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## Chief Executive's Office

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Date: 3 February 2006

**Chorley**  
Borough Council

**Chief Executive:**  
Donna Hall

Dear Councillor

### **CUSTOMER OVERVIEW AND SCRUTINY PANEL - TUESDAY, 7TH FEBRUARY, 2006**

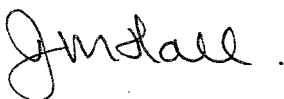
I am now able to enclose, for consideration at the above meeting of the Customer Overview and Scrutiny Panel, the following reports that were unavailable when the agenda was printed.

#### **Agenda No    Item**

4.    **Review of the Revenue and Benefits Services Budget (Pages 1 - 12)**

As part of the Budget Scrutiny exercise, the Revenue and Benefits Service budget will be examined in more detail because it appears as upper quartile costs in the Value for Money (VFM) Self Assessment. There may be a valid reason for this being the case and the purpose of the Scrutiny is to explore in more detail why the service is showing in the upper quartile in cost terms

Yours sincerely



Chief Executive

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#### **Distribution**

1. Agenda and reports to all Members of the Customer Overview and Scrutiny Panel (Councillor Mrs S Walsh, A Cullens, Mrs D Dickinson, M Lees, P Malpas, Miss J Molyneaux, G Russell, E Smith, Mrs J Snape and C Snow) for attendance.
2. Agenda and reports to Director of Finance and Revenues and Benefits Manager and for attendance.

3. Agenda and reports to Executive Leader (Councillor J Wilson) for information.

**This information can be made available to you in larger print or on audio tape, or translated into your own language. Please telephone 01257 515118 to access this service.**

આ માહિતીનો અનુવાદ આપની પોતાની ભાષામાં કરી શકાય છે. આ સેવા સરળતાથી મેળવવા માટે કૃપા કરી, આ નંબર પર ફોન કરો: 01257 515822

ان معلومات کا ترجمہ آپ کی اپنی زبان میں بھی کیا جاسکتا ہے۔ یہ خدمت استعمال کرنے کیلئے براہ مہربانی اس نمبر پر ٹیلیفون

01257 515823

کیجئے:

| Report of           | Meeting                            | Date                          |
|---------------------|------------------------------------|-------------------------------|
| Director of Finance | Customer Overview & Scrutiny Panel | 7 <sup>th</sup> February 2006 |

## CUSTOMER PANEL – BUDGET SCRUTINY

### PURPOSE OF REPORT

1. To present to members details of the spending on Revenues and Benefits service.
2. To analyse in more detail the findings of the Audit Commission review of costs undertaken as part of their use of resources value for money review.
3. To allow Members the opportunity to establish if the Council's policy objectives are being met and if the benchmark findings are a measure of the reality of Members and Stakeholders experiences.

### CORPORATE PRIORITIES

4. The Revenues & Benefits service is predominantly provided as a statutory service but does contribute to some of the wider corporate priorities and objectives in dealing with some of the most vulnerable people in our society through the benefits system.

### RISK ISSUES

5. The issue raised and recommendations made in this report involve risk considerations in the following categories:

|            |   |                  |   |
|------------|---|------------------|---|
| Strategy   |   | Information      |   |
| Reputation | √ | Regulatory/Legal |   |
| Financial  | √ | Operational      | √ |
| People     |   | Other            |   |

6. Council services need to be provided in an effective and efficient way so as to meet public expectations without representing an unreasonable burden on the taxpayer.

### BACKGROUND

7. The Council has recently been subject to a value for money assessment undertaken by the Audit Commission as a precursor to a more formal comprehensive performance assessment, which may be undertaken once the CPA process for District Council's is agreed.
8. As part of their assessment the Audit Commission have undertaken a very basic benchmark of the costs of providing Revenues & Benefits Services by comparing absolute costs with the Council's family group that represent other Council's that exhibit the same attributes as ourselves in terms of demography, population etc.

9. The assessment, using the 2004/05 cost base and 2003/04 performance date, comprised of an analysis of the costs of the Revenues & Benefits Service as a whole, no breakdown or analysis of the different elements of cost have been provided by the Audit Commission.

