

WARWICK DISTRICT COUNCIL

TO: PERFORMANCE REVIEW SUB-COMMITTEE - 19TH JANUARY
2000
RESOURCES SUB-COMMITTEE - 7TH FEBRUARY 2000

SUBJECT: BENEFITS FUNDAMENTAL REVIEW

FROM: BENEFITS FUNDAMENTAL REVIEW GROUP

1. PURPOSE OF REPORT

1.1 To report to the Sub-Committee the findings of the Members review group, appointed to investigate the Benefits Service as part of this Authority's commitment to fundamental reviews.

2. INTRODUCTION

2.1 This Committee agreed at its meeting on 14th June 1999 the overall structure for the 1999/2000 fundamental reviews. It appointed a sub-group comprising:- Councillor Mrs. Begg, Councillor Mrs. Clayton, Councillor Mrs. Compton and Councillor Mrs. Evans to carry out the Benefits review.

It was agreed that the sub-group at its first meeting would agree the framework for its review, and the dates for future meetings. The sub-group has had six meetings to consider the review, and has been serviced by Jeannette McGarry and Lyn Edwards from the Commissioning Team, and Jennie Henman, Richard Barr, Peter Roberts and Andrew Dunnell from Finance.

2.2 Appendices

2.2.1 In order to show the Committee the nature of the information obtained to perform the review, it is necessary to include with the report a significant number of Appendices. A list of the Appendices attached is detailed below:-

- Appendix A - Warwick District Council Internal Guidance - Fundamental Review Process
- Appendix B - Report on Benefits Base Data - 1st July 1999
- Appendix C - Questionnaire to Review Board Members
- Appendix D - Letter to Welfare Organisations
- Appendix E - E-mail to HOBS
- Appendix F - Service Plan report to Resources Sub-Committee - 23rd August 1999
- Appendix G - Head of Finance - Barony Competitive Report
- Appendix H - Barony Report on Benefits
- Appendix I - Commissioning Directors report and Consultants report on the Customer Survey
- Appendix J - Head of Finance report on CIPFA Benchmarking
- Appendix K - Performance comparison Warwickshire authorities

- Appendix L - Action Plan
- Appendix M - Benefits Investigation Benchmarking

2.2.2 A full copy of the report with Appendices has been deposited in each of the group rooms, and the report for Performance Review Sub Committee will only include the Appendix L Action Plan.

2.3 Guidelines Available

2.3.1 This Committee had already agreed the internal guidance to be provided to any sub-group performing a fundamental review, and a copy is attached at Appendix A.

2.3.2 This guidance had been produced before the information was available on the government's four C's approach i.e. a satisfactory fundamental review would need to encompass a challenge, consult, compare and compete approach.

2.3.3 The first meeting of the sub-group would need to consider, therefore, how the review could be carried out to integrate the four C's requirements into existing guidance.

2.4 The Status of the Review

2.4.1 Whilst the Authority was pressing ahead with its review processes, it was acknowledged that because legislation to introduce Best Value had not yet become law, this review was not part of the official process that would start on 1st April 2000.

2.4.2 However, the aim throughout has been to try and anticipate the type of requirements that might become part of official reviews, in order to give a thorough examination of the service.

3. THE PROCESS FOR THE REVIEW

3.1 The First Meeting and The Base Data

3.1.1 In accordance with the requirements of the Council's internal guidance, the Head of Finance produced a report for the first meeting on 1st July 1999, on the base data relating to the Benefits function.

3.1.2 This document, which runs to twenty-seven pages plus Appendices is attached as Appendix B to this report. This is an important document which contains essential information on how Benefits works. **It is suggested that Appendix B be read at this stage to obtain a good understanding of the service, the standards to which it works and the areas that might be considered for further investigation.**

3.1.3 It was apparent at the first meeting that it was impossible for the sub-group to establish a reasonable understanding of the service from such a limited period of time. Whilst at this stage an early consideration was given to the consultation process, and the use of third party consultants for assessing competitiveness, any decisions were deferred until the second meeting of the sub-group on 29th July.

3.1.4 The ONE Project

One feature of the base data of an unusual nature, was the reference to the Government's ONE Project. This is a three year pilot scheme started in June 1999, to provide a single point of entry to the Benefits systems. The Benefits Division at Warwick District Council has lost the services of two of its key experienced personnel, who have been seconded into jobs for the Employment Service.

3.2 The Second Meeting and Establishing the Review Structure

3.2.1 All of the sub-group, and the officers, were keen to establish a structure to the review so that it could be seen how the subject was being tackled, what could be considered at each meeting and how outcomes could be achieved.

3.2.2 The second meeting was used initially to gain a better understanding of what is a very complex subject. The base data report from meeting one was still the focus of the sub-group's consideration.

