Item No 6

REPORT for meeting to be held on 11 April 2013

LGSS and the revenues and benefits service

Summary:	The LGSS partnering and delegation agreement has been in place for nearly 1 year. Significant savings have been achieved and resilience improved. Performance standards are being met in many areas but there are also areas for improvements.
Conclusions:	The key area for improvement remains the benefits service. Improvements have been made and the processing times for new claims is reducing. Further short term improvements are planned which are likely to see performance targets improved.
Recommendations:	Scrutiny is asked to consider the report and any future areas that should be considered for review.

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1. Introduction

1.1.   In January 2012 the council took the decision to terminate its existing ICT contract and transfer the services along with finance including revenues and benefits to a joint committee of Cambridgeshire and Northamptonshire County Councils known as Local Government Shared Services or LGSS. The new service start date was 12 April 2012.

1.2.   As part of its work programme Scrutiny has asked to take a year on look at the performance of LGSS and a progress report on the revenues and benefits service to identify any areas for improvement and to note successes.

2. Background

2.1.   Up until 12 April 2012 the council's ICT services were provided under contract by an external private company. Other services including professional financial services, exchequer services, audit, fraud investigation, risk and insurance and the revenues and benefits service were provided in-house.

2.2.   Performance of the ICT services for day to day operations under the contract was satisfactory. However, the service was expensive and the council could not afford to continue at the contracted rate. Negotiations with the supplier did not provide the savings required to meet the medium term financial strategy. Further, the council required significant investment in ICT to support business needs and the contract was too restrictive to allow this to happen and deliver the best value for money.

2.3.   In the other services, some areas were performing well but other areas were not. Opportunities for savings as well as increased resilience and sharing of knowledge were identified.

2.4.   To be able to provide a balanced budget, the council needed to reduce the cost of ICT significantly. Analysis demonstrated that the best way to do this was through termination of the existing agreement. Delegating the services the services to LGSS provided the best opportunity to realise those savings and this was approved by Cabinet and Council in January 2012. As part of this review the decision was also taken to transfer the other services to LGSS.

3. Overview of business case drivers and realisation

3.1.   The key business case drivers and their realisation are summarised in the table below. Further detail is provided throughout the report.

Key business case driver	Realisation summary	Comment
Deliver savings	☺	£1.55 million savings delivered. Post year one review is likely to identify further savings that have been achieved.
Ability to drive change and efficiency through use of new technology	😐	A significant programme of improvements is underway. Limited progress has been made in 2012/13 but the programme for 2013/14 will deliver significant new technology to enable change and efficiency.
Increased capacity and better resilience	☺	This is particularly evident in risk and insurance.
Improved knowledge and expertise of staff	☺	The exchange of information and knowledge across LGSS staff has allowed locally based staff both contribute to and to share in a wider knowledge pool.
Putting the delivery of services on a sustainable long term footing	☺	The savings and resilience, particularly in ICT make the services sustainable.
Interfaces and hand-offs redesigned to improve efficiency and control	😐	There has been some redesign but the development of ICT is key to accelerating this
Processes will be made transparent and understood by officers including links to strategic objectives	☺	This is particularly evident in the budget management and budget setting process where the journey of improvement started at the council has continued with LGSS.
Process duplication will end and common processes will be provided by common functions across LGSS.	😐	It is early in the partnership and whilst some of this has occurred it is anticipated that further benefits will accrue particularly when a borough council joins LGSS in May 2013.

3.2.   The council's blueprint sets out our Overall Operating Model: a collaborative council 'Keeping it within the Norwich family'. The partnership with LGSS has allowed the ICT services to be brought back in to "the family".

4. Implementation/mobilisation

4.1.   The ICT contract notice to terminate was served on 12 January 2012. The termination was a 3 month termination notice meaning that the new ICT service provision had to be in place ready to start on 12 April 2012.

4.2.   The other services also were also scheduled to go live on 12 April 2012.

4.3.   Demobilisation of existing services and mobilisation of new services requires detailed planning and resources to execute. In this case there was a limited amount of time to plan and execute the mobilisation. The council and LGSS worked successfully together to implement all of the new services on time.

4.4.   LGSS and the council committed resources to managing the implementation. This led to a successful "go live" of the new service on 12 April 2012. Key achievements during the mobilisation were:

- TUPE transfer of staff from the previous ICT supplier and the council to LGSS
- Transfer of over 50 ICT sub-contracts from the previous ICT supplier to LGSS
- No interruption to services
- Services continued to be delivered locally with staff remaining based in City Hall

5. Savings realisation

5.1.   The single largest driver of the business case for transferring the services identified annual ongoing net revenue savings of at least £1.55 million. These savings have been delivered.

