

	<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>3 NOVEMBER 2014</b></p>
<p><b>FUNDING OF IMPROVEMENT PLAN TO ACHIEVE A MORE CUSTOMER FOCUSED REVENUES &amp; BENEFITS SERVICE</b></p>	
<p><b>Report of the Cabinet Member for Finance – Councillor Max Schmid and the Cabinet Member for Social Inclusion – Councillor Sue Fennimore</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification - For Decision</b></p> <p><b>Key Decision:</b> Yes</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Executive Director:</b> Jane West , Executive Director Of Finance &amp; Corporate Governance</p>	
<p><b>Report Author:</b></p> <p>John Collins, Director of H&amp;F Direct</p>	<p><b>Contact Details:</b></p> <p>Tel: 020 8753 1544</p> <p>E-mail: john.collins@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report requests one off funding of £290,000 from the Council's Efficiency Project Reserve in order to implement an action plan to create a more customer focused revenues & benefits service, together with reducing the time taken to deal with customer queries.
- 1.2. This is one off funding to cover additional resource for 5 months in order get the service up to date and undertake more stakeholder engagement which will then inform required resources to maintain improved performance thereafter.
- 1.3. The Housing Benefits element of H&F Direct is failing to provide customers with a high performing service, and delays in processing claims create error demand and result in residents missing rent payments and being threatened with eviction. This has extremely negative impacts on residents and can also lead to increased costs for the Council addressing errors and helping those facing eviction.

- 1.4. Following an independent review of the revenues & benefits service, there are 24 recommendations of actions that will improve performance times, and change the focus of the service to one that is more customer focused, providing more support to vulnerable/ disadvantaged residents in dealing with council tax and benefit related matters.
- 1.5. The review recognised that the service was not sufficiently resourced to deliver these improvements but the suggested actions from the review have been turned into an implementation plan that is attached at Appendix 1 to this report.
- 1.6. This will require 15 additional fte resources over a 5 month period to get the service up to date, and then determine the required resourcing levels going forward to maintain the improved performance.

## **2. RECOMMENDATIONS**

- 2.1. That approval be given to the funding of the £290,000 required to implement the action plan outlined in this report.

## **3. REASONS FOR DECISION**

- 3.1. Over a number of years the staffing levels within H&F Direct (Benefits) have reduced from 130 to 60 fte, with staff having a generic Council Tax/ Benefits role.
- 3.2. The focus ( and the reductions in staff ) was based on ensuring the assessment of claims are accurate to maximise benefit subsidy reimbursement, together with moving residents to using on-line self service.
- 3.3. This included the cutting of some staffing roles that were specifically to support residents and other stakeholders (e.g., CAB, Action for Disability and specific RSL Liaison roles).
- 3.4. Improvements required to performance levels ( ensuring the assessment of claims are not delayed, responding to queries) and providing more support to residents in relation to the self service agenda may require additional staffing resources.
- 3.5. It is difficult to predict the additional resources required for this whilst there is a backlog of work, as this in turn creates error demand. The plan is to clear the backlog and then determine whether the existing resourcing levels are accurate to take the service forward..

## 4. INTRODUCTION AND BACKGROUND

- 4.1 Pre 2005, the council tax and benefits services were separate.
- 4.2 Council Tax was in Finance and Housing Benefits part of the Housing Department.
- 4.3 Council Tax was a national top performer, having achieved the first 3 star certification under the Best value regime (for performance and customer focus) and been acclaimed as the top revenue service in the country by the national revenue association. Collection rates were in the top 5 of inner London Councils.
- 4.4 *Falling standards from 2007*

In 2007, the council tax and benefits services were brought together, and staff undertook a generic council tax and benefits role (the first in London). The focus of the service was changed from speed of assessing claims to that of reducing the amount of errors (i.e. a stricter approach to compliance with the benefit regulations and a focus on avoiding overpayments), and reducing staff numbers (down to a current 60 for benefits) on the back of :

- The generic working model
- moving customers to more self service and
- anticipating the impact on workloads of welfare reform changes (including Universal Credit).