3.2.3 What then became apparent, was the need to picture the whole review process under the four C's. How would the Council wish to see that the Benefits service was Challenged; with whom should it Consult; how did it Compare with other providers and was it Competitive.

3.2.4 The process for dealing with the four C's requirements was as follows:-

(a) Challenge

Whilst there was an appreciation at this early stage that there is a legal obligation for Local Authorities to administer the Housing Benefit and Council Tax Benefit Schemes on behalf of the DSS, it was also appreciated that all of the work did not have to be performed in-house.

It was considered that partnerships with other authorities could be explored, and provision by an external provider was also possible. It was appreciated that there was a ready market for these contracts in the private sector.

It was agreed at this stage to defer some of the aspects of the challenge part of the review until the information in respect of the other three C's had been considered.

(b) **Consult**

It was agreed that the consultation process already underway within Finance would serve as an appropriate means of consulting customers. The questionnaire used is shown within the Base Data Report Appendix B (n.b. it is Appendix I of that report).

The questionnaire had been despatched with all claimants' renewal forms and a separate return envelope (postage paid) was included to encourage a good response.

In addition to this direct customer consultation it was agreed to consult the following people using a different questionnaire:-

Members of the Council's Official Review Board (see Appendix C)

Letter to Voluntary Organisations - Citizens Advice Bureau
- Warwickshire Welfare Rights Advice Service
- Young Homeless Project (see Appendix D)

Consultation with Heads of Business Units (see Appendix E)

The Commissioning Team were able to organise the analysis of the returned customer consultation questionnaires by an external contractor, as the number involved (1000) would pose a processing difficulty in-house.

(c) **Compare**

There were three broad aspects to the means by which the Benefits performance would be compared with other authorities and potential providers.

Firstly, Finance had already organised membership of the Chartered Institute of Public Finance and Accountancy (CIPFA) Benefits Benchmarking Club. The selection by Finance of their comparator group, ensured that only authorities with current upper quartile performance (service) or lower quartile performance (costs) would be used to compare against.

Secondly, the use of a consultant to advise on the Compete aspect (see 3.2.4.(d) below), would ensure the dimensions of comparing performance with the private sector.

Thirdly, the Audit Commission Official Performance Indicators published annually, give a good indication of how the Benefits service compares to all other Local Authorities.

(d) **Compete**

The sub-group were advised that a leading consultancy company (Barony) had been used in 1997 to investigate the performance of the Benefits Division, prior to consideration for possible exposure to Compulsory Competitive Tendering (CCT).

It was agreed that the company would again be approached to review the operation of the Benefits Division and the Fraud Investigation Unit within the Audit Services Division.

The purpose of the review would be to establish the competitiveness of the costs of the operation at Warwick District Council, compared with possible private sector costs. In addition, how could the operational efficiency of the unit expect to be improved over the next few years.

3.2.5 It was anticipated that once the information and reports from the above process had been received, it would be possible to plan the action needed to achieve the continuous improvement required in economy, efficiency and effectiveness under Best Value.

3.2.6 It was also agreed at this stage, that a visit by Members to view the Benefits operation, and speak to staff, would be desirable. Hence arrangements were made to visit the Benefits Division at the Portakabin and also the fraud team in Victoria Chambers. This was a useful exercise to enhance the group's appreciation of the issues in the workplace.

3.3 The next three meetings - 1st September, 11th October and 2nd November 1999

3.3.1 The next three meetings then considered various reports that were produced as a result of the process instituted above.

3.3.2 Service Plan (considered 1st September 1999)

The sub-group were keen to see how the current service standards were being reported, and the Commissioning Team report to Resources Committee on 23rd August 1999 contained all the relevant information. A copy of the report is enclosed as Appendix F.

3.3.3 Barony Report (considered 1st September 1999)

Because Finance had been maintaining a base data record of all of its Benefits transactions, it was possible for Barony to produce a report very quickly. The meeting was able to consider the data on how competitive the Benefits Division actually was, and how the continuous improvement issues could be tackled.

A report was presented by the Head of Finance (Appendix G) summarising the content of the Barony report which is also attached as Appendix H.

3.3.4 New Benefits System (considered 11th October 1999)

The purchase and installation of a new Benefits Software System is a major aspect of the development of Benefits into the future. The sub-group had decided at an earlier meeting that it might be helpful if the Project Manager (Dave Adcock from I.T. Services) attended one of the group's meetings.

The October meeting was used as a session to talk with him about how he saw the project unfolding.

3.3.5 Analysis of the Customer Care Survey (considered 11th October 1999)

A report from the Commissioning Team was presented enclosing the Consultant's report on the Customer Survey. These two items are at Appendix I.

