

# Fit for the Future: Fundamental Review of the Revenues and Benefits Service

CLlr Andy Smith, Cabinet Member for Customer Services and Innovation



Date:	24 June 2019
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Key Decision?	NO
Local Ward Members	None – not geographically specific

**Strategic (O&S)  
Committee**

## 1. Executive Summary

- 1.1 Fit for the Future is the council's transformation programme. The programme is comprehensive, corporate and cross-departmental with the following objectives:
  - to embed a culture of change and continuous improvement within the organisation so that it is better placed to play its future role
  - To support the delivery of the outcomes described within the Strategic Plan 2016-20 and prepare for the 2020-2024 Strategic Plan
  - To improve the customer experience of dealing with the Council whether that be digitally or through more traditional contact routes
  - To move the Council towards becoming a more self-sufficient and sustainable organisation
  - To nurture and support the Council's ambition to be more commercial in everything that it does.
- 1.2 The programme is based upon three separate pillars including the ambition for the council to deliver services that are cost effective, valued by the customer, digital by default and contribute to the delivery of the Strategic Plan.
- 1.3 The programme comprises a series of fast and fundamental reviews. A fundamental review is an in-depth assessment of a specific service with the prospect of more radical recommendations to lead to reduced costs of operation and / or to improve the customer experience.
- 1.4 A fundamental review asks why we do what we do, what customers we have and what they need, assesses the options for delivery and recommends actions to improve and to ensure that we are fit for the future. Fundamental reviews are usually supported by external advice from consultants who provide expertise, insight and capacity that is not available internally.
- 1.5 There are two fundamental reviews currently in progress – of the waste service and of the revenues and benefits service.
- 1.6 This report is about the progress being made with regards to the revenues and benefits service.
- 1.7 The council has commissioned the consultants, Caja, to support this review and it is anticipated that representatives of Caja will be attending the meeting to present their initial findings and to seek the views of the Committee so as to be able to inform the final recommendations.

## 2. Recommendations

- 2.1 It is recommended that the committee provides its views as to the initial progress and emerging findings of the review.

## 3. Background

### **The Revenues and Benefits Service**

- 3.1 The revenues and benefits service is a statutory service. It is responsible for collecting some of the income (revenues) that is due to the council like council tax, business rates and other corporate debts, and for administering benefits including housing benefit, discretionary housing support and council tax support.
- 3.2 There are three separate teams that undertake this work – a team of 6 specialist advisors who are part of the Connects team (the council's customer services), a team of 9 looking after revenue collection and recovery; and a team of 7 to help administer benefits.
- 3.3 The teams issue council tax bills to 45,500 properties, rates bills to 3,000 businesses, BID bills to 560 city based organisations, and support around 8,500 customers' benefits claims.
- 3.4 The council has consistently achieved the highest council tax collection rate of all the authorities in Staffordshire at an average of 98.8% of council tax due in-year, each year, over the last four years. Collection of business rates is more variable but, on average, the council has collected around 98.1% of rates due in year.
- 3.5 Benefits claims are dealt with promptly. The latest data suggests that the council processes new housing benefit claims within 18.8 days (compared with the national average of 23) and processing a change in circumstances to a claim within 5 days (compared with 7 across the country).
- 3.6 The net direct cost to the council in 2019/20 is approximately £792,000.
- 3.7 In 2018, the council introduced on-line forms that allow residents to interact with their council tax accounts and benefit claims online. As a result, approximately 2500 residents have registered for an online council tax account, and all benefit claims are now dealt with on-line by default, although we do interact with some customers by letter.

### **The Fit for the Future Review**

- 3.9 The service was selected for a review because the council has used the same revenues and benefits software for many years and procurement law suggests that we need to test the market before the contract ends in 2020. We did not wish to simply undertake a procurement exercise for software without really testing and understanding how we wish to deliver the service.
- 3.10 The review is being led by the Cabinet Member for Customer Services and Innovation, and the Head of Customer Services, Revenues and Benefits. The Head of Service chairs a project board which includes representatives from the teams and from other services including finance.
- 3.11 The Consultants' Brief that was issued to the market is attached at **Appendix A**.

