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| Report to | - | Overview and Scrutiny Committee |
| Date | - | 11 June 2018 |
| Report of the | - | Executive Director |
| Subject | - | Housing Benefit – Service Issues and Proposals for Improvement |

Recommendation: It be **RESOLVED:** That Cabinet be requested to:

- 1) approve the high level timetable and the key workstreams shown at Appendix 1;
 - 2) approve the engagement of a suitably experienced Project Manager to be funded from the Medium Term Financial Strategy Reserve; and
 - 3) approve the governance and reporting arrangements outlined in the report.
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Head of Service: Robin Vennard, Assistant Director, Resources

Introduction and Background

1. The processing times for housing benefits has been reported to the Overview and Scrutiny Committee through the performance reports and is a Key Performance Indicator due to it being an area of concern. Processing times are in the bottom quartile of local authority performance and, within this quartile, is also towards the bottom. In recognition of this there have been investments during 2017/18 in staffing and ICT however, it is too soon to identify if these investments have improved the service.
2. In contrast to the poor performance in processing times, it should be recognised the quality of the work carried out by the team appears to be consistently good, a view supported by the positive outcome from recent housing benefit subsidy audits. It is therefore important to understand what has happened to the service in recent years and the reasons why improvements to processing times have yet to be achieved.
3. The Department for Work and Pensions Performance Development Team (DWP PDT) are also working with the Council to improve the performance of the service. The DWP PDT has been monitoring the Council informally for approximately three years and has established a good understanding of the issues facing the service. However, as performance has failed to improve, the DWP PDT has moved to a formal review of the service.

Performance Statistics and National Benchmarking

4. The following table shows the relative performance for the two main processes concerning housing benefit, new claims and dealing with changes in circumstances.

| Table 1 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|-----------------------------------------------------|----------------|----------------|----------------|----------------|
| <u>New Claims (No. of days)</u> | | | | |
| Rother | 33 | 31 | 34 | 35 |
| National Average | 23 | 23 | 22 | 22 |
| National Average District Councils | 20 | 20 | 20 | 21 |
| Upper Quartile | 17 | 17 | 18 | 17 |
| % processed within National Average | TBC | TBC | TBC | TBC |
| <u>Change in Circumstances (No. of days)</u> | | | | |
| Rother | 14 | 13 | 18 | 23 |
| National Average | 7 | 7 | 7 | 9 |
| National Average District Councils | 8 | 8 | 8 | 9 |
| Upper Quartile | 5 | 5 | 5 | 5 |
| % processed within National Average | TBC | TBC | TBC | TBC |

figures in red based on Qtr 3

5. The table shows that Rother's performance has been consistent for new claims but in excess of the national average. For processing change in circumstances the Council's performance has deteriorated since 2014/15 by 60% from 14 days to 23 days. This is explored further below.

Reasons for past and current performance and the Impact of Universal Credit

6. In understanding the Council's performance it has been explored under four main drivers as explained below;
- The level of deployed staff resources compared to budgeted
 - The volume of work coming into the team
 - Paper based service
 - The increase in complexity of the work

The level of deployed staff resources

7. During the Council restructures in 2011 and 2013, the budgeted Full Time Equivalents (FTEs) of the service has remained consistent. It is however true to say that the actual deployed FTE in the benefits team has consistently been lower than budgeted due to a number of reasons, including long term sickness and delays in filling vacancies due to difficulties in recruiting experienced staff. Reduced staffing is the biggest factor affecting processing times. Taking into account increased workloads and the inherent insecurity of work in housing benefits caused by the move to Universal Credit (UC), it is likely that the morale and motivation of officers has been affected with little "light at the end of the tunnel".