3.3.6 CIPFA Benchmarking Report (considered 11th October 1999)

The Head of Finance produced a report summarising the content of the CIPFA results. This report is shown at Appendix J. The CIPFA report itself is not enclosed in a bid to reduce the overall size of this report, but is available on request to the Head of Finance.

3.3.7 Action Plan (considered 2nd November 1999)

The sub-group were aware of the need to distill the significant quantities of information available and channel thoughts into an action plan. This meeting gave initial consideration to a report from the Head of Finance showing the items to be included in an action plan.

The recommended action plan for Benefits is included as Appendix L of the report.

4. THE RESULTS OF THE REVIEW

4.1 When considering how best to present the results of the review, it is considered most appropriate to consider them in the light of the Challenge, Consult, Compare and Compete format, wherever possible. However, whilst most of the major aspects of the review allow that, there is one specific issue which requires separate treatment. That issue is the significance of the new Benefits software acquisition.

4.2 Hence the format of this Results Section of the report will be to cover the following aspects of the review:-

New Benefits Software
Challenge
Consult
Compare
Compete

It will show those areas that are particularly good, and will identify the specific areas for improvement which need to be carried into the Action Plan.

4.3 The New Benefits Software

4.3.1 The acquisition of the new computer software system for the calculation of Benefits is already part of the Resources 1999/2000 Capital Programme. This reflected the need for Finance to have selected, procured and installed a new system before the licence on the old MDIS system ran out in February 2001.

4.3.2 The acquisition of the new system also fitted the timetable for the office move to Leamington House in the Autumn of 2000 i.e. Finance felt most comfortable about getting the issue of new software sorted out before the upheaval of the office move was faced, rather than during it.

4.3.3 If the decision had not been taken to replace the Benefits software now, we as an Authority could only have continued by taking an unknown product (whatever the MDIS replacement is) as soon as it were to be produced. This would not have been a proper way of choosing the best product to run the service.

4.3.4 One member of the sub-group felt the whole review was being carried out at the wrong time, as such a significant decision had already been taken prior to the fundamental review being done.

4.3.5 The Significance of the New Software

4.3.5.1 The earlier reports to Resources Committee outlined the major benefits in operation anticipated from the new system. It is not regarded as necessary to reproduce them with this report, but the major issues are as follows:-

- ◆ Efficiency
 - the ability to restructure our work processes to match the enhanced capabilities of the new system.
 - the production of management data electronically rather than manually.
 - the electronic provision of case management data to direct workloads.
 - electronic work recording to eliminate daily manual recording of incoming correspondence.

- ◆ Customer Satisfaction
 - the ability to modify our output of letters to help customers (not use only the standard ones available as at present).

- ◆ The first step to having an electronic way of working
 - i.e. it enables the potential future use of Data Image Processing to dispense with the need for working with paper files.

4.3.5.2 It will be apparent from the Barony report and other appendices within this report, that the acquisition of the new software is vital in moving the Benefits service forward in its service provision. However, it will only be the first stage of upgrading our service and performance.

4.3.5.3 The next stage for consideration will be how the Council (in general) and specifically benefits is able to harness the benefits of Data Image Processing. There are authorities already using this technology with a greater or lesser degree of success, but it is seen by Barony and Finance as the way forward.

4.3.6 Relevance of New Software to the Action Plan

4.3.6.1 The introduction of the new software will absorb very significant resources from the Benefits Division during its period of installation. Again, Barony warn of the drop in service standards that will inevitably occur as time is taken to install the system, train staff and cope with teething problems. The Action Plan will need to address ways of mitigating the potential drop in service by employing more resources on the normal job.

4.3.6.2 The Action Plan will need to include matters relating to the revised ways of working that will be required to operate the new system. Specifically, there will need to be a plan to train all staff to work in a generic fashion i.e. to deal with Council Tax Benefit, Housing Revenue Account tenants and Private Tenants' Benefits. At the moment there are discrete sections dealing with these areas.

4.3.6.3 Because the overall project will call for the introduction of the new system in July 2000, the move to Leamington House in the Autumn 2000, the clearance of any backlog by March 2001, the Action Plan will need to include the introduction of the Workflow module by the Spring of 2001.

4.3.6.4 The longer term Action Plan will need to include the investigation and introduction of electronic working via Data Image Processing in later years.

4.4 Challenge

4.4.1 As indicated earlier in the report, the sub-group agreed to defer its consideration of the challenge aspect until later in the process. Now that the reporting stage has been reached, it is apparent that a few more factors are clearer as a result of the inquiries undertaken by the group. Overall the conclusions drawn by the sub-group are detailed in the following paragraphs.