3.12 In March, Caja were appointed to complete the review described in the brief.

3.13 In particular, we have asked Caja to help answer the following questions:

1. How does the current operational and financial performance of the service compare when measured against similar sized councils using a similar delivery model?
2. How does the current operational and financial performance of the service compare when measured against similar sized councils operating using alternative delivery models?
3. What are the main explanations for any differences between the council's existing performance and the benchmarking findings?
4. Based on an assessment of options, what is the optimal delivery model for the council?
5. What are the key steps and timescales in adopting the optimal delivery model?
6. What are the estimated financial implications, if any, in adopting the recommended delivery model, which may be remaining in house and improving, both in terms of one-off costs and ongoing revenue implications?
7. What is the likely impact on the customer experience of the recommended delivery model?

3.14 The review comprises a number of phases:

- Benchmarking costs and performance against other councils;
- Understanding our own costs and dependencies on other services in the council;
- Consulting stakeholders and talking to other councils about the possibility of closure collaboration;
- Investigating the merits and drawbacks of different delivery models;
- Agreeing what is important for the council in terms of its service provision so the options can be assessed;
- Conducting soft market testing with prominent suppliers;
- Seeking the views of the Overview and Scrutiny Committee;
- Costing the options for delivery models including the costs of change and efficiency savings that would accrue;
- Evaluating the options against agreed weighted criteria;
- Mapping out an action plan and programme for adopting a recommended model; and
- Making a recommendation to Cabinet for a decision on implementing a delivery model that is right for the council.

3.14 The council currently runs this service 'in-house' in that we employ staff, incur all the costs and take all the responsibility for providing the service. To assist us, we contract with a software provider for access to specialist software which is hosted on our own servers.

3.15 However, other councils use different delivery models. Some, like us, run their own service in-house, others run their own service in-house but commission additional private sector support for management advice or to help at busier times, and others have outsourced the entire service to external organisations. Others are working more closely with each other to reduce costs and improve resilience.

- 3.16 The review will help us determine which model is best for us and to provide us with a costed plan to adopt that model.
- 3.17 It is anticipated that the meeting will be joined by Caroline Brown and Jason Walton of Caja who will present their findings and their emerging thoughts for the Committee to consider.
- 3.18 Whilst we had hoped that Committee would have received the final report from Caja this is not yet possible because we still need to undertake some additional work to understand some of the benchmarking data and because we are waiting for some information from potential suppliers. This delay is not the fault of Caja but is because we have posed additional questions the more we have reviewed the subject.
- 3.19 If the draft report is available it will be circulated in advance to the Committee.
- 3.20 However, it has been agreed with the Cabinet Member that any final report and recommendations will not now be considered in July so that the views of the Committee can better influence the recommendations and to allow more time for emerging information and data to be interpreted.

Alternative options	The review is about assessing the alternative delivery models.
Financial implications	<p>There are no financial implications arising specifically from this report.</p> <p>The cost of the review including fees and benchmarking costs is approximately £18,000.</p> <p>Any financial implications made in adopting the preferred delivery model will be described in the final report.</p>
Consultation	<p>The review has included consultation with:</p> <ul style="list-style-type: none"> <li>• prominent landlords including Bromford,</li> <li>• colleagues from other services including finance, corporate services and customer services,</li> <li>• the major suppliers of software and outsourcing services</li> <li>• and other local councils to assess any ambition for greater collaboration, and other councils suggested by the suppliers as exemplars of good practice.</li> </ul> <p>We will be also be reviewing existing customer feedback as to the perception of the existing service.</p> <p>The Board includes representatives from the teams and from the union, and regular updates have been provided to the Employee Liaison Group.</p>
Contribution to the delivery of the Strategic Plan	<p>Lichfield District Council's Strategic Plan 2016 – 2020 sets out our ambition to become a council that is 'fit for the future'. This includes:</p> <ul style="list-style-type: none"> <li>• Making our top services fully bookable online and so easy to use that people choose to go online as a first port of call.</li> <li>• Seeking out ways to increase productivity and efficiency through our Fit for the Future programme and service reviews.</li> <li>• We also highlight our ambitions to deliver good customer services.</li> </ul>
Equality, diversity and human rights implications	The review will consider the customers' potential experience in dealing with the 'council' as part of the assessment of each of the alternative delivery models.

Crime &  
safety issues

There are no crime and safety issues arising from this report.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The risks of each delivery model – and adopting a preferred model are assessed in the review		

### Background documents

Brief to consultants

Caja's submission including project plan

Benchmarking reports from CIPFA

Performance statistics

Budgetary information

Draft report