**AUDIT COMMISSION BENCHMARKING**

**Summary of Analysis**

10. The Audit Commission Benchmarking comprises the Council’s absolute costs against authorities which make up our family group as follows:

|  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>• Broxtowe</li> <li>• Crewe</li> <li>• Erewash</li> <li>• Gedling</li> <li>• High Peak</li> <li>• Hinckley</li> </ul> | <ul style="list-style-type: none"> <li>• Kettering</li> <li>• Newark</li> <li>• Newcastle</li> <li>• North East</li> <li>• South Derbyshire</li> <li>• South Ribble</li> </ul> | <ul style="list-style-type: none"> <li>• Vale Royal</li> <li>• West Lancashire</li> <li>• Wyre Forest</li> </ul> |
|--|--|--|

11. In total the spending in 2004/05 on planning totalled £2.125m. This represents around 10% of the Council’s total spending on services in that year. The breakdown of these costs is as follows:

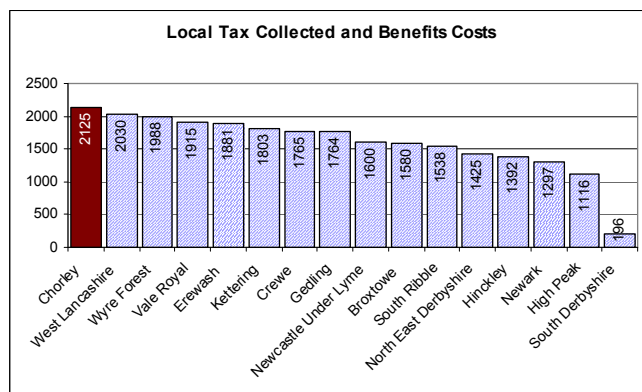
Table 1 – Total spend on Revenues

|                                |                   |
|--------------------------------|-------------------|
| Costs of:                      | <b>£</b>          |
| Benefits Administration        | 1,240,000         |
| Cost of Council Tax Collection | 885,000           |
|                                | <b>£2,125,000</b> |

**Comparison with Family Group**

12. The Audit Commission analysis compares the cost of spending per head of population but a comparison of the absolute costs produced the following results:

Chart 1 – Compares Costs of Services



13. The chart shows that Chorley’s costs were the highest of the family group for expenditure in 2004/2005.

14. In cost terms, Chorley costs for local taxation and benefits was £5.02 per head greater than the family average or £512k in total. This can be broken down further as follows:

Table 2 – Cost per Head of Population

|                         | Housing Benefits Admin<br>£ | Council Tax Benefits Admin<br>£ | Local Tax Collection Cost<br>£ | Total<br>£ |
|-------------------------|-----------------------------|---------------------------------|--------------------------------|------------|
| Chorley Borough Council | 6.26                        | 5.19                            | 8.08                           | 20.83      |
| Family Average          | 6.24                        | 3.54                            | 6.03                           | 15.81      |
| Cost Difference         | 0.02                        | 2.35                            | 2.65                           | 5.02       |
| Total Difference        | 2,000                       | 240,000                         | 270,000                        | 512,000    |

15. In terms of absolute costs, all the services are in the following quartiles when compared with the family group.

Chart 2 – Housing Benefits Administration Costs

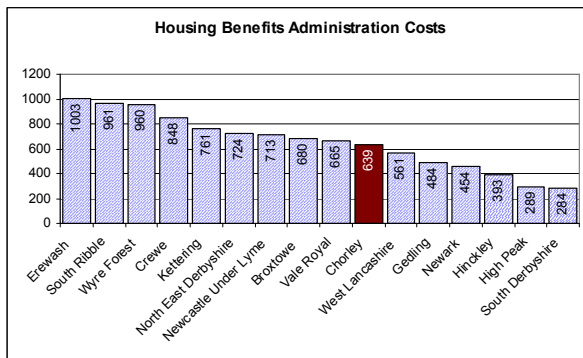


Chart 3 – Council Tax Benefit Administration Costs

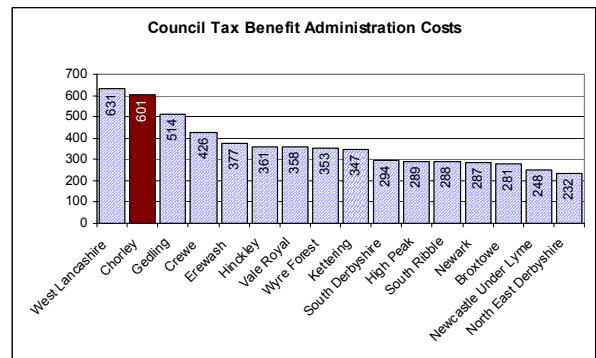
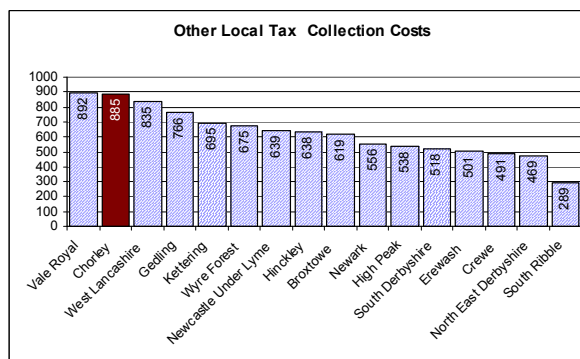


Chart 4 – Other Local Tax Collection Costs



16. The analysis shows that both the cost of Local Tax collection and the cost of administering Council Tax benefit are upper quartile, with housing benefit admin being mid range in terms of costs.

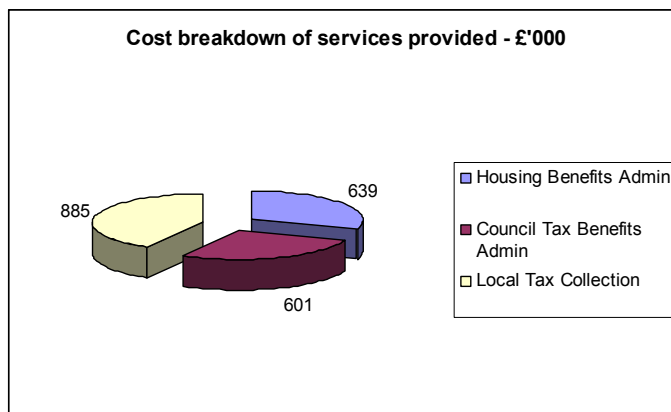
**EXPLANATION OF DIFFERENCES**

- 17. Without very detailed benchmarking and analysis of the data it is not possible to give a definitive reason for the variation. However, for the cost of local tax collection local benchmarking has been undertaken which provides some interesting data. For the other elements of the service, clearly cost is a function of the range and quality of the services provided and some local variations in both demands and costs compared to our family groups.

**COST OF SERVICE PROVIDED**

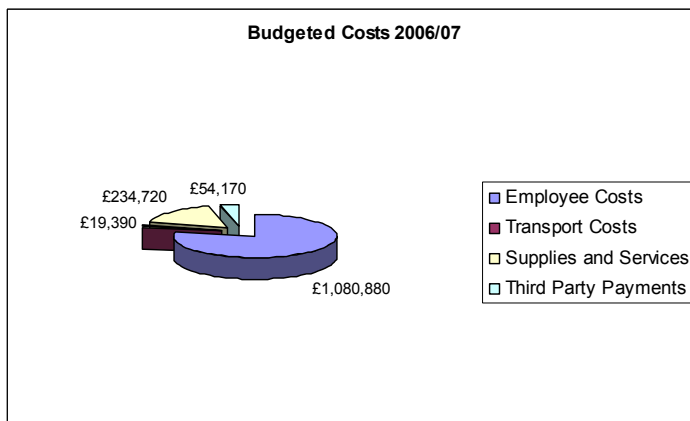
- 18. In terms of the cost of each individual element of the service, the costs breakdown for 2004/05 is as follows:

Chart 5 – Cost breakdown of services provided



- 19. A further analysis of the draft expenditure budget for 2006/07 reveals the key drivers of the costs of services.

Chart 6 – Budgeted Costs 2006/07

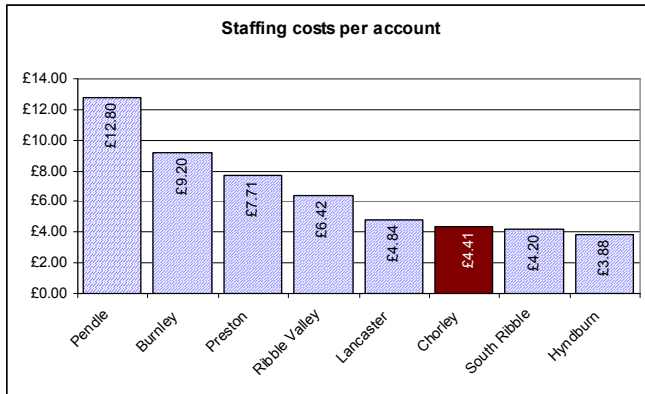


- 20. The chart shows that the majority of resources are consumed in employment costs.
- 21. No data is available within the Audit Commission benchmarking to compare staffing numbers and structures, but for contextual information the structure chart is attached at Appendix 1 together with a detailed breakdown of the costs of the service at Appendix 2.