4.4.2 Statutory Service

4.4.2.1 Because the service is required by statute (The Social Security Contributions and Benefits Act 1992 and The Social Security Administration Act 1992), the Authority has to provide the service. However, in the current climate of challenge it should consider the following possibilities:-

- (a) Submitting the work to Competitive Tender by the private sector
- (b) Working in partnership with another Local Authority
- (c) Developing in the future with the Private Sector via Private Finance Initiatives or similar funding options
- (d) Reviewing its Discretionary powers.

4.4.3 Competitive Tender

4.4.3.1 The sub-group accepted the evidence of the external consultants report from Barony, that the Benefits service was being provided to a good standard competitively by the in-house team within Finance.

4.4.3.2 Taking this independent report in conjunction with the excellent results from the consultation exercise (see section 4.5 of report and Appendix I) and the additional work undertaken in-house on Key Issues items included within the in-house costs, the sub-group considers that the service should continue to be provided directly in-house.

4.4.4 Working in Partnership with other Authorities

4.4.4.1 This option has not been explored in any detail with neighbouring authorities for the following reasons:-

- (a) Warwick District Council has Benefits performance figures superior overall to all other Local Authorities operating in Warwickshire. These figures include the service turnaround figures and also unit costs.

In particular the immediate obvious neighbour, Stratford-on-Avon District Council, is markedly inferior in performance.

See details at Appendix K.

- (b) Even though Warwick's figures are good, there is still a clear route to demonstrating improved performance over the next few years by actions within the Action Plan. It is not obvious how merging with surrounding poorer performers can assist that plan.

4.4.5 Developing in the Future with the Private Sector

4.4.5.1 Because of the decision taken earlier that the Barony report demonstrated independent evidence of good performance at a competitive price, this aspect has not been pursued.

4.4.5.2 However, it is apparent from discussions that the Head of Finance has had with the London Borough of Harrow, that other helpful options may be available in the future. The sub-group has been advised by the Head of Finance that the priority for 2000/2001 and most of 2001/2002 will be to introduce the new Benefits System, settle into Leamington House and consolidate.

4.4.5.3 When the next step of Data Image Processing is being considered, it will be important then to consider doing it on a profit sharing basis as Harrow have done. The current new software project does not in anyway jeopardise such a partnership type contract being explored in the future. It may or may not be suitable at Warwick, but it will need to be explored.

4.4.6 Reviewing the Discretionary Powers

4.4.6.1 The details of the three types of Discretionary Benefit choices available to a Local Authority (War Pension Disregard, Exceptional Circumstance and Exceptional Hardship) are outlined on page 7 of the Head of Finance report on Base data included as Appendix B.

4.4.6.2 The sub-group saw no reason to alter this Council's decision to allow full disregard of War Pensions with effect from April 1992.

4.4.6.3 With regard to the ability to help people in particular "Hardship" circumstances, it was acknowledged by the sub-group that few cases actually came forward for consideration. The Benefits Division always attempted to give maximum help within the regulations, and hence the need for the Action Plan was to include some action relating to raising awareness.

4.5 Consult

4.5.1 Customer Consultation

The results of the consultation exercise at Appendix I give a clear indication of the views expressed by customers on the standards of service provided by Benefits. Over 1900 questionnaires were issued, and 955 were returned. Hence, the sub-group had a firm basis for relying on the information in the survey.

4.5.2 In essence, the survey was designed to show what level of satisfaction the customers of the Benefits service experienced, and how could the service be improved.

4.5.3 The perception of customers was very heavily weighted towards a good service and the sub-group regarded the findings as extremely good. These good results were directly related to the excellent performance of the staff within the Benefits Division.

4.5.4 However, the sub-group felt it important not to be complacent, and due regard needed to be taken of certain factors raised by customers in the questionnaire. The following items would all need consideration for inclusion within the Action Plan:-

- Clarity of information on Benefit calculations.
- Possibility of appointments system.
- Improve standard notification letters (less jargon) test with Better Government for Older People group.
- Having to complete same information every year.
- Privacy of discussions at Benefits counter.
- Opening hours.
- Personal visits.
- Introduce receipt system for acknowledging forms.

4.5.5 Members of Appeals Panel Consultation

There will be a need to accommodate the responses received from the Appeals Panel members when deciding the

Action Plan. There are broadly three areas for consideration for improvements, but the essential feature that the appellant be given a fair opportunity to present their case is being achieved.

4.5.6 The proposed areas for inclusion in the Action Plan agreed by the sub-group were:-

- Member training.
- Conduct of First Review (who/how).
- Legal support separate from the clerk to the Review Board.