5.2.   LGSS continue to work with the council to identify other opportunities for saving. As LGSS continue to bring new organisations on board the opportunity for further savings and/or sharing of knowledge and information continue to grow. The agreement with LGSS gives the council and/or LGSS the opportunity to suggest opportunities for savings. Both parties are actively looking for further savings opportunities.

5.3.   At the end of the first year the budget allocated will be reviewed to identify further areas where savings have or could be made.

6. Individual services performance – ICT Services

6.1.   The key performance indicators for ICT services are set around availability of services, responses to customer requests and responses to incidents.

6.2.   Service in ICT is generally good with the majority of indicators with a "green" or at or above target status. The table below shows the performance indicators for the first three quarters of the year 2012/13.

Key Performance Indicator	Q1 Status	Q2 Status	Q1/Q2 change	Q3 Status	Q2/Q3 change
Corporate Services Availability (Target 100%)	GREEN 100%	GREEN 100%	↔	GREEN 100%	↔
Data & Voice Availability (Target 100%)	GREEN 100%	GREEN 100%	↔	GREEN 100%	↔

Calls to be answered in 20 seconds or less (Target 80%)	GREEN 86%	AMBER 75.3%	↓	AMBER 73%	↓
Calls abandoned after one minute (Target <5%)	GREEN 0.9%	GREEN 2.8%	↓	GREEN 3.1%	↓
Password Re-set - Single Customer (Target - 90% resolved within 1 hour)	AMBER 89%	GREEN 91%	↑	AMBER 83.7%	↓
Critical - Multiple service impacted or key service unavailable to one or more customers or Key Services unavailable resolved within 4 hours (Target 90%)	GREEN 100%	AMBER 83.3%	↓	AMBER 82.3%	↓
Service Important - Single non-key service impacted resolved within 1 working day (Target 90%)	GREEN 94%	GREEN 95.7%	↑	GREEN 92.7%	↓
Local Important - service unavailable to one to ten customers resolved within 2 working days (Target 90%)	GREEN 90.7%	AMBER 86.3%	↓	AMBER 86%	↓
Non-urgent fault fix within 3 working days (Target 90%)	GREEN 90.7%	AMBER 81.3%	↓	RED 79%	↓

6.3. For corporate services availability and data and voice availability there were a number of incidents where individual systems or parts of the voice/data network were unavailable but no incidents where the entire service was unavailable. The council and LGSS monitor the availability of individual services beneath this higher level.

6.4. As can be seen from the above performance deteriorated during quarter 3. This was attributable to a move of the LGSS helpdesk from Northamptonshire to Cambridgeshire. The council was kept fully informed of the expected move, the move itself and the post move settling down. Whilst performance had deteriorated during quarter 3 there has been a marked improvement during quarter 4 and it is expected that all indicators will return to a green status.

6.5. ICT development is not measured with key performance indicators as it is not a transactional service. ICT development is a fundamental building block to support the transformation of the council through its changing PACE agenda. In particular ICT is crucial to delivering the channel shift agenda. The focus for the first 6 months of the service was on "steady state" and ensuring that post transfer all ICT systems remained running and were fully understood. This does not mean that development ceased but that it was more limited to maintaining existing systems.

6.6. The council has been working with LGSS to develop a full ICT programme. There have been a number of achievements but these have mainly been in

areas to maintain and improve security such as dual factor authentication and to update and maintain existing systems such as upgrades to Academy (the council's housing management system for rents etc.) and Northgate (the council's management system for revenues and benefits).

6.7. Most recent developments include:

6.7.1. An upgrade to the councillor's ICT systems. After some early teething troubles these have now been resolved.
6.7.2. Dual factor authentication for remote access to systems
6.7.3. Development of new e-forms (online forms)
6.7.4. The purchasing of middleware to integrate e-forms to back office systems and other automated updating of systems from information received

6.8. A number of other improvements are underway and planned including:

6.8.1. Infrastructure refresh (replacement servers etc)
6.8.2. Desktop hardware/software refresh (replacement computers etc.)
6.8.3. Implementation of further e-forms with middleware integration to back office systems to allow for more services to be provided fully online
6.8.4. Updated mapping/location tools
6.8.5. Updated cash receipting system and online payments

6.9. The above list provides a small flavour of some planned activity. However, only very limited examples have been provided as this is not the main purpose of this paper.