**LOCAL BENCHMARKING – COLLECTION OF COUNCIL TAX**

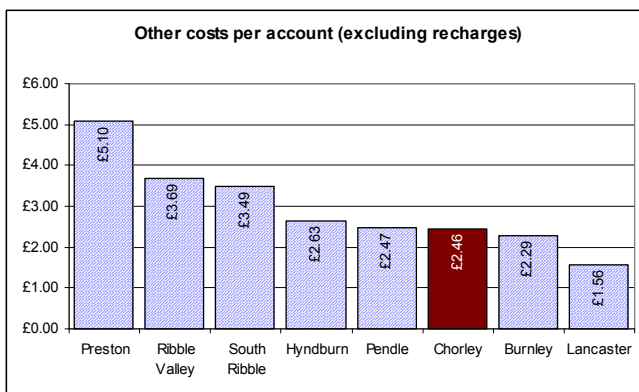
22. The Lancashire Chief Revenues Officers Group have undertaken detailed benchmarking for the same year as the Audit Commission analysis, 2004/2005, for the costs of Council Tax collection only. That analysis provides more detail of Chorley Borough Council's costs as compared to other Lancashire Districts not the family group. The details of which are summarised below.

Chart 7 – Staffing Costs per Account



23. The chart shows that Chorley's staff costs per account were the third lowest of the group, albeit all Districts in Lancashire have not participated in the benchmarking.

Chart 8 – Other costs per accounts (excluding recharges)



24. The chart shows that Chorley's other costs were again one of the lowest in the group, with Lancaster's costs being particularly low.

25. The conclusion that can be drawn from this analysis is that the distribution of recharges has affected both the comparison with our family group and our nearest neighbours as the total costs of the service are high, with the main constituent elements of staffing and other costs being low. Although without further analysis this cannot be proven.

26. In value terms as the bulk of the costs of the service are staffing, it is possible that total costs reflect the volume of work undertaken. Further analysis is provided below to assess if this may impact on Chorley total costs.

Chart 9 – Staffing costs per FTE

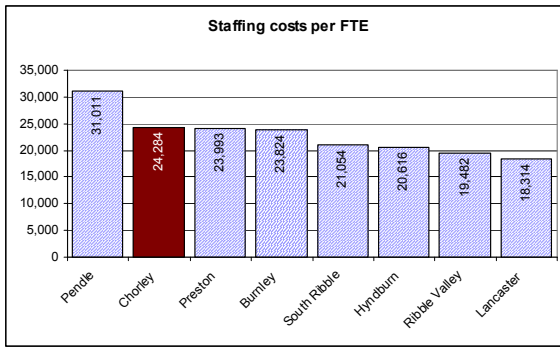
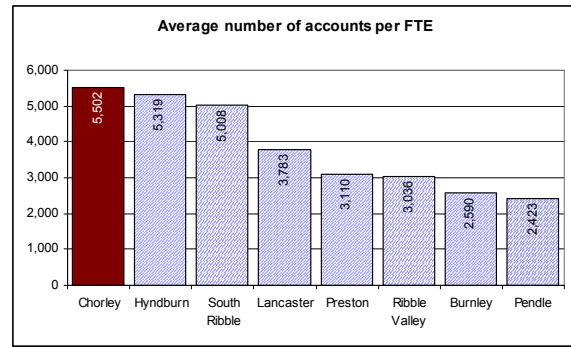


Chart 10 – Average number of accounts per FTE



- 27. The chart shows that staffing costs per FTE are higher than others in the group but the number of staff per account is lower. This indicates that the productivity of staff is greater, but that perhaps they are of a higher quality if measured through the level of pay.

**PERFORMANCE**

- 28. The key role of the Collection Service is to ensure as much Council Tax is collected as possible. Therefore overall collection rates for the participating authorities are show below.

Chart 11 – Council Tax Collected 2004/05

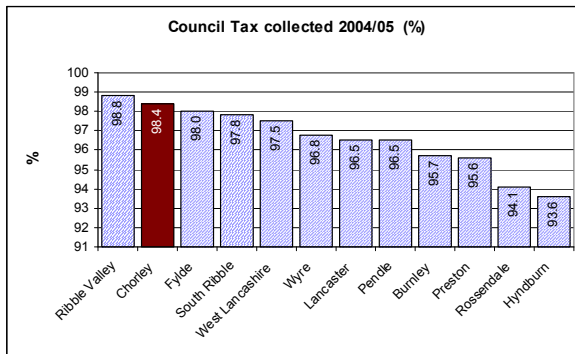
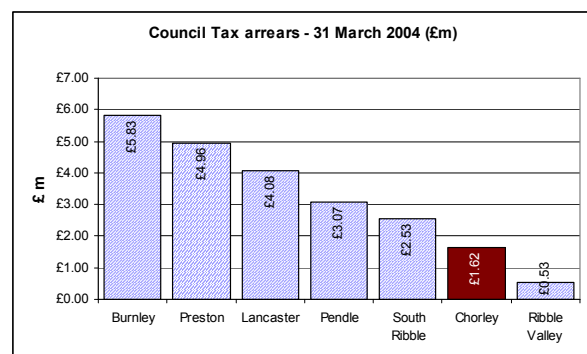


Chart 12 – Council Tax Arrears – 31/3/2004



- 29. The analysis shows that Chorley’s collection was one of the highest in the group. The Audit Commission analysis for the Council family group for 2003/04 showed Chorley in the second lowest quartile, but for 2004/05 but has now changed with performance being upper quartile when compared against all Authorities in England.
- 30. A one year snapshot of collections does not always produce enough information to establish if this performance is consistent. By measuring the total level of arrears it is possible to assess the success of and effectiveness of the collection process over a period.
- 31. The chart shows that apart from Ribble Valley, Chorley’s arrears were one of the lowest in the set. When combined with the fact that cost appear low in comparison with others this indicates to some extent that value is being achieved.

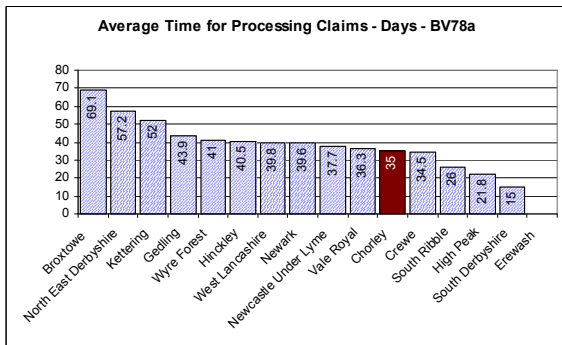
**FAMILY GROUP BENCHMARKING (BENEFITS ADMINISTRATION)**

- 32. Whilst no local benchmarking has been undertaken for Benefits Administration, performance data is available against the Council’s family group for 2003/04.

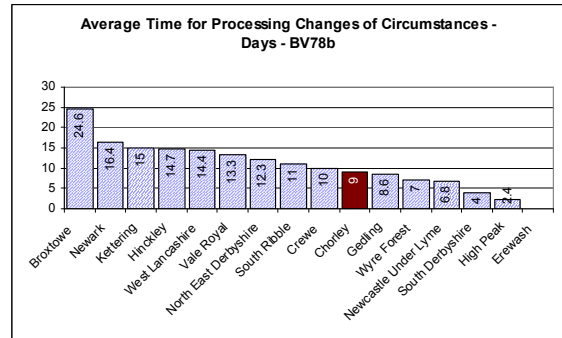


33. Set out below are some comparisons to enable Members to gauge if the users of the service are being provided with the quality expected.