4.5.7 Heads of Business Unit Response

4.5.7.1 The major liaison with Finance Benefits occurs between Housing and Council Tax. These were the only two units that responded to the request to comment on the service given by the Benefits Division. There are minor issues of improvement that can be achieved, and a positive approach will be made to Housing and Council Tax to discuss them.

4.5.7.2 The Kenilworth Connection has subsequently responded to the consultation and has made many positive remarks about the work of the Benefits service being very good. However, it suggested two particular areas for further consideration:-

- Consider the appointment of a lower grade dedicated filing post
- The query letter be amended to include a phrase to cover the circumstance where details may have crossed in the post.

4.5.7.3 The filing issue is related to revised methods of working required under the operation of the new software, and will be considered at that stage of the Action Plan.

4.5.7.4 The amendment to the query letter is a simple administrative issue and this can be dealt with immediately.

4.5.8 Welfare Organisations

4.5.8.1 Written replies have been received from two of the groups contacted, Citizens Advice Bureau and the Young Homeless Project. The Warwickshire Welfare Rights Advisory Service (W.W.R.A.S.) have only responded verbally.

4.5.8.2 Only one organisation commented on the Benefits Division itself, and that was Jason Duffey (W.W.R.A.S.) who said that the service was pretty good and that he had a good rapport with the staff and was very grateful for their readiness to help answer his enquiries.

4.5.8.3 The suggested improvements, 5 of which are listed below, are typical of the areas of their concern:

- payments on account to be made even though the claimant has not provided all the information
- time limit on recovery of overpayments
- claims should be assessed without proof of identify or National Insurance Number
- rent allowance payments should be made in advance, not in arrears
- young people should not have to provide proof of their Income Support

4.5.8.4 A positive response to these suggestions is not possible because they are not permitted within the Regulations, and also some of them run counter to this Authority's processes to prevent Benefit fraud.

4.5.8.5 We will contact all three organisations within eight weeks to indicate our responses regarding the points they have raised.

4.5.9 The group felt it had learnt a lot from the questionnaire used as part of the consultation exercise. It would, therefore, be possible to improve its processes in the future. A particular note was made of the need to have clear age bandings in the future.

4.6 Compare

4.6.1 The three means of achieving the appropriate compare results were:-

- CIPFA Benchmarking exercise
- Barony consultants commissioned to report
- Audit Commission Performance Indicators.

These are all dealt with below.

4.6.2 The CIPFA Benchmarking Exercise

4.6.2.1 The report at Appendix J details the various comparisons that were regarded as important when the results of the exercise were received. No attempt is made here to reproduce those comments, but the conclusions detailed in section 6 of that report show the following items.

4.6.2.2 With particular regard to the fraud unit within the Audit Services Division, they should;

- Establish how such large amounts of Weekly Benefit Savings can be achieved by other authorities
- Establish how the best can deal with so many more cases per Full Time Equivalent employee.

4.6.2.3 With regard to the Benefits administration operation;

- Unit cost figures were at about average
- Audit Commission performance indicators were good
- Could we open for longer hours
- Could we discover how to match the productivity figures of the best in the study
- A clear case for more specialist Benefits training was established
- Further inquiries were needed to clarify information on:

Internal Reviews completed

Home visits for new claims

Accuracy checks completed

Overpayment targets

- A cost/benefit analysis on the forming of a Benefits Liaison Group was required.

4.6.2.4 It was apparent that whilst the exercise revealed useful comparisons, the credibility of some of the information needed investigating to find out how particular results had come about. Hence, that further work will be carried forward into the Action Plan. It is also important to bear in mind that the spirit of the exercise was to compare with the best, to learn how they achieve certain performance levels. That has not yet been achieved, but will be addressed via the items in the Action Plan.

4.6.3 Comparison with Private Sector Performance

4.6.3.1 A main feature of the Barony report (Appendices G and H) was to find out how our costs for carrying out the Benefits function compared with the private sector. Appendix G details the essence of the Barony report covering:-

- Comparative cost for external supplier
- level of service performance
- How the Warwick District Council unit could improve in the future.

4.6.3.2 Overall the independent report showed the in-house provision was being provided at a price £17,800 lower than might be expected from a private contractor. Furthermore it was working at best practice staffing levels.

4.6.3.3 The level of performance was shown to demonstrate upper quartile performance in two of the three main areas included in the Audit Commission performance indicators. The consultants concluded;

“the service should be proud of its position but not become complacent.”

4.6.3.4 The Barony report also described how the use of advanced technology in the future could further enhance performance. It describes how performance could be improved from someone being able to process 30 transactions (as defined by their processing model) to 40 transactions per day.

