

Report of	Meeting	Date
Customer Overview & Scrutiny Panel	Overview & Scrutiny Committee	16 February 2006

CUSTOMER OVERVIEW AND SCRUTINY PANEL - BUDGET SCRUTINY

PURPOSE OF REPORT

1. To present to Members the comments regarding the spending on Revenues and Benefits Services made at a meeting of the Customer Overview & Scrutiny Panel held on 7 February 2006.
2. To present the answers to the questions given by the Director of Finance, on behalf of the Executive Leader and Executive Member for Capacity and Resources.
3. To allow Members to scrutinise whether the Council's policy objectives are being met and if the bench mark findings are a true reflection of Members and Stakeholders experience.

CORPORATE PRIORITIES

4. The service is, in the main, a statutory service. It does contribute to wider corporate priorities in dealing with vulnerable people 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 use of resources value for money review by the Audit Commission. The review will be followed by a more formal comprehensive performance assessment that may be undertaken once the CPA process for District Council's is agreed.
8. The assessment included a very basic benchmark of the costs of providing the Revenues and Benefits Service. Comparative information from other Council's who share similar demographics and population were used to compare absolute costs.



9. The 2004/05 cost base and 2003/04 performance data was used to analyse the costs of the service as a whole. There was no breakdown or analysis of the different elements of costs provided by the Audit Commission.

AUDIT COMMISSION BENCHMARKING

Summary of Analysis

10. The Audit Commission Benchmarking comprises the Council's absolute costs against those authorities comprising the following group:

<ul style="list-style-type: none"> • Broxtowe • Crewe • Erewash • Gedling • High Peak • Hinckley 	<ul style="list-style-type: none"> • Kettering • Newark • Newcastle • North East • South Derbyshire • South Ribble 	<ul style="list-style-type: none"> •Vale Royal •West Lancashire •Wyre Forest
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11. In total the spending in 2004/05 totalled £2.125 million, representing around 10% of the Council's total spending on services for that year. The following table shows that the Total Difference was £512,000.00 greater than the family average.

Comparison with Family Group

Table 1

	Housing Benefits Admin £	Council Tax Benefits Admin £	Local Tax Collection Cost £	Total £
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

12. Analysis shows that both the cost of Local Tax collection and administering Council Tax benefit are upper quartile, with Housing Benefit administration being mid range in terms of cost.
13. Through local benchmarking on Council Tax the costs of that service appear low and the outputs high. However, recharges seem to make the service appear costly. This may explain why total costs are so high in comparison with the family group.

Questions to Executive Member

14. A number of questions were put to the Director of Finance as indicated below along with a brief response.

Question 1)

It appears the Council is not able to demonstrate that it can compare and understand in detail its cost base as compared to other Council's. How will the Executive remedy this issue?

Understanding the cost base is complex, as this information set has not been collected in the past. The Audit Commission is now focussing on Council's being able to demonstrate value for money. This is not just being able to compare and contrast with other Local Authorities but that we can demonstrate we are delivering the service in the best way.

In some Local Authorities the service was by an external company not in house. This meant that the information relating to the cost of the service was commercially sensitive and not included in benchmarking figures. The local benchmarking information suggested that the cost of providing the service was low, but the system of recharges inflated the cost of the service.

Chorley complies with accountancy rules in the way that recharges are dealt with, but not all Councils deal with recharges in the same way. The different practices mean that the figures are not comparing like with like.

Question 2)

The local indicators for Council Tax collection indicate costs are low. Why is the same information not available for the Benefits costs?

A Lancashire Benchmarking club had been re-established for Benefits. In the past where a private firm provided the service Councils have been reluctant to provide benchmarking information due to the commercially sensitive nature of the information.

The benchmarking information group would compare Chorley's Performance Standard and enable the exchange of information and good practice. It was suggested that the benchmarking exercise be extended to incorporate the Councils within the family group identified by the Audit Commission.

Question 3)

Performance in 2003/04 was relatively poor for Benefits compared to the family group. Why was this and what has been done to remedy the situation? Has there been a cost to achieving the improvement?

At the time of these figures 5 experienced staff had moved from the Benefits section to work in the recently opened One Stop Shop facility. Difficulties were faced in recruiting experienced staff. To overcome this a training scheme was developed with a private company and 7 trainees had been recruited. Funding had been received to undertake this and the performance had now improved considerably.

Question 4)

The analysis shows that the bulk of the family group were performing poorly in terms of processing new claims. Chorley has improved, is it likely that other Councils have improved, and if so what is Chorley doing to ensure it continually improves?

The Government identified problem areas for Councils and gave funding for training in these areas. Other Councils have improved their performance in this area. The Government set a target in 2005/2006 to process claims in 36 days and Chorley is running at 27 days. The top quartile target was 26 days showing that Councils had improved their performance.

To continuously improve the performance the service was redesigned, including the provision of home visits in the event of a new claim. This enabled the assessor to collect all the information required in one go and proved more efficient as a large amount of time was spent chasing claimants for information. Internal procedures were revised and the section managers monitored and prioritised the work, which enhanced the service provided whilst reducing the cost. There would be further improvements to the Benefits service, as it would be going into the Contact Centre.