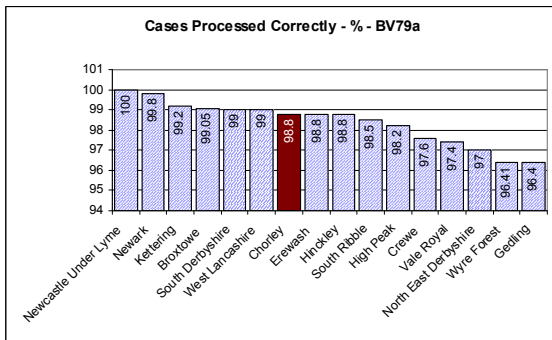
**Chart 13 – Average time for processing claims – Days – BV78a**



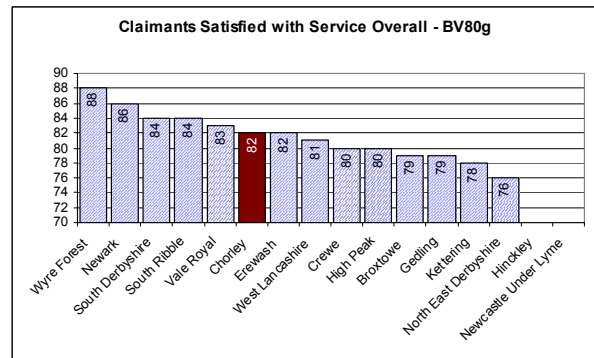
**Chart 14 – Average time for processing changes of circumstances – Days – BV78b**



**Chart 15 – Cases processed correctly % - BV79a**



**Chart 16 – Claimants satisfied with service Overall – BV80g**



34. The analysis shows that in general processing times, which are a measure of Best Value, are lower than most in the family group, but that the error rate was higher than others. Satisfaction with the service is mid range.

**UPDATED PERFORMANCE DATA FOR 2004/05 AND 2005/06**

35. Whilst the 2003/04 data provides a benchmark, up to date information will give Members a better understanding of how the service is currently performing. The relevant data is shown in the table below.

**Table 3 – Year on Year performance compared with All England Best Quartile**

|   | 2003/04 | 2004/05 | Target | 2005/06 to date | All England Best Quartile | Upper Quartile |
|---|---------|---------|--------|-----------------|---------------------------|----------------|
| Average time to process new claims              | 35      | 25      | 28.5   | 27              | 29.38                     | Y              |
| Average time to process change of circumstances | 9       | 17      | 14     | 6.5             | 7.4                       | Y              |
| % cases where the assessment was correct        | 98.8    | 98.5    | 98     | 98.4            | 99                        | N              |
| % of Council Tax collected                      | 97.9    | 98.4    | 98.6   | *98.6           | 98.3                      | Y              |

\* Forecast

36. The table shows that for the benefits service performance since 2003/04 has improved for the main measures of quality but that further work is required on ensuring claims are correct. For Council Tax collection, performance continues to be good with the collection rate now in the upper quartile.

### **SUMMARY AND CONCLUSIONS**

37. In overall terms it is possible to draw a number of conclusions from both the analysis provided by the Audit Commission and through the local benchmarking that has been undertaken.
38. The analysis by the Audit Commission, which is at a very strategic or high level prompts a number of questions, not least of which is, why do the Borough Council appear to spend more resources in this particular area than some others.
39. The budget scrutiny exercise has probably identified that without detailed analysis, it is not always possible to provide an explanation of the reasons for differences in resource consumption, but that further work is necessary to establish the reasons for this.
40. The manifestation of the Council's policies and targets is through the budgeted cost of the service and through the Council's ability to deliver continuous improvement and meets its policy objective and targets.
41. The analysis provided, shows that whilst costs are higher, it is not possible through the information provided by the Audit Commission to analyse why.
42. However, through local benchmarking on Council Tax, it has been possible to say that the costs of that service appear low and outputs high, but that recharges appear to make the service appear costly. This may also explain why total costs are high compared to the family group.
43. In terms of performance, the Council compares well for both benefits administration and Council Tax collection, with some of the key indicators improving overtime and now hitting targets and being in the All England upper quartile. In this respect the Council is achieving its budgeted policy objectives. There does however remain some areas where performance can be improved, particularly in relation to the accuracy of processing.

### **RECOMMENDATION**

44. Members of the Scrutiny panel are asked to note the comments of the report and determine whether it has any recommendations for the Overview and Scrutiny Committee to take forward to the Executive for consideration when recommending a budget for the Council for 2006/07.