This meant that some of the more customer –focused roles/ processes (and therefore resource intensive roles) that were part of the service were removed.

An example of these were:

- The deletion of two liaison staff who provided the voluntary sector organisations and public sector landlords with liaison points to address queries.
- The deletion of a dedicated team of three who undertook customer service training, technical training and development and addressed training needs that arose out of performance monitoring.
- Closing a drop-in benefits reception service (and replacing it with an appointments only system)
- Stopping triaging appointments (to avoid unnecessary visits) – and dealing with the issues over the telephone

- 4.5 That change of focus had the following impacts:

- Council tax collection remains in the top 5 in inner London
- Housing Benefit staff numbers have reduced to 60

- subsidy is now accurate ( the last audit had an error of 0.01% of the claim)
- Overpayments caused by local authority error are within the DWP threshold to achieve 100% subsidy (worth over £600k per year)
- We have seen an increase in the time to assess claims,
- a stricter approach to ensuring that claims are only paid when all DWP requirements have been met
- introduction of on-line benefit applications, with DWP risk assessment
- a shift in responsibility to the applicant to provide the supporting information required without prompting
- introduction of a self service appointment system
- expectations that third sector and landlords will use e-services and promote self service for their tenants
- a stricter adherence to DWP timescales, which has led to more claims being deemed cancelled ( where required evidence has not been received by the due date)

Collectively, these changes have seen Hammersmith and Fulham's performance suffer and be amongst the poorest in London.

Performance figures issued by the DWP for Quarter 4 of 2013/14 are in the table below:

LONDON	2013/14			
		New Claims		CoC
	Barnet	6	Kensington and Chelsea	
	Hillingdon	10	Tower Hamlets	4
	Lewisham	14	Islington	4
	Brent	14	Redbridge	5
	Kensington and Chelsea	17	Camden	5
	Sutton	17	Barnet	5
	Islington	18	Enfield	6
	Richmond upon Thames	19	Hounslow	6
	Camden	19	Kingston upon Thames	6
	Hackney	20	Lewisham	6
	Ealing	20	Sutton	6
	Hounslow	20	City of London	6
	Harrow	21	Hillingdon	7
	City of London	21	Brent	7
	Bexley	21	Richmond upon Thames	7
	Southwark	22	Harrow	7
	Enfield	23	Newham	8
	Wandsworth	24	Southwark	8
	Tower Hamlets	24	Lambeth	8
	Croydon	24	Merton	9
	Lambeth	25	Ealing	10
	Barking and Dagenham	26	Havering	11
	Havering	27	Barking and Dagenham	11
	Redbridge	27	Wandsworth	11
	Kingston upon Thames	27	Bromley	12
	Bromley	28	Hackney	12
	Westminster	29	Waltham Forest	13
	Newham	30	Haringey	14
	Merton	31	Bexley	15
	Hammersmith and Fulham	31	Hammersmith and Fulham	18
	Waltham Forest	34	Greenwich	31
	Greenwich	38	Westminster	..
	Haringey	38	Croydon	..

**New** = New claims the number is the average number of days to assess a new claim from receipt to assessment

**CofC**= Change in Circumstances. Once a claim is in payment, anything that then changes it (e.g change in income, change in dependants etc) is regarded as a change in circumstance. This is the average number of days to action such a change.

.. = no return ( these figures are compiled from monthly returns that LA's have to submit to the DWP – no return means there is a unresolved data query)

4.6 In more general terms, the council has not had a central –customer’ champion to develop and implement strategies that support the move to on-line self service, and identify where assisted self service is required for those digitally excluded. This means we have not seen the channel shift that our staff numbers and timescales are predicated on.

4.7 **How can the service deliver a more customer focused approach?**

In order to inform this, we have completed an independent review of how the service is organised, and our interpretation and application of benefit policies. The review recognises that the service is under resourced compared with other top performers.

A survey of London Boroughs a few years ago identified that H&F had a staff to workload ratio of 1: 646 ( the lowest ratio in London) whilst top performers such as RBKC had ratios of 1:385.

Despite this, the review has a number of actions that can be implemented which should both improve performance and deliver a more supportive service for residents..