4.6.3.5 It is important to bear in mind this would require a major investment in new technology for Data Image Processing. In the context of this “compare” section of the report, it is appropriate to realise that this type of technology is at the heart of the improving ways in which the “best” providers (in-house local authorities or external contractors) are likely to work.

4.6.3.6 A further comparison will also be relevant in the future, and that relates to the Government’s Verification Framework. The Verification Framework is a way of working that the Government would wish to see operate at all authorities. It is designed to help prevent fraud by instituting more checks at the pre-payment stage of the Benefits cycle, rather than as fraud investigation after the event. It is likely this method of working will become mandatory.

4.6.3.7 The Barony report is able to tell us that the likely effect of this is to increase staffing requirements by 3 or 4 posts. This is obviously an extremely significant issue to be included within the action plan.

4.6.3.8 Hence the major content of the Barony report can be summarised as:-

- Current in-house performance cheaper than contracting out with existing technology
- Performance comparable to upper quartile levels in 2 of the 3 Performance Indicators
- Need to investigate Data Image Processing technology for future development.
- Decide on Verification Framework approach.

4.6.4 Audit Commission Performance Indicators

4.6.4.1 The figures for 1997/98 and 1998/99 are shown below. Unfortunately the upper quartile comparison is not yet available for 1998/99 as the Audit Commission has not processed them.

Benefits Administration

(a) Percentage of Council Tax Benefit claims processed within 14 days.
(Performance Indicator G1)

	<u>1997/98</u>	<u>1998/99</u>
Warwick	94%	96%
Average	84%	Not available
Upper Quartile	94%	Not available

(b) Percentage of Housing Benefit claims processed within 14 days.
(Performance Indicator G2)

	<u>1997/98</u>	<u>1998/99</u>
Warwick	94%	95%
Average	85%	Not available
Upper Quartile	96%	Not available

(c) Percentage of Rent Allowance claims processed within 14 days.
(Performance Indicator G3)

	<u>1997/98</u>	<u>1998/99</u>
Warwick	95%	97%
Average	79%	Not available
Upper Quartile	92%	Not available

(d) Gross cost of Administration per claimant
(Performance Indicator G5)

	<u>1997/98</u>	<u>1998/99</u>
Warwick	£70.71	£82.53

Average	£80.88	Not available
Upper Quartile	£66.46	Not available

4.6.4.2 As indicated earlier, the current Audit Commission Performance Indicators show high standards of achievement, with two of the three main indicators being within the initial goal of Upper Quartile Performance. However, the average cost indicator is not at that level, but was well below (12.6%) the latest average figures available.

4.6.4.3 The important feature within the review process is to consider how continuous improvement can be addressed. This would mean improving processing percentages, and lower unit costs.

4.6.4.4 In addition, there will be revised performance indicators established under the Best Value regime. These will cover:-

- The measures adopted to combat fraud
- The speed of processing claims
- The accuracy of processing
- User satisfaction evidence

4.6.4.5 The likely method of measurement will include published information from the Government which will show what the Upper Quartile target is.

4.6.4.6 Hence, whilst the current figures for comparison with the Performance Indicators are good, there will be a need to include within the Action Plan, the means by which the requirements of the new indicators can be achieved, and continuously improved.

4.6.5 Overall

4.6.5.1 The group felt the three broad areas of investigation under the compare umbrella indicated an excellent level of service from the in-house team. In addition, processes were in place via the new Benefits software system and the Benchmarking exercise to achieve ongoing performance improvements up to the levels required by Best Value.

4.6.6 Further Fraud Investigation Feedback

4.6.6.1 Subsequent to the compare results described above, it was possible for Finance to produce the results of a further Benchmarking exercise it had initiated in respect of the Fraud Investigation Unit.

4.6.6.2 The full report is reproduced at Appendix M and was considered by the group on 16th December 1999. The main objective of the study was to show:-

- (a) How Warwick District Council compared to other Authorities (21 in total) from within the Midlands region, over four performance areas.
- (b) Obtain a description of methods of working so that common factors influencing particularly good or bad results might be ascertained.

4.6.6.3 Warwick's performance compared favourably in almost all respects, only consistently being out performed by a handful of authorities.

4.6.6.4 It was apparent that one authority, the Vale of White Horse District Council was a consistently high all round performer. Further contacts are planned to find out how they achieve such good results, as no obvious link was

discovered from the methods of working information.

4.6.6.5 The group recognised the benefits that might accrue from appointing a future clerical assistant to service the unit, and a cost/benefit analysis is required.

4.7 **Compete**

4.7.1 The cornerstone of the ability to assess whether or not the in-house provision of service was at a competitive level, was the use of the external consultants Barony to measure the performance of the in-house Division. Inevitably, the Barony report (Appendices G and H), has been referred to earlier because it also provides essential comparison information.

4.7.2 The methodology used by Barony is to calculate the workload of the service at Warwick, and then to calculate using its competitive database information what it would be likely to cost an external contractor to do the same work.

4.7.3 This assumes the same level of current standard technology. However, it is fairly obvious that leading service providers in the private sector have now moved into advanced technology and use Data Image Processing and call centres to improve efficiency and thereby reduce contract costs.

4.7.4 The Barony report indicates that with the full introduction of Data Image Processing and related document management systems, plus advanced linked telephone systems, a reduction in staffing of 5 full-time equivalents could be achieved.

4.7.5 The above scenario does not reflect the additional workload referred to earlier (paragraph 4.6.3.7) for the introduction of the Verification Framework. That method of working would be likely to increase staffing requirements by 3 or 4 posts.

4.7.6 Hence, the initial conclusion from Barony is that at current levels of technology the in-house team price is lower by £17,800 than might be expected from an external contractor. However, the team would need to develop its capabilities to compete at the advanced technology level. This requirement to consider how to develop the move to Data Image Processing will be included in the Action Plan.

4.7.7 Overall the sub-group were satisfied that the report from Barony demonstrated a proper competitive position for the in-house provider at the time of the review, and appropriate steps for further improvement were identified.

5. **CONCLUSIONS**

5.1 It is possible to conclude that the results of the review establish fairly the current position of the provision of the Benefits Service at this authority. The significant features of current provision can be summarised as:-

5.2 **Challenge**

· In-house service provision was justified because of:-

Excellent Audit Commission Performance Indicators.

Excellent Customer Satisfaction consultation results.

Competitive price of service independently assessed.

Other local potential partners have inferior performance.

The unit has plans to enable continuous development.

- Future partnership with other local authorities, or private sector partners can be explored when “Advanced Technology” options are reviewed in 2001/2002.
- Commitment to “Verification Framework” can also be explored in 2001/2002.
- There were no grounds to review the current policy of full disregard for War Pensions.
- Need to raise awareness of discretionary “Hardship” powers was established.

5.3

Consult

- Results of public consultation show high levels of satisfaction with a good service.
- Areas for improvement identified in paragraph 4.5.4 from the survey results.
- Develop the appeals panel process for findings resulting from issues discussed in paragraph 4.5.6.
- Welfare group responses show service satisfaction but unhappy with government regulations.

5.4

Compare

- Service Plan Information shows that the Investigation unit creates savings in excess of the cost of the unit.
- The CIPFA Benchmarking exercise reveals other authorities with better Weekly Benefit Savings results than Warwick District Council fraud unit, and an ability to deal with more cases per full-time equivalent post.
- The CIPFA Benchmarking exercise reveals factors to be explored for improvement in paragraph 4.6.2.3.
- The Midland Region Benefits Investigations Benchmarking Exercise revealed high performing authorities whom we should visit to improve our performance (4.6.6.)
- The authorities taking part in the CIPFA Benchmarking exercise were all Upper Quartile performers, thus setting a very high standard with which to compare.
- The private sector comparison from Barony revealed an in-house price cheaper by £17,800 than the likely private contractor cost.
- The Barony report identified developments for the future:-

Installation of new Benefits Software is critical
Data Image Processing is next stage
Verification Framework decision required
- The Barony report confirmed upper quartile performance in 2 of the 3 main Performance Indicators.
- The future need is how to improve on these Audit Commission Performance Indicators, and how to

implement the new Best Value performance indicators.

- The improvements for these indicators will cover:-

- Processing speed percentages
- Accuracy of processing
- User satisfaction evidence
- Measures adapted to combat fraud

- Our current indicators show a very good base upon which to build for all of the four areas described.

5.5 **Compete**

- Barony report describes acceptable current competitive position.
- The future developments in the "Advanced Technology" approach will need combining with private sector partnership to achieve best levels of competitive performance.

5.6 **Overall**

- 5.6.1 The sub-group has worked hard to examine as many areas as possible in the time available. The examination has achieved what it was established to achieve. In particular it has shed light on the standard of service currently being provided, and established how Finance is planning to develop the service in a continuous manner over the next five years.
- 5.6.2 It is suggested that any future requirements for savings options be considered alongside the major issues items A8, A9 and A10 of Appendix L Action Plan (the introduction of advanced technology, Data Image Processing and the requirements of the Verification Framework).
- 5.6.3 The general service level is excellent and one of which the Council can be proud, as indicated by the external consultants.
- 5.6.4 The future improvements required have been discussed throughout the report, and are detailed in the Action Plan at Appendix L.
- 5.6.5 Because this review has been performed prior to the Best Value Legislation actually being implemented (1st April 2000), it cannot count as part of the official Best Value reviews. What it does do, is reveal how the authority has been prepared to try and anticipate future requirements, and secure a means of continuous Service improvement in the Benefits service. In this manner the Benefits Fundamental Review has indeed been a success.