6.10. An overall assessment of the ICT performance is that it is satisfactory from a transactional perspective. However, it is recognised and LGSS and the council are working together to make more progress on updates and improvements to support the council's transformation programme.

7. Individual services performance – Professional finance

7.1. The following is an extract from the service specification for professional finance

Professional Services (to be reported by exception only)	
Process	**KPIs**
Chief Financial Officer to comply with the CIPFA Guidance on the role of the CFO (see sheet 2)	
Advise as necessary on financial governance and Financial Procedures	Within 2 working days of submission

Provide comments on financial consequences in reports to CLT/Committees	Within 2 working days of submission
Attend Cabinet and committee briefings and meetings to provide financial advice	Within 2 working days of submission
Provide financial information for and attend consultative and partnership meetings	Within 2 working days of submission
Financial appraisal of commercial opportunities	Within 5 working days of submission
Prepare a finance business continuity plan	annual
Identifying and equipping finance staff, managers and the Leadership Team with the financial competencies and expertise needed to manage the business both currently and in the future.	Contribute to relevant parts of the overall Norwich learning and development programme

7.2. To date there have not been any exceptions to report.

7.3. One of the key successes recorded for the professional finance service is that the 2011/12 statement of accounts was signed off by the external auditors on 26 October 2012. This is a big improvement on the previous year.

8. Individual services performance – Operational finance

8.1. The key performance indicators for this service are set around processing of payments and invoicing customers.

8.2. The table below shows the performance indicators for the first three quarters of the year 2012/13.

Key Performance Indicator	Q1 Status	Q2 Status	Q1/Q2 change	Q3 Status	Q2/Q3 change
Payments made in line with contract but with exceptions agreed where necessary (Target – 95% within **30** day payment terms)	RED 78.4%	RED 78.32%	↓	AMBER 86%	↑
Payments made in line with contract but with exceptions agreed where necessary (Target – 95% within **20** day payment terms)	RED 61.9%	RED 63.6%	↓	RED 73.1%	↑

Invoices are processed and issued within 21 days of receipt by LGSS	No data	GREEN 100%	↑	GREEN 100%	↔

8.3.   In the last quarterly report review LGSS raised the question as to whether the indicators for this service were correct and this is still under discussion. The payments made in line with contract, but with exceptions agreed as necessary, for both 20 day and 30 day terms was set at 95%. LGSS have suggested that a more realistic target would see a graduated improvement up to 95%.

8.4.   An overall assessment of the operational finance performance is that processing and issuing invoices for payment is satisfactory.

8.5.   However, payment of invoices within agreed terms needs to improve.

8.6.   To improve the payment of invoices LGSS and the council are working together to identify the root cause of the issue. LGSS are responsible for processing the payment (input of the invoice on to the financial system and matching to a purchase order). The council remains responsible for ensuring that the system has been updated to confirm that goods, services or works have been received. Where invoices are entered and the system has not been updated to confirm receipt, or there is a pricing or quantity variance the invoice will be placed on hold. It will not be released for payment until either a new correct invoice has been issued by the supplier or the council confirms that the supplier invoice is correct and the system is updated. In summary, whilst this is a performance indicator for LGSS it reflects the performance of both LGSS and the council.

9. Individual services performance – Internal audit and risk management

9.1.   The key performance indicators for this service are set around the delivery of the audit plan and the timescale for issuing of reports.

9.2.   The table below shows the performance indicators for the first three quarters of the year 2012/13.

Key Performance Indicator	Q1,2 and 3 status
% of internal audit plan completed	This measure is currently scheduled to be reported annually but the council is working with LGSS to encourage more regular reporting.

% of productive time achieved by the division against the total resource days available	This PI has been achieved in the planning stage where the Internal Audit plan was set to achieve in excess of 85% productivity. The final outturn position will be calculated at the year end.
Draft IA reports issued following receipt of agreed management comments	On target - reports have been issued within these requirements.
Final reports issues following receipt of agreed management comments	On target - reports have been issued within these requirements.
Reviews of the strategic risk register by CLT, half year review by Cabinet and Audit Committee	We are delivering to this target and reporting risk to the Audit Committee

9.3. For the first two performance indicators the council has asked to see more regular monitoring of the progress against the internal audit plan and the current level of productive time achieved. The council is confident that through current monitoring that these are being delivered.

9.4. For the final performance indicator, the risk register has been reviewed by CLT (31/10/2012), Audit Committee (20/11/2012 and 22/01/2013) and Cabinet (12/12/2012).

