

Revenues and Benefits Fit for Future Fundamental Review

Cabinet Member for Customer Services & Innovation Councillor Andy Smith

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Key Decision? Y

Local Ward Members None – not geographically specific

Lichfield
district council
www.lichfielddc.gov.uk

Cabinet

1. Executive Summary

- 1.1 The Revenues and Benefits Service has been undergoing a Fit for the Future fundamental review.
- 1.2 The Revenues and Benefits service was selected for a review because the council has used the same revenues and benefits software for many years and it is the appropriate time to check if we are delivering the service in the most efficient way, considering all possible alternatives.
- 1.3 The council commissioned consultants, Caja, to support this review. Caja's report was considered by Strategic (O&S) Committee on 21 November 2019.
- 1.4 A copy of the final report from Caja is attached at **Appendix A**. This appendix is confidential by virtue of Paragraph 3 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the business interests of the council and potential suppliers.
- 1.5 Caja were asked to answer a series of questions about the performance and cost of the service, and the options that were available to the council for delivery of the service. The report examines closely the strengths and weaknesses and costs of different operating models.
- 1.6 The main focus of the review was to assess delivery models and to identify the optimum delivery model for the council that is based on factors including overall cost, customer experience and control.
- 1.7 The report makes a number of recommendations as to the future delivery of the service. These recommendations and a high level action plan were examined by the O&S Committee and were broadly supported. The high level draft action plan is attached at **Appendix B**. This appendix is confidential by virtue of Paragraph 3 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the business interests of the council and potential suppliers.
- 1.8 The recommendation is that the service remains in-house but to implement actions to improve and innovate with a view to reducing costs and improving the customer experience.

2. Recommendations

It is recommended that Cabinet:

- 2.1 approves the procurement of a new contract for software – and associated support services – for revenues and benefits for a period of five years with an option to extend by a further two;
- 2.2 grants delegated authority to the Cabinet Member for Customer Services and Innovation and the Head of Customer Services, Revenues and Benefits to approve such a contract provided it is within approved budgets.

- 2.3 notes the high level action plan to innovate and improve the service, and in particular supports a review of the central support charges incurred by the service.

3. Background

The Revenues and Benefits Service

- 3.1 The revenues and benefits service is a statutory service. It is responsible for the billing and collection of council tax, business rates and Business Improvement District (BID) levy. They also deal with the recovery of corporate debts, and for administering housing benefit, discretionary housing payments 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 Lichfield Connects team (the council's customer services), a team of 9 looking after revenue collection and recovery; and a team of 7 to administer benefits, discretionary housing payments and council tax support.
- 3.3 The teams issue council tax bills to 46,000 properties, rates bills to 3,050 businesses, BID bills to 560 city based organisations, and support around 8,500 customers' benefits/council tax support claims.

The Fit for the Future Review

- 3.4 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 the market should be tested before the contract ends in 2020. However, it was prudent not to simply undertake a procurement exercise for software without testing and understanding the best way to deliver the service.
- 3.5 The review was led by the Cabinet Member for Customer Services and Innovation, the Director of Transformation and Resources and the Head of Customer Services, Revenues and Benefits. The Head of Service chaired a project board which included representatives from the teams and from other services including finance.
- 3.6 The council commissioned consultants, Caja, in April 2019 to support this review and they were asked gather the information to 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?
- 3.7 The review comprised of a number of phases:
- Benchmarking costs and performance against other councils.
 - Identifying and assessing the customer experience.
 - Understanding our own costs and dependencies on other services in the council.
 - Consulting stakeholders and talking to other councils about the possibility of closer 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 procuring a new contract for software.
- Identifying an appropriate route to market to comply with our contract rules.

3.8 The report recommends the following actions – which have been redefined to enable easier action planning. The draft high level action plan to implement these recommendations is attached at **Appendix B**.

- To seek continuous improvement in performance and efficiency by regularly reviewing work processes, and customer experience, and by increased use of automation and technology as it becomes available and reliable.
- To move to more generic teams by removing the artificial divide between a revenues team and a benefits team.
- To negotiate and agree a new contract with a software supplier with a view to minimising the costs of change. The report notes that the present supplier has a competitive advantage because of the costs of change.
- To move data hosting to the cloud.
- To review and assess central support charges which are making the service appear to be more costly than others in the benchmarking comparator group.
- To include within the contract for software the provision for additional professional and administrative services that can be called upon as required in periods of peak demand.
- To future proof the service to allow for greater opportunities for sharing/selling the service to other councils.
- To identify and learn from other councils using similar software.