6. **RECOMMENDATIONS**

- 6.1 The Sub-Committee is asked to approve the actions of the sub-group in the undertaking of the Benefits Fundamental Review.
- 6.2 The Sub-Committee is asked to approve the Action Plan for Benefits enclosed at Appendix L.

Councillors Mrs. Begg, Mrs. Compton, Mrs. Clayton and Mrs. Evans

BACKGROUND PAPERS

Contact Officer: Andrew Dunnell

Areas in District Affected: All

BENEFITS ACTION PLAN

ISSUES		PLANNED TIMING
A.	MAJOR ITEMS	<u>APPENDIX L</u> BETWEEN YEARS 1999/2000 TO 2003/2004
1.	Introduce new Benefits System and revise methods of working to fit new technology and generic working Two stages - Normal system - Workflow module	October 1999 to July 2000 October 2000 to March 2001
2.	Develop ongoing staff training programme to enable generic working, and implement training	January to March every year
3.	Monitor Transaction per case	August 2000 to March 2001
4.	Organise office move to Leamington House	April 2000 to September 2000
5.	Write procedures manual after new system introduced (after workflow)	April 2001 to June 2001
6.	Establish costs/benefits of forming a Benefits Liaison Group and report back. Item linked to Customer Care Issues C5 and C6.	September 2002 to December 2002
7.	Review potential Green paper issues.	When published.
8.	Investigate and introduce Data Image Processing and overall electronic working	April 2001 to March 2003
9.	Investigate and report upon Verification Framework way of working (before it's made compulsory)	April 2001 to March 2003
10.	Investigate potential for Partnership working (Private and Public Sector) linked to Advanced Technology development in A8/A9.	April 2001 to March 2003
	Review competitiveness again by external comparison.	

BENEFITS ACTION PLAN

ISSUES		PLANNED TIMING
11.		October 2003 to March 2004
B.	IMPROVING PERFORMANCE ISSUES	BETWEEN YEARS 1999/2000 TO 2003/2004
1.	Investigate Fraud Benchmarking comparisons re WBS and caseload achievement, and use of lower grade clerical assistance to reduce unit costs.	January 2000 to June 2000
2.	Investigate Best performance, from Benchmarking exercise and assess credibility with particular reference to:- <ul style="list-style-type: none"> - Internal Reviews completed - House visits for new claims - High productivity figures - Accuracy checks - Overpayment targets)))) January 2000 to September 2000))))
3.	Establish targets for Best Value Performance Indicators and use DETR advice to set continuous improvement targets. These will cover the following:- <ul style="list-style-type: none"> Average cost of claims Speed of processing new claims Speed of processing change of circumstances Speed of processing renewal claims Accuracy of processing User satisfaction 	January to March every year
4.	Use b/forward underspendings to mitigate levels of service reduction during new system introduction.	January 2000 to June 2000

BENEFITS ACTION PLAN

ISSUES		PLANNED TIMING
C.	CUSTOMER CARE ISSUES	BETWEEN YEARS 1999/2000 TO 2003/2004
1.	Appeals Procedures Issues:- (a) Raise awareness of Appeals procedures - Part of New System introduction (b) Develop further training for Appeals panel members (Corporate Training Manager) (c) Use second solicitor from Legal Services to provide independent support for Appeals process. (d) Develop a statement of the First Review Process.	January 2000 to July 2000 June 2000 January 2000 March 2000 to June 2000
2.	Review ways of providing easier information on how calculation done	January 2000 to July 2000
3.	Investigate appointments system - After office move	January 2001 to March 2001
4.	Investigate closer working with Housing Unit - After office move	January 2001 to March 2001
5.	Raise level of Benefits awareness) Post Offices/Libraries	Initial Programme October 2001 to January 2002. Thereafter, January/February each year.
6.	Raise level re 'Hardship' take up) Community visits Local radio	
7.	Improvements to standard letters - jargon, print, layout - Test with BGOP - Part of new system	January 2000 to July 2000
8.	Investigate repeatedly completing forms requirement	April 2002 to September 2002
9.	Review privacy issues for customers - After office move	April 2001 to June 2001
10.	Review opening hours - Personal visits - After office move - Telephone availability	April 2001 to June 2001

BENEFITS ACTION PLAN

ISSUES		PLANNED TIMING
11.	Decide Visiting Officer role - with A9 Verification Framework	April 2001 to March 2003
12.	Introduce receipt system for acknowledging forms and supporting information deposited with us	January 2000 to March 2000