

Subject: Capita Monitoring and Performance **Status:** For Publication

Report to: Performance Overview and Scrutiny Committee **Date:** 15th September 2009

Report of: Andrew Buckle Head of Customer Services and ICT

Portfolio

Holder: Customer Services

Key Decision: No

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

1.1 To provide an update to the Performance Scrutiny Committee on the Capita contract and review the performance for the current financial year to date.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.

- Delivering Quality services to Customers (Customers, Improvement)
- Providing value for money services

3. RISK ASSESSMENT IMPLICATIONS

3.1 There are no specific risk issues for members to consider arising from this report.

4. BACKGROUND AND OPTIONS

4.1 The Capita contract was implemented in September 2006; the contract covers the areas of Revenues, Benefits, Fraud and any associated customer contact for those areas. Rossendale have implemented a highly resilient and robust contract monitoring process which has been adopted in the corporate Governance model.

4.2 The Service Assurance Team role – Rossendale Borough Council

The Service Assurance Team (SAT) continuously monitors performance for Revenues, Benefits, Fraud and Customer Services by measuring service delivery against agreed targets based on local and National Indicators. The SAT report quarterly to an Operational Board, made up of elected members, as part of the contract governance structure. In depth reports on service specifics are reported on, to provide assurance to the council and recommend improvements where necessary.

4.3 Benefits Performance

Performance over the last 12 months has been excellent taking into consideration the current economic climate.

All authorities in Lancashire have reported an increase in new claims and a subsequent increase in their benefit caseload. (Appendix 1 shows benefit caseloads, across Lancashire for the last 3 Years)

PM2 - New claims outstanding over 50 days – out turn performance for 08/09 is 1.96% set against a target of below 5%. Performance for the 1st quarter of the current financial year stands at 1.54% against a target of 5%.

PM3 – % of new claims decided within 14 days of receiving all the required information to process the claim – out turn performance for 08/09 is 93.80% against a target of 90%. Performance for the 1st quarter of the current financial year stands at 84.66% against a target of 90%. This is due to an increase in caseload and the SAT will monitor performance closely.

PM4 - % of rent allowance claims paid on time – out turn performance for 08/09 is 94.17% set against a target of 92%. Performance for the 1st quarter of the current financial year stands at 92.52% against a target of 92%.

PM17 - % of applications for reconsideration and notified on time –out turn performance for 08/09 is 97.83% set against a target of 80%. Performance for the 1st quarter of the current financial year stands at 100% against a target of 92%.

NI180 and NI181 - Monthly scans of our caseload are sent to the DWP and performance against NI180 and NI181 is derived from these scans and recorded on the DWP web site where authorities can obtain their performance figures from. There have been a number of software issues in the past months and various issues in relation to the transfer of data to the Department for Work and Pensions, there have also been problems with the DWP updating the information on their web site, which has meant that we have been unable to provide performance data in relation to certain indicators. Based on the information the DWP hold Rossendale are above target. Due to the problems that all authorities are experiencing with these two indicators it has been mooted that they may be changed/amended for 2010/11.

LI78a – Out turn performance for 08/09 in relation to the processing of new housing benefit claims is 19.8 days against a target of 20 days. Performance in this area for the first quarter of 09/10 has dipped slightly and stands at 24.3 days. This is largely due to the current economic climate which has resulted in an increase in the number of new claims received.

LI79a – Out turn performance in relation to accuracy stands at 94.91% set against a target of 96%. Performance for the 1st quarter of the current financial year stands at 94.7% set against a target of 96%. This is slightly under target and is an area that the SAT has agreed to review in the coming months. A balance need to be obtained between speed of processing and levels of accuracy.

LI79b - The introduction of new overpayments software has meant that Capita have been unable to provide robust overpayment data to the SAT for monitoring. The SAT is aware that there have been problems and that these are being experienced by all Authorities who use the Northgate i-world software for benefit processing. The new overpayment reporting suite has been written in line with the mandatory upgrade to version 6, our migration to this version is almost complete. The SAT now have access to 1st quarter performance data, for 09/10, in relation to the recovery of overpayments and will work with Capita to ensure positive outcomes in terms of collection performance, whilst maintaining the Councils commitment to Customer care.

4.4 Projects

Local Housing Allowance (LHA) was implemented on a national scale with effect from the 7th April 2008. LHA is now a new way of calculating Housing Benefit. The introduction of LHA has been a central part of the Government's wider programme of benefit reform and is a radical change to the way Housing Benefit is paid in the private sector. Payment of LHA is made direct to the tenant and this is to promote the Government's National Agenda to encourage financial inclusion.

It was recognised that some vulnerable sectors of our community do not have the capability of handling their own finances. Therefore the SAT introduced a Safeguard Policy and referral process to ensure that protections were in place.

The Safeguard Policy has recently been reviewed and was found to be effective and robust. The DWP measure the success of the scheme by looking at the percentage of customers having payment of LHA direct to themselves instead of their landlord. Rossendale currently have only 16.19% of LHA payments made direct to a landlord and this reflects a positive outcome.

The introduction of Local Housing Allowance from 7th April 2008 has meant that all new claims for benefit or those from existing customers who change address are paid directly into the customer's bank account, via BACS. The SAT managed this project and worked with Capita to ensure a smooth implementation. Currently there are no landlords and only 7 customers who are regularly paid by cheque. There are still a small number of cheques produced

each month but these are recent claims where we have paid by cheque pending receipt of the customers' bank details.

Any landlords who are paid on behalf of vulnerable customers also receive payment directly into their bank accounts via BACS. This has had cost savings for the Council not only in relation to the production of cheques but in the staff time taken to administer them.

4.5 Benefit Fraud Performance

Performance against targets set for Benefit Fraud for 08/09 have been narrowly missed, but performance for the first quarter of 09/10 is exceeding the target. Over the last six months a number of positive changes have been introduced which, it is anticipated will improve performance even further, increase fraud pro activity, provide a more robust management reporting mechanism and provide greater assurance for Rossendale Borough Council.

The authority has been successful in obtaining PINