provides all information to support their claim for benefit or a change in circumstances the decision about an award of benefit or an change to their entitlement will be processed within 5 working days. This places the emphasis of evidence gathering on the customer.	One-off cost of £400,000; £60,000 per annum for 2 additional processing staff. Otherwise, it is assumed that additional telephony staff will be available for this duty when there are troughs in telephone calls.	See financial implications section.	September 2010
Further Improve average processing time: Customer guarantee: Once a customer provides all information to support their claim for benefit or a change in circumstances the decision about an award of benefit or an change to their entitlement will be processed within 3 working days.			March 2011
Encourage a pro-active response from the customer to provide supporting information promptly through publicity campaigns across the city.	Within existing budget.	None	March 2010
Communication Review. Review all customer correspondence to highlight the pro-active approach to evidence gathering and customer guarantees on New claims processing and reporting changes and ensures it communicates effectively with its audience.	Within existing budget.	None	March 2010

Benefits Service Improvement Plan

Theme 5 - Improve Accuracy of Processing

Action Required	Cost	Budget Implication	Implementation Date
Introduction of quality checks before benefit is awarded, instead of retrospectively. System needs to ensure errors are fed back to officers immediately and corrective work takes place within 24 hours to minimise disruption to customers.	Within current budgets.	None.	Completed in June 2009

Mark Noble
Chief Finance Officer
30 July 2009

Key Performance Information

Benefits Service performance	2007/08 (when decision to inspect was taken)	2008/09	2009/10 Current Performance April & May 2009	Action Plan Target	Benchmarking comparators based on 2007/08 data**	Audit Commission performance standards
New claims processing	37.5 days	30.2 days	27 days	16 days (combined target)	26 days	Excellent 16.5 days Good 17 – 24 days Fair + 24.5 days
Change of circumstance processing	17.7 days	14 days	18 days		10 days	
Waiting times at Wellington House Reception (with appointment)	Minimal number undertaken	Average 10 minutes	Average 3 minutes	Never longer than 10 minutes for appointments	No data	No data
Telephony waiting times	13 minutes on average	9.4 minutes	9.5 minutes	One minute	No data	To corporate standards. (20 seconds wait)