10. Individual services performance – Insurance

10.1. The key performance indicator for this service is set around the delivery of advice and assistance in relation to insurance.

10.2. There is a further key performance indicator for this service around the procurement cycle for insurance. Preparation work has begun for this but the performance measure is completion within the agreed timescale which is for new insurance commencing 1 April 2014 so is not yet measured.

10.3. Other key performance indicators were developed as part of the transfer to LGSS but are based around claims handling which is not currently completed by LGSS and is linked to the procurement of new insurance.

10.4. The table below shows the performance indicator for the first three quarters of the year 2012/13.

Key Performance Indicator	Q1 Status	Q2 Status	Q1/Q2 change	Q3 Status	Q2/Q3 change
Availability of insurance and	GREEN	GREEN	↔	GREEN	↔

claims advice to agreed service parameters	100%	100%		100%	

11. Individual services performance – Revenues and benefits

Key Performance Indicator	Q1 Status	Q2 Status	Q1/Q2 change	Q3 Status	Q2/Q3 change
New claim processing (Target - 21 days)	RED 40.61	RED 52.13	↓	RED 37.04	↑
Benefit changes of circumstance (13 days)	AMBER 17.61	AMBER 16.18	↑	AMBER 19.34	↓
Processing Council Tax change of circumstances (25 days)	No Data	GREEN 18.00	↑	GREEN 24.23	↓
LA Authority error rates on claims processing (less than 0.48%)	Calculated at year end: 2011/12 = 0.696% - figure subject to audit				
Complaints processing (Answered within 15 days)	RED 54%	RED 54%	↔	RED 69%	↑
Council tax in-year collection rate (Target – Q1 -29.4%, Q2 – 56.2%, Q3 – 83.8%)	AMBER 28.7%	AMBER 55.2%	↑	AMBER 82.7%	↑
Council tax collection rate for current year minus 2 years (Target – 2010/11 collection to be 99% by 31 Mar 2013)	GREEN 98%	GREEN 98.1%	↑	GREEN 98.2%	↑
Business rates in-year collection rate (Target – Q1 - 30.3%, Q2 – 61%, Q3 – 88.7%)	GREEN 30.3%	AMBER 61%	↓	AMBER 88.7%	↓
Business rates collection for current year minus 2 years (Target – 2010/11 collection to be 99.2% by 31 Mar 2013)	GREEN 97.8%	GREEN 97.7%	↑	GREEN 98.7%	↑
Successful Telephone Calls (Target 75% of calls answered and not	AMBER 68.1%	RED 56.8%	↓	RED 45.9%	↓

abandoned)					
Telephone calls answered in 20 seconds (Target 30%)	RED 17.2%	RED 18.3%	↑	RED 24.8%	↑
Face to face queries dealt with in 10 minutes (Target – 65%)	RED 49.5%	RED 37%	↓	RED 45.5%	↑
Average wait time for visiting customers (Target – less than 10 minutes)	RED 15.47	RED 16.05	↓	RED 13.48	↑
Customer satisfaction – Benefits (Target – 93%)	No Data	AMBER 88%		RED 87%	↓
Customer satisfaction - Council Tax	No Data	RED 85%		GREEN 97%	↑
Avoidable Contact – Benefits (Target less than 24.5%)	GREEN 23.72%	AMBER 28.75%	↓	RED 33%	↓
Avoidable Contact - Council Tax (Target less than 24.5%)	AMBER 25.54%	GREEN 20.51%	↑	RED 51%	↓

11.1. Performance in revenues has seen a steady improvement (collection of council tax and business rates). Collection figures are on target or near to target.

11.2. Benefits new claims processing continues to be below target. However, there has been a steady improvement throughout the year but average processing time remains at around 35 days. Effort has now been made to tackle the remaining "backlog" although this term has never been defined.

11.3. To give this some perspective, the authority receives around 150 new claims per week. Around half of these are received from the Department for Work and Pension (DWP). The other half is received mainly through customers contacting the council directly.

11.4. The claims received from the DWP are "passported" claims. This means that the DWP have already assessed a claimant and they are entitled to job seekers allowance or pension credit and are therefore automatically entitled to housing benefit and council tax benefit. Note, council tax benefit ceased on 31 March 2012 and has been replaced by our locally agreed council tax reduction scheme. Where a claim is received via the DWP the council can only process the claim if the DWP have approved the claim. Sometimes there are claims that are passed across without DWP approval and the council has to wait until the DWP has approved the claim before being able to process the claim for housing benefit and council tax.