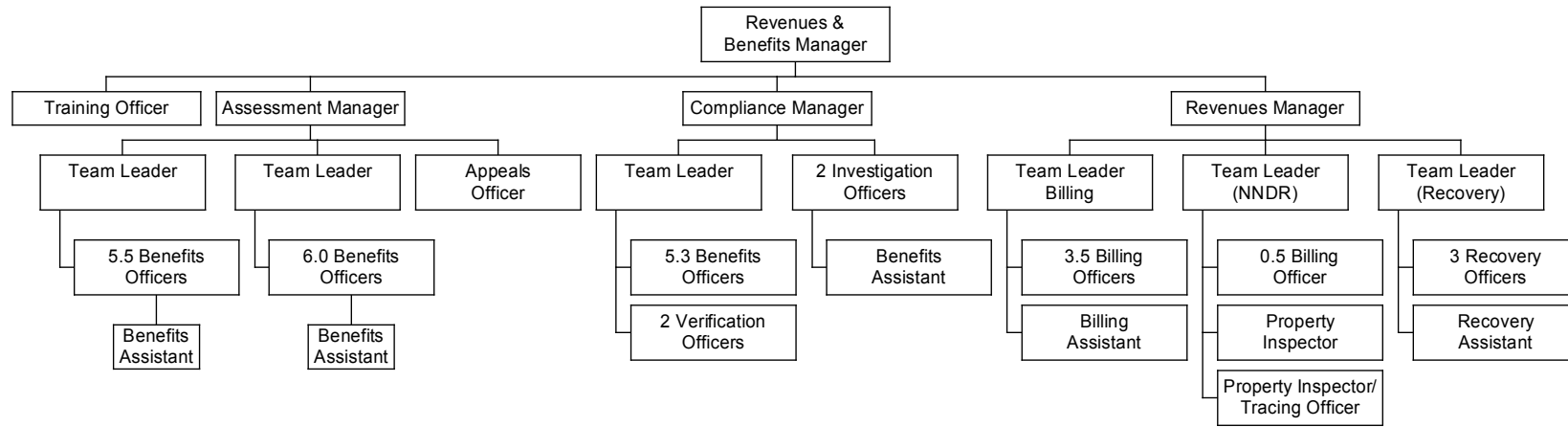
GARY HALL  
DIRECTOR OF FINANCE

There are no background papers to this report.

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| <b>Report Author</b> | <b>Ext</b> | <b>Date</b>                    | <b>Doc ID</b>   |
|----------------------|------------|--------------------------------|-----------------|
| Gary Hall            | 5480       | 2 <sup>nd</sup> February 20056 | ADMINREP/REPORT |

REVENUES & BENEFITS SERVICE STRUCTURE



|  | <i>2005/2006</i><br><i>Full Year</i><br><i>Budget</i><br><i>£</i> |
|--|---|
| 10000 - Operational Employees Salaries           | 856,690   |
| 10100 - Operational Employees Overtime           | 15,890  |
| 11000 - Operational Salaries NI                  | 58,390  |
| 12000 - Operational Salaries Superannuation      | 113,080   |
| 13000 - Agency Staff                             | 3,000   |
| 14001 - First Aid Payments                       | 230   |
| 14100 - Car Leasing Payment                      | 11,520  |
| 14101 - Car Leasing National Insurance           | 1,520   |
| 14102 - Car Leasing Insurance                    | 1,520   |
| 17100 - Training Expenses Travel and Subsistence | 7,460   |
| 18003 - Employee Related Insurance               | 11,580  |
| <b>Employee Costs</b>                            | <b><u>1,080,880</u></b>   |
| 30030 - Staff General Travel Expenses            | 130   |
| 30032 - Staff Rail Fares                         | 180   |
| 30035 - Car Allowances                           | 11,360  |
| 30036 - Parking Fees                             | 40  |
| 30037 - Parking Permits                          | 7,680   |
| <b>Transport Costs</b>                           | <b><u>19,390</u></b>  |
| 40012 - Purchase Furniture                       | 3,820   |
| 40014 - Maint Of Furniture/Equipment             | 310   |
| 40040 - Protective Clothing                      | 100   |
| 40043 - Printing                                 | 17,640  |
| 40048 - External Photocopying                    | 1,000   |
| 40050 - Stationery                               | 4,200   |
| 40054 - Publications                             | 840   |
| 40055 - Disposal Of Records                      | 710   |
| 40064 - External Audit                           | 14,000  |
| 40068 - Search Fees                              | 110   |
| 40071 - Bailiffs' Fees                           | 400   |
| 40082 - Postages                                 | 49,790  |
| 40083 - Telephones - Rentals                     | 230   |
| 40084 - Telephones - Calls                       | 10  |
| 40086 - Mobile Phones                            | 1,360   |
| 40099 - Computer Consumables                     | 1,860   |
| 40101 - IT Software - Annual Licences            | 17,180  |
| 40105 - Computer Equipment-Maintenance           | 2,800   |
| 40107 - Computer Software-Maintenance            | 53,860  |
| 40108 - Escrow                                   | 0   |
| 40110 - User Group Expenses                      | 5,620   |
| 40111 - Computer - Support Services              | 4,070   |
| 40113 - Computer Software-Leasing                | 31,630  |
| 40115 - Travel & Subsistence - Staff             | 340   |
| 40120 - Conferences - Staff                      | 750   |
| 40146 - General Subscriptions                    | 1,860   |
| 40151 - Bank Charges                             | 720   |
| 40153 - Bailiffs Commission                      | 250   |
| 40157 - Publicity                                | 1,880   |
| 40160 - Statutory Notices                        | 1,050   |
| 40171 - Legal Fees                               | 13,480  |
| 40174 - HM Land Registry Fees                    | 250   |
| 40216 - Debtor Tracing Service                   | 2,600   |
| <b>Supplies and Services</b>                     | <b><u>234,720</u></b>   |

