

BABERGH DISTRICT COUNCIL

FROM: Head of Revenues

REPORT NUMBER **E28**

**TO: OVERVIEW & SCRUTINY COMMITTEE DATE OF MEETING 17th May 2005
(STEWARDSHIP)**

BENEFITS SERVICE

2004/05 OUTCOMES AND IMPROVEMENT PLAN FOR 2005/06 ONWARDS

1. **SUMMARY**

Members have received regular quarterly reports on the development of the Benefits Service since April 2004. This report highlights key performance issues arising from 2004/05 and makes recommendations on the priorities and targets to be adopted to develop the service further over the next three years. Members have also requested information on the cost of providing the service. That information is also included in the report.

2. **RECOMMENDATIONS**

- 2.1 That the performance of the Benefits Service in 2004/05 as outlined in Appendix 1 be noted.
- 2.2 That the draft outline business plan for 2005/06 - 2007/08 attached as Appendix 2 be approved for development into a full service plan for consideration at the meeting of the Committee on 16th August 2005.

The Committee is able to resolve both matters.

3. **FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications arising directly from this report.
- 3.2 The Committee has however previously requested information on the cost of the Benefits Service.
- 3.3 The directly controllable costs of the Benefits Service for 2005/06 are £691,170 before any adjustment in respect of government grant. Government grants are paid to the Council either to assist with the administration of Housing and Council Tax Benefit or to reward for successful anti-fraud activity. It is estimated that £552,310 will be received in that context for 2005/06. In addition legal costs and fees will be recovered directly from claimants as the result of successful prosecutions for benefit fraud.
- 3.4 The service also incurs recharges from other business units within the organisation. This covers such issues as IT hardware and software provision, IT support, human resource (advice & recruitment), accountancy services, general office services, payroll services etc. Similarly the service also charges other business units to reflect work undertaken. The net cost of these internal recharges is £221,600.
- 3.5 The gross cost of operating the service is therefore £912,770 the net cost is £360,460.

4. **KEY INFORMATION**

- 4.1 The purpose of revising the business strategy is to ensure that by 31st March 2008 the Benefits Service:
- (a) Is offering an improved level of service to all service users but at a reduced cost. (2005/06 budget as the baseline).
 - (b) Meets the National Performance Standards for Benefits
 - (c) Is consistently achieving top quartile performance for all statutory Best Value Performance Indicators.
 - (d) Has increased the percentage of claims received fully complete, with all supporting information and ready to process to in excess of 90% and as a result is able to assess, determine and pay benefit claims within 14 days.

A review of the performance of the service during 2004/05 has identified the following issues

- The time taken to assess and pay benefit claims is coming down, but the rate of improvement needs to be accelerated.
- The biggest barrier to improving turnaround of benefit claims is the public themselves. The percentage of forms received, incorrectly completed, or not having full supporting documentation remains at a high level despite the inclusion of checklists from January onwards. Consequently the process of going back to the customer to obtain the missing information inevitably extends the period of time taken to process a claim and pay benefit.
- Assistance with completing claims or queries on claim notifications accounted for the greatest proportion of telephone calls and visitors received during the year. Handling that work stream more effectively would release resources to accelerate the improvement process.
- Only 48.44% of overpaid Housing Benefit was recovered against a target of 60%. This is a difficult area of work because of the lack of effective remedies for non-payment, the limited financial capacity of the customer base concerned and the extent to which the total amount outstanding can vary in a short space of time from good anti-fraud activity. New Best Value Performance Indicators (BVPI's) have been introduced by the Audit Commission for this area of work from April 2006. Those new output measures will provide an opportunity to refocus our business processes for overpayment recovery.
- Of the £24,006 allocated to the Council for Discretionary Housing Payments, £10,301 was unspent at 31st March. This was due to a reduced number of applications, low values applying where top up payments were made, and perhaps too much caution being exercised in the use of the budget. More proactive marketing will be undertaken in 2005/06 to use that funding stream more effectively.

Those key issues need to be addressed by revising our business strategy. In addition:

- The National Performance Standards for Benefits have been radically revised and take effect from 1st April 2005. A reassessment of the Council's position needs to be undertaken.
- The DWP have provided funding to be used in partnership with Mid Suffolk to employ a training officer, until March 2006. Both authorities now for the first time, have a dedicated training resource. The challenge is to use that resource over the next 10 months to maximise

the opportunity, both to increase performance and create a sustainable way forward, which retains the skills within both organisations beyond March 2006.

5. **APPENDICES AND BACKGROUND PAPERS REFERRED TO:**

Appendix 1- Summary of Benefit Service performance in 2004/05

Appendix 2- Draft Benefits Service outline business strategy for the period 2005/06 - 2007/08

Appendix 3 - Background paper on SPRINT change management and business process re-engineering.