11.5. Of the claims that are received directly, the majority are received via an appointments based system. Up to 60 appointments are available each week and anywhere between 40 and 60 appointments are made each week.

A small number of customers do not turn up for their allotted appointment. Where customers do attend, around 50% bring the required information that has been previously requested to allow the claim to be processed. Where the information is provided, the claim is calculated the same day and then remains in the system "approved" until the first payment becomes due.

11.6. There still remains a number of claims that are moving from being between 0 and 21 days old (i.e. within target) to being over 21 days old. Once these claims are processed, this has the effect of increasing the average number of days to process claims. The team have therefore been working to remove the older claims from the system and maintaining performance on new claims to ensure that the average processing target is met.

11.7. It is anticipated that this will have a detrimental effect to the March processing performance figures. However, this will mean that with the majority of older claims processed, the claims that are in the system and processes in April will gave been waiting for fewer days creating the possibility of hitting the target in April and onwards.

11.8. Change of circumstances processing continues to be below target (13 days). Monthly figures have varied between 12 days and 20 days.

11.9. Again, to give this some perspective the council receives between 1500 and 2000 changes of circumstances each week. A significant proportion of these are received via electronic transfer from the DWP. These are received in two separate files ("ETD's" and "ATLAS" transfers). In due course this should be reduced to one combined transfer but for now the council has to deal with both.

11.10. Not all changes of circumstances lead to a change in benefit. However, every change has to be reviewed and a decision made.

11.11. This is currently a manual process. A review of this has been completed and much of this process can be automated. The review has concluded that around 70-80% of the transfer information can be completed automatically. This requires changes to our current software and these are currently being reviewed and tested. Once satisfactory testing has been completed this will be implemented. The review estimates that up to 2.5 posts will be freed up as a result of this. These resources will be used to support new claims processing and changes of circumstances that cannot be completed automatically.

11.12. Complaints processing (responding to complaints within 15 days) is gradually improving from 54% in Q1 and Q2 to 69% in Q3. Further improvements have been seen at the start of Q4 with performance in January at 82% while February was 75%.

11.13. The customer contact indicators are predominantly "RED" as targets are not being met. There have been some improvements but significant improvement will only occur once processing is on target which will reduce

the amount of customers chasing for up to date information.

12. Benefit subsidy

12.1. As part of the claim that the council makes to DWP for benefit payments, there is an allowance for the council to make errors. Errors generally relate to overpayment of benefit for example where we have been notified of a change of circumstances that leads to a reduction in benefit. There are two thresholds set at 0.48% and 0.54%.

12.2. If the council makes errors amounting to less than 0.48% then the DWP pays the council the full amount of those errors. If the council then recovers the overpayments made to claimants the council also gets to keep the recovered money.

12.3. If the council makes errors between 0.48% and 0.54% then the DWP pays the council 40% of the amount of those errors. If the council then recovers the overpayments made to claimants the council also gets to keep the recovered money.

12.4. If the council makes errors over 0.54% then the DWP pays the council none of these errors. If the council then recovers the overpayments made to claimants the council gets to keep the recovered money.

12.5. The council has set the performance target in the service level agreement with LGSS at the lower level of 0.48%. However, as can be seen from the table above, the council only achieved 0.696% for 2011/12. This will therefore become the focus for attention during 2013/14 to achieve a lower error rate and increase the subsidy to the council

13. Benefits improvement plan

13.1. LGSS are working on an updated improvement plan for the benefits service.

13.2. The key elements of the improvement plan are:

1. Automated processing of change of circumstances notifications received from DWP (anticipated to start in April 2013)
2. Staff freed up due to automation as described above to concentrate on new claims and change of circumstances that cannot be automated
3. Recruitment to vacancies completed (new staff starting April/May 2013)
4. Implementation if individual performance framework (analysis of individuals speed and accuracy)
5. Identification of needs and support provided to those staff who have low speed, low accuracy or both.

14. Summary and areas for improvement/actions

14.1. As can be seen from the above, the council has achieved its goal of reducing the cost of ICT and making savings of over £1.55million p.a. However, there is a mixture of performance levels against target.

14.2. The key area for improvement remains benefits processing.

14.3. Key actions in this area that will improve processing times and accuracy include:

14.3.1.   Implementing automated processing of electronic transfer information from DWP
14.3.2.   Completion of recruitment to vacant posts
14.3.3.   Performance monitoring of individuals and appropriate interventions to enhance performance