|   | <b>2005/2006<br/>Full Year<br/>Budget<br/>£</b> |
|---|---|
| <b>Third Party Payments</b>                     | <u><u>0</u></u>                                 |
| 60003 - NNDR Collection Allowance               | -124,130  |
| 60009 - WIBS. Subsidy/Anti-Fraud Incn           | -120,000  |
| 60010 - Benefits Admin. Subsidy                 | -481,620  |
| 60013 - DSS Verification Framework              | -98,700   |
| 60098 - Private Telephone Calls                 | -40   |
| 60103 - Other Costs Recovered                   | -220,870  |
| 60104 - Court Costs Awarded                     | 0   |
| 60106 - Other Legal Fees                        | -4,000  |
| 60168 - Other Income                            | -9,200  |
| <b>Income</b>                                   | <u><u>-1,058,560</u></u>                        |
| 70020 - Notional Capital Charge                 | 16,620  |
| 70040 - Deferred Charges Write-Off              | 76,900  |
| <b>Capital Charges</b>                          | <u><u>93,520</u></u>                            |
| 80000 - Accountancy                             | 45,900  |
| 80001 - Payroll                                 | 17,490  |
| 80002 - Creditors                               | 6,000   |
| 80003 - Audit                                   | 29,770  |
| 80004 - Debtors                                 | 150   |
| 80005 - Council Tax                             | 29,690  |
| 80007 - IT Services                             | 257,590   |
| 80009 - Personnel Services                      | 29,700  |
| 80010 - Health And Safety                       | 7,540   |
| 80011 - Occupational Health                     | 3,020   |
| 80012 - Corporate Training                      | 8,290   |
| 80013 - Central Recruitment                     | 3,690   |
| 80015 - Union Street Offices                    | 58,980  |
| 80021 - Civic Buildings Supervision             | 900   |
| 80023 - Legal Services                          | 510   |
| 80026 - Corporate & Policy Services             | 11,910  |
| 80027 - Customer Services                       | 549,680   |
| 80028 - Admin Services (Th)                     | 1,070   |
| 80029 - Admin Services (Us)                     | 35,000  |
| 80032 - Desktop Publishing Services             | 23,980  |
| 80033 - Corporate Management                    | 3,190   |
| 80035 - Central Printing Recharge               | 2,490   |
| 80036 - Photocopying Recharge                   | 1,850   |
| 80069 - Telephone /Fax Recharge                 | 12,750  |
| 80070 - DTP Printing Recharge                   | 1,660   |
| 80071 - Flexitime Recharge                      | 690   |
| 89000 - Internal Recharge Income                | -49,500   |
| <b>Recharges</b>                                | <u><u>1,093,990</u></u>                         |
| <b>Totals</b>                                   | <u><u>1,463,940</u></u>                         |
| <b>Total Council Tax Benefit Administration</b> | 844,510   |
| <b>Total Local Tax Collection</b>               | 34,890  |
| <b>Total Housing Benefit Administration</b>     | 638,710   |
|   | <u><u>1,518,110</u></u>                         |