Question 5)

Satisfaction with service in 2003/04 was only average, is any more updated information available regarding levels of satisfaction?

The amount of information collected about satisfaction has increased. Telephone surveys are carried out every month with 1% of customers. The questions include the phone service, the One Stop Shop, the time taken to deal with their claim and overall satisfaction. The satisfaction rate overall for the Benefits service for the last 12 months was 100%.

The Panel noted that the public were receiving a high-quality service and that the level of service needed to be maintained when the service moved into the Contact Centre.

Question 6)

In the upper quartile for Council Tax collected the margins between authorities is only minor. What is being done to ensure Chorley maintains the standard it has set and also improves further?

The percentage margins between the quartiles are only minor but they amount to large sums of money. Payment by Direct Debit was promoted and Chorley had a high percentage of people who paid by Direct Debit. The performance of bailiffs was monitored, including a recent market testing exercise.

Plans were in place to target hard-core of non-payers. In carefully selected cases a charge could be placed on a property meaning that when the property was sold the amount owed came back to the Council. This was a new tool open to the Council.

There were future plans to check claims for single occupancy discount were correct by working with other Councils and a private company through other data sets.

Question 7)

Why has Chorley scored relatively low on % of Claims processed correctly?

Chorley is meeting the Government target of 98% accuracy. The most recent figure is 99.2%. The percentage difference between the quartiles is a small amount. The indicator did not differentiate between claims where an error was 1 pence or 10 pounds. 10% of cases are checked for accuracy and any training needs are identified if required.

The Regulations surrounding the service are updated on a regular basis and the training materials are kept up to date. In fact, the training materials produced are of such a high standard that other Local Authorities want to use them!

Question 8)

What contribution has the Revenues and Benefits service made to the Council's Efficiency Agenda for 2006/07.

The Audit Commission recently published a paper relating to good practice and partnership working. Further work would be carried out in relation to benchmarking to ensure that the service was cost effective as there is no evidence to prove that at the current time.

Payment by Direct Debit and Bacs is promoted. This reduced the need for recovery due to non-payment. The Council had an Access strategy, this meant giving customers access to services in a number of ways, including self-service via the website. This used e billing and is a cheaper way to deliver the service. Home visits were also part of this.

Work is being undertaken into home working and the technology required for this, a pilot scheme is currently underway.

Question 9)

Arising from the recent Audit Commission report “The efficiency challenge” four recommendations were set out: How is this Council implementing the following?

a) To consider the benefits of sharing services, with other councils, other public service providers, or through the private sector,

There are plans to check claims for single occupancy discount through working with other Councils and a private company. A private debt agency and bailiffs are used. The Council Tax leaflet would be produced in conjunction with Lancashire County Council this year, reducing the production costs and providing information in a customer friendly way. Other leaflets could be produced following the same principle. Work is ongoing with the Department for Work and Pensions and private companies with regard to training. Private companies supported the software used by the service and scanned and indexed the documents into the Document Management System. The Contact Centre could provide opportunities for shared working, including the out of hours telephone services, visiting services and back office systems.

b) Ensure that, when new initiatives are undertaken, there is a clear cost benefit analysis,

When new initiatives are undertaken to provide a better service to the public, the cost benefit analysis can be complex. Home visits will cost more, but the processing times will reduce and customer satisfaction will increase.

c) Set clear goals and objectives for benchmarking activity to ensure that good practices are shared, with improved outcomes for customers,

There is a lot of information being collected to enable benchmarking for Local Taxation and to enable the sharing of good practice. A Lancashire Benchmarking club had been re-established for Benefits. In the past where a private firm provided the service Councils have been reluctant to provide benchmarking information due to the commercially sensitive nature of the information. The benchmarking information group would compare Chorley's Performance Standard and enable the exchange of information and good practice.

d) Maximise opportunities to improve collection by direct debit.

Payment by Direct Debit was promoted and Chorley had a high percentage of people who paid by Direct Debit.

CONCLUSIONS

14. The analysis has shown that Chorley is providing a good service to the Revenues and Benefits customers. Developments such as home visits and the redesign of back office elements of the service are providing a more efficient and enhanced service. However, there is a lack of benchmarking information.
15. It should be highlighted that the training scheme and training materials that have been developed within the service are positive, for both the staff and the customers. Elements

of the service, such as forms being in plain English are important to the customer. The Panel noted the need to balance the cost/service provided to the customer.

RECOMMENDATIONS

16. The Customer Overview and Scrutiny Panel recommend that the Overview and Scrutiny Committee submit the following comments to the Executive Cabinet.
 1. The Executive Cabinet is requested to take action to pursue the provision of more detailed comparative data from the Audit Commission's 'family tree' authorities, particularly in relation to the output, cost and quality of services, in order to enable a more reasonable value for money assessment of the whole of the Revenues and Benefits service.
 2. What steps will the Executive Cabinet take to ensure that the high-quality service the public is receiving from the Benefits service is maintained when the service moves into the Contact Centre?
 3. The Executive Cabinet is requested to undertake a consistent and measured review of all services via the Procurement strategy for the delivery of value for money services.

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Ruth Hawes	5118	9 February 2006	Customer Budget Scrutiny