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BENEFITS PERFORMANCE 2004-2005

APPENDIX 1

BENEFITS PERFORMANCE 2004-2005														
	2003/04	2004/05 target	April	May	June	July	August	September	October	November	December	January	February	March
Process Performance														
Days to process (Current month)			31	31	34	33	33	34	32	29	26	31	28	22
Days to process (Year to date)	40	30	31	31	32	32	32	33	32	32	31	31	31	30
Change of circumstances(Current month)			6	6	5	6	6	7	8	8	6	6	6	10
Change of circumstances(Year to date)	8	6	6	6	6	6	6	6	6	6	6	6	6	6
% within 14 days (Current month)			83%	81%	84%	87%	91%	87%	87%	85%	96%	88%	88%	80%
% within 14 days (Year to date)	61%	90%	83%	82%	82%	83%	85%	85%	85%	85%	86%	86%	86%	86%
New RA claims on time(Current month)	55%	82%			89%			72%			70%			63%(E)
New RA claims on time(Year to date)					89%			80%			76%			72%(E)
Benefit Overpayments Outstanding														
			166119.3	171834.9	184279.8	165797.3	179213.1	183765.2	173407.4	171668.67	168847.99	176032.16	178790.79	176041.73
Local Authority Error Overpayments														
LA error - Rent rebates	£ 14,497								£ 3,941	£ 7,299	£ 7,325.00	£ 7,774.00	£ 7,907.00	£8,736.00
LA error - Rent allowances	£ 12,938								£ 3,641	£ 5,605	£ 6,242.00	£ 6,187.00	£ 6,473.00	£6,999.00
LA error - CTB	£ 12,973								£ 4,802	£ 7,299	£ 6,722.00	£ 7,263.00	£ 8,070.00	£8,848.00
Total	£ 40,408								£ 12,384	£ 19,191	£ 20,289.00	£ 21,224.00	£22,450.00	£24,583.00
Outstanding Work Items														
			157	72	159	257	159	231	375	234	145	212	178	516
Discretionary Housing Payments														
Committed balance(£'s)	£20,829		N/A	5602	7324	8769	9142	9333	9960	10463	10974	13039	13618	13705
Un-committed balance(£'s)	££3,164		N/A	-18404	-16682	-15237	-14864	-14673	-14046	-13543	-13032	10967	-10388	-10301
Benefit Customers Seen At HQ														
			279	233	237	254	223	212	190	241	139	251	339	307
Complaints														
Well founded			1	1	0	1	1	0	3	0	0	0	0	0
Dismissed			0	0	0	1	1	1	2	0	0	0	0	0
			1	1	0	0	0	0	1	0	0	0	0	0
Appeals														
			0	0	0	0	0	0	0	0	0	0	0	0
Investigations & Sanctions														
Investigations in progress				51	38	27	21	25	35	42	37	43	34	29
Cautions issued					8	8	14	14	15	15	17	17	17	24
Guilty pleas					4	4	5	5	7	7	11	11	11	12
Admin Penalties					0	0	0	0	0	0	0	1	1	3
Reward total														74400
Postal interventions		990										995	995	995
Intervention visits		990		292/990			454/990			707/990				1010
Note: E = estimated outcomes														

BENEFITS SERVICE IMPROVEMENT PLAN – 2005/06 – 2007/08

By March 2008, the Benefits Service should:

- Be offering an improved level of service to all service users.
- Have delivered cost and efficiency savings of 7.5% (£52K) on 2005/06 budgeted figures.
- Be compliant with the National Performance Standards for Benefits.
- Have increased the percentage of claims received fully complete, with all supporting information and ready to process to in excess of 90% and as a result is able to assess, determine and pay benefit claims within 14 days.
- Is consistently achieving top quartile performance for all statutory Best Value Performance Indicators.

To achieve this the Council needs to:-

- Review, and if necessary, revise its long-term vision for the Benefits Service.
- Reassess and revise the action plan “*Delivering the Vision*” to take account of the issues and external influences arising in 2004/05.

Specifically this means:-

- Completing a reassessment of the revised National Performance Standards.
- Reflecting those changes in a revised version of “*Delivering the Vision*”.
- Adopting a strategy of “*Getting it right first time*” across the Revenues Division. This will involve:-
 - Publicising and operating a guaranteed 5 day fast track assessment for all claims which are received correctly completed with full information and supporting documentation at the outset.
 - Developing the online claim form to ensure it can be used confidently, either directly by claimants, or through a mediating organisation.
 - Ensuring that the front of house service for Revenues can answer any enquiry without transferring calls.
 - Supplementing notifications of benefit entitlement which is a statutory prescribed form, with more informal and concise claim entitlement information.
 - Training and educating external organisations who may become or are involved in the claiming process on what they can do to make it quicker and the potential benefit to them of doing so.
- Adopting SPRINT as the change management and business process re-engineering methodology to redesign the business processes used within the Revenues Division. This is necessary to both to create cost savings and greater efficiency and realise the benefits before identifying solutions or engaging with potential partners as a result of the CAST project.
- Realigning the milestones that will be used to monitor progress towards the vision.
- Under the CAST (Customer Access and Service Transformation) project identify the range of options open to the Council for improving Revenue Services (and the Benefits Service as a key function within that) and recommending the best solution.