4.8 A simple solution is to improve the time taken to assess new claims and changes in circumstance by increasing staffing levels (identified in the independent report) and some change to the organisational structure of the service.

4.9 As turn round times improve, this should avoid complaints over delays, reduce error demand and reduce cases of possible evictions, which have costly implications for the council.

4.10 Whilst there is a backlog of work ( albeit reducing ) there is an element of the workload that is error demand, as residents chase up assessments, responses to e-mails and increase telephone calls.

An assessment of where telephone calls were received from the same telephone number within a 4 week period indicates that this could be as much as 32% error demand.

4.11 It is difficult to predict what the required resources would need to be if the service was up to date, as this should reduce many areas of the existing workload.

## 5. **PROPOSAL AND ISSUES**

5.1. Meetings have been held between H&F Direct staff and Councillor Schmid (Cabinet Member for Finance) and Councillor Fennimore (Cabinet Member for Social Inclusion).

- 5.2. These have identified some IT performance related problems, together with communications and challenges around the current matrix-style management approach, which replaced more traditional team working some time ago.
- 5.3. These issues are being investigated and will be dealt with as part of the improvement review.
- 5.4. An action plan has been developed which is dependent on the following being agreed:
- 5.5. It is proposed to increase staffing levels by 15 fte for 5 months in order to bring the backlog of work up to date and assess on going requirements.
- 5.6. Business Case

A one-off investment in resources of £290k will allow the service to:

- reduce backlogs of work
- process changes in circumstances quicker
- establish presence at CAB
- ensure One Place has benefit support officers
- enable residents to get quicker appointments ( current waiting times on average 5 days)
- provide speedier response times to telephone enquiries
- reduce error demand
- reduce workloads on voluntary sector regarding benefit issues
- improve rent collection

## **6. OPTIONS AND ANALYSIS OF OPTIONS**

- 6.1. Whilst this investment has been calculated on engaging agency staff, there are a number of options available to resource dealing with the backlog.  
  
These are still being investigated, but include:
- 6.2. The short term direct engagement of agency staff
- 6.3. Short term engagement of a contractor (for instance Capita) for certain aspects of the backlog. This may present some procurement implications.
- 6.4. A short term transfer of Council Tax telephony enquiries to Agilisys, which would free up exiting benefit resources to deal with the backlog..
- 6.5. A mix of the above.
- 6.6. Costs are awaited for 6.3 and 6.4, which can be defined further if funding is approved.

## **7. CONSULTATION**

- 7.1. Some internal staff consultation has taken place between the Cabinet Members for Finance and Social Inclusion and members of staff within H&F Direct by way of face to face meetings. This has identified a number of issues that will be addressed going forward, including some IT performance related issues, communication and the challenges of matrix management working.

## **8. EQUALITY IMPLICATIONS**

- 8.1. Not required

## **9. LEGAL IMPLICATIONS**

- 9.1 There are no legal implications arising from the recommendation to agree additional funding. If the Council decides to appoint a contractor to carry out the work, because the value exceeds the EU threshold, there will need to be a procurement exercise in accordance with the EU procurement rules. If the Council engages agency staff there will not be such a requirement. The Contracting Out (Functions of Local Authorities Income-Related benefits Order 2002 allows for the outsourcing of this function. This section should include the legal power relevant to the proposal must be set out together with any future possible legal implications

Implications verified/completed by: (LeVerne Parker, Chief Solicitor and Head of Regeneration Law Bi-Borough Legal Services 020 7361 2180)

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. It is proposed to draw down £290k from the Efficiency Projects Reserve to fund the service improvements set out in the report. The funding will provide for improvements over a 5 month period during which an assessment will be made of on-going requirements. Should this result in increased future expenditure then this will need to be taken account of within the Council's financial plans. Implications verified/completed by: (Andrew Lord, Head of Strategic Planning and Monitoring, Ext 2531),

## **11. RISK MANAGEMENT**

- 11.1. *Not applicable*



## 12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. *Not applicable*

### LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Revenues & benefits service review (Exempt)	John Collins Ext 1544	FCS