3.9 The O&S Committee discussed the report and the recommendations at its meeting on 21 November 2019. Whilst it endorsed the proposals, it did ask that examples of councils employing the different options be provided and for further work to be undertaken to assess the central support charges that are allocated to the service. It was noted that the benchmarking data suggested that the service picked up higher support service charges than the other councils in the comparator set.

3.10 Examples of councils using different models – particularly those that have outsourced and those that have insourced their services - are described in the caja report at section 6.

3.11 The comment about recharging of central support services is noted and the Head of Service will be working with the Head of Financial Services to review charges but with a particular view to extend the role of Connects to support other Council’s teams and thereby increase the customer base and to check the methodology for apportioning charges.

3.12 This review will be reported early in 2020.

3.13 It is anticipated that the confidential appendices will be made public upon completion of the procurement of a new contract for software.

Alternative Options	<p>The review is about assessing the alternative delivery models and it is recommended that the service improves and innovates around a newly procured software contract.</p> <p>There are a number of ways in which such a procurement could be conducted but advice has been taken from Wolverhampton CC’s procurement team and it is anticipated that the council will use the Crown Commercial Services Data and Application Solutions framework in order to minimise the costs of procurement.</p>
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<p>Consultation</p>	<p>The review has included consultation with:</p> <ul style="list-style-type: none"> • prominent landlords including Bromford • colleagues from other services including finance, corporate services and customer services • the major suppliers of software and outsourcing services • and other local councils to assess any ambition for greater collaboration, and other councils suggested by the suppliers as exemplars of good practice. <p>The report also assesses existing customer feedback as to the performance of the 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> <p>The O&S Committee has twice considered the review. At its most recent meeting it commented as follows:</p> <ul style="list-style-type: none"> • to recognise that the incumbent supplier has a competitive advantage. This is recognised and that the procurement of a new contract will be through an existing procurement framework. • to ensure that any future developments in the way of automation, robotics and AI are incorporated within the specification at the outset. • should have one final review of how other councils are operating and whether there are any really successful and benefitting from alternative delivery models. • The good performance and good customer service was noted. • That central support charges were significantly higher than for the comparator set. It was agreed that further work would be completed to understand this.
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<p>Financial Implications</p>	<p>The financial implications of the various models are described in the report but it is anticipated that the action plan can be implemented within the existing approved budgets.</p>
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<p>Contribution to the Delivery of the Strategic Plan</p>	<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> <ol style="list-style-type: none"> 1. Making our top services fully bookable online and so easy to use that people choose to go online as a first port of call. 2. Seeking out ways to increase productivity and efficiency through our Fit for the Future programme and service reviews. 3. We also highlight our ambitions to deliver good customer services.
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<p>Equality, Diversity and Human Rights Implications</p>	<p>The review considers the customers’ potential experience in dealing with the ‘council’ as part of the assessment of each of the alternative delivery models.</p>
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<p>Crime & Safety Issues</p>	<p>There are no crime and safety issues arising from this report.</p>
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<p>GDPR/Privacy Impact Assessment</p>	<p>All GDPR standards expected of the software provider will be incorporated within the procurement specification.</p>
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Procurement challenge	Officers will follow advice from our procurement advisors to ensure that we comply with procurement law and	Yellow

		our contract rules. We intend to use a specific procurement framework.	
B	Specification is not sufficiently detailed	A full specification will be prepared and tested before being put to the market.	Yellow
C	Suppliers do not respond to the brief	Soft market testing has indicated that the main suppliers of software are willing to submit proposals.	Green
D	Customer experience worsens	Keeping the service in-house provides the council with the greatest control of the service that is provided to customers.	Green
E	Costs of implementing are higher than expected	The figures in the report are based on both historic budgets and on the feedback obtained from suppliers during soft market testing.	Yellow
F	Reaction from staff	Staff – and the union - have been fully involved in the review and have been briefed on the report.	Yellow

Background documents

Brief to consultants
CIPFA Benchmarking results

Relevant web links