8. There are currently 3.5 FTEs part way through their benefit assessment training which is the second recent group to be trained. Out of the two original trainees that completed their training in September 2017, one has now left the authority and the other is currently on maternity leave. This has meant that the Council has not benefited from the investment it has made. Also over the past year, the service has lost a further 1.5 FTEs in experienced assessment officers with a further 0.5 FTE due to leave at the end of June 2018.
9. It is important to recognise that whilst processing times appear poor, the service has put in place measures to protect any resident at risk of losing their tenancy due to delays in processing their housing benefit application or change of circumstance. The team works very closely with the local social housing providers, advice agencies and private landlords and will react positively to issues if they arise.
10. It should also be acknowledged that following the recent loss of key personnel there has been a significant reduction in technical knowledge resulting in the Revenues and Benefits Manager increasingly being engaged in technical day to day operational issues rather than focusing on improving the service.

Volume of Work

11. Until the introduction of the new Document Image Processing system (DIP) the Council maintained manual records of the volume of work being dealt with by the service. Being a manual system it is likely that the data is incomplete but does give an indication of the trend. The following table shows the change since 2014/15:

| Table 2 – Year | Volume of Work per annum |
|-----------------------|---------------------------------|
| 2015/16 | 42,626 |
| 2016/17 | 44,365 |
| 2017/18 | 46,772 |

12. The volume of work has, during 2017/18, increased as a result of the introduction of the full service for Universal Credit (UC). From information derived from the DIP system the following increase in work from UC has been noted:

| Month | Notifications |
|--------------|---------------|
| October | 738 |
| November | 925 |
| December | 905 |
| January | 997 |
| February | 1051 |
| March | 1163 |
| April | 1325 |
| Total | 7,104 |

13. For a full financial year this extrapolates into in excess of 12,000 notifications to be processed. Using an average of 15 claims processed per day per officer,

this equates to an additional 800 days of work per year. Working on a productive time of 225 days per year (365 days less weekends, bank holidays, annual leave and an allowance for sickness), this equates to a need for an additional 3.5FTEs to manage this workload. It should be noted that where full UC service is in place in other areas, those Councils processing times has deteriorated as a consequence.

14. The combination of having reduced number of fully productive staff and an increase in workloads has had a continued negative effect on the processing times for the service.

Paper Based Service

15. Rother was one of the few remaining Councils that were paper based. It is recognised that paper based services will struggle to achieve the levels of efficiency achievable with electronic processes. In particular, the ability to automate processes is severely limited with a paper based system.

Complexity

16. Prior to the introduction of Council Tax Reduction (CTR) in April 2013 the rules around Housing Benefit and Council Tax Benefit were very similar making it reasonably straight forward to process both benefit at the same time. However, since the introduction of CTR, the rules have continued to diverge year on year, not only making it more complicated for staff and residents but also slowing down the process of assessing entitlement.

Action Plan - Existing and Proposed Measures to improve processing times

17. There are a number of measures that the Council needs to introduce to address the issues highlighted above and improve processing times and other aspects of the service as described below:

Immediate

Staffing Resources – the immediate focus is to deploy a higher number of people to process the outstanding work. This will be achieved by:

- (i) **Capita Resilience Contract** is now in place and is providing additional support to the service by processing work offsite. Requests have been made to increase the number of FTEs dedicated to Rother work by Capita but it should be noted that all Councils and outsourcers are experiencing difficulties in recruiting skilled staff.
- (ii) **Alternative support** – in the event Capita are unable to deliver this extra support by mid June 2018, other suppliers have been approached to provide processing support if required.
- (iii) **Training** will continue to be delivered for the new trainee staff and there is an expectation that by October 2018 that 1.66 FTE's will be fully productive, with the remaining 1.84 FTE's following in January 2019.

Short Term

Staffing Resources – the short term focus is on improving the skills and knowledge of the Rother team and improving team morale and motivation:

- (iv) **Training** - following the loss of a member of staff in March 2018, there has been limited capacity within the team to provide training and support for the remaining staff. The provision of additional training support with partner Councils and/or outsourcers will be explored with an aim to be in contract by October 2018.
- (v) **Staffing** - it is unlikely that experienced staff can be recruited and therefore the key is to maintain existing staffing at the budgeted level. Recruiting additional inexperienced staff will not aid improvement in the processing times achieved by the service. However subject to a training provider being sourced, it is prudent to recruit additional trainees with the expectation that not all will remain employed with the Council on completion of their training. In the short term the existing team's morale and motivation require attention and a specialist programme will be established by October 2018.

Paper Based Service – the following details how the Council is eliminating reliance on paper within the office:

- (vi) **DIP/Workflow system** - a new DIP system (Enterprise) went partially live in December 2017, and the basic system is working well and has achieved efficiencies in minimising delays through tracing paperwork. The system is not fully implemented with further work required around integration with the Capita Revenues and Benefits system and how system reports that require action will be dealt with within Enterprise. By October 2018 further integration with Capita Revenues and Benefits system will enable process automation where possible. In addition the Council has contracted an offsite post scanning and indexing service, which is eliminating the need to handle paper in the office.

Medium Term

Staffing Resources - in the medium term the focus will be on improving performance and increasing the capacity of staff through:

- (vii) **Performance management framework** - establishing a new performance management framework (including targets) for the team, utilising management information from the DIP system.
- (viii) **Lean** - a lean review is expected to start with the service from October 2018 with an aim to report the outcome by April 2019. The aim of the work is to improve processing efficiency and create capacity within the team.
- (ix) **Demand management** - a demand management review will commence in October 2018 with the aim to report by April 2019. Again reductions in demand for manual intervention by officers will release capacity for the service.

Paper Based Service – the medium term focus is on improving the online functionality of the service with a higher level of integration with the back office systems.

- (x) **Online service** - improved online functionality will form part of the outcome of the lean and demand work. Currently only new claims can be dealt with on-line, but the resultant processing is largely manual due to the limitations of the software used. The online functionality of service will form part of the HB lean review, with the aim of reducing incomplete applications / notifications of change of circumstances and enabling process automation where possible by April 2019.

Workload and Complexity – key to reducing workload and complexity for the assessors is to change the current CTRS and learning from best performing Council as described below:

- (xi) **Council Tax Reduction Scheme** - as reported elsewhere on this agenda the Council Tax Reduction Scheme for 2019/20 is currently being reviewed in partnership with the other East Sussex Districts and Boroughs and the major precepting authorities. This is proposing to move to an income banded scheme with the aim to reducing the number of changes in claimant's income requiring to be processed. Based on the calculations earlier in this report it is expected that the proposed changes should reduce workload by approximately 1.5 FTEs and will come into effect on 1 April 2019.
- (xii) **Learning from others** - the statistics in Table 1 show that top quartile performance is significantly ahead of the Council. Very early research shows that the front end processes of those high performing councils is very different to this Council. By July 2019 changes that can be introduced within the current funding envelope for the service will be identified, including an assessment of the expected effect on performance. It may also be necessary to consider changes that require investment either short term or permanent into the service to bring performance up to a level acceptable to the Council.

Proposed benchmark for future performance

- 18. It is proposed that initially the Council aims to maintain performance in line with the national average for District Councils. Based on the latest published information, this is 21 days for new claims and 9 days for change in circumstances. It will also be important to monitor what percentages of claims are processed within these benchmarks, to hopefully see how the service is improving. By adopting the average as the benchmark it is considered that this recognises there is a balance to be played between quality and speed of processing, whilst delivering a good level of service. Existing measures that safeguard residents' tenancies will remain in place.

Timescales and Key Milestones

- 19. A high level timeline and key workstreams is shown at Appendix 1. Further detailed plans will need to be developed to support delivery of the improvements. Due to the effect of clearing the backlog of work, it is expected that the reported processing times for 2018/19 will continue to be poor, but will

start to improve from April 2019. However, during this period performance will be reported on in more detail than just the nationally recorded measures, so there is a better understanding of whether the underlying performance is improving.

Investment and Resource Implications

20. The scope of work outlined in the report to be carried out by the service is considerable. At this stage it is not known the entire scale of any investment required to achieve the above improvements in the desired timescales. However, it is clear the service will require short term support to help start the work, in particular with improving team performance, completion of the lean and demand work and then supporting the implementation of any recommendations. Any investment in ICT will also require corporate support and funding. As proposals are developed, further reports will be made for decision including any funding requirement.
21. To support the Revenues and Benefits Manager it is proposed that a project manager with a relevant background in Housing Benefit is appointed to deliver the work involved with the improvement plan and drive the various work streams. The cost arising from the engagement of a project manager is estimated to be up to £75,000 per annum and can be met from the Medium Term Financial Strategy Reserve.

Governance and Managing Risk

22. There are a number of risks that could affect the Council's ability to deliver the required improvement in the service performance including:
 - (i) Further losses of staff resources
 - (ii) Insufficient financial resources
 - (iii) Unrealistic expectations
 - (iv) Loss of organisational focus due to other priorities
23. To help manage these risks an Officer Board will be established which will meet quarterly to monitor progress against the key actions/milestones. The Board will comprise Strategic Management Team, the Revenues and Benefits Manager, the Project Manager and Customer Accounts Team Leader. Relevant other Officers (such as lead officers on lean and demand reviews) will report as required. The DWP PDT will have a standing invitation to attend. It is also proposed that this Committee will receive regular updates on progress and Councillor Lord Ampthill will be the lead Member responsible for the delivery of the plan.

Recommendations

24. In summary the following are recommended:
 - (i) The high level timetable and key workstreams shown at Appendix 1 be approved.
 - (ii) The Council engage a suitably experienced Project Manager to be funded from the Medium Term Financial Strategy Reserve.

- (iii) The governance and reporting arrangements outlined in the report be approved.

Malcolm Johnston
Executive Director

Risk Assessment Statement

If the Council does not achieve an improvement to the processing times for housing benefit, it is likely that some of the most vulnerable residents in the community will eventually be affected through the late payment (or incorrect payment) of their housing benefit. Therefore to do nothing is not an option for the Council and it must deliver on the measures outlined in this report. The financial risk to the Council lies with the ability to recover any overpaid housing benefit as a result of the delay in processing benefits. There is also reputational risk as a result of the current poor processing times.

Timetable and Workstreams

| Workstream | Lead Officer | Support/Team members | Start # | Complete |
|----------------------------------|--------------|----------------------|------------|------------|
| <u>Immediate</u> | | | | |
| Capita Resilience Contract | C Watchman | R Vennard | 01/06/2018 | 30/06/2018 |
| Alternative support | C Watchman | R Vennard | 11/06/2018 | 30/06/2018 |
| Training | C Betts | | 01/06/2018 | 31/01/2019 |
| <u>Short Term</u> | | | | |
| Training contract | C Watchman | C Betts | 01/07/2018 | 31/10/2018 |
| Staffing | C Watchman | Maria Benford | 01/07/2018 | 31/03/2019 |
| DIP/Workflow system | L Ridgeway | TBC | 01/07/2018 | 31/12/2018 |
| <u>Medium Term</u> | | | | |
| Performance management framework | R Algar | TBC | 01/09/2018 | 01/04/2019 |
| Lean | A Gale | TBC | 01/10/2018 | 01/04/2019 |
| Demand | TBC | TBC | 01/10/2018 | 01/04/2019 |
| Online Services | J Waite | TBC | 01/06/2018 | 01/04/2019 |
| CTRS | C Watchman | TBC | 01/06/2018 | 01/04/2019 |
| Learning from Others | C Watchman | R Algar | 01/08/2018 | 01/07/2019 |

if already commenced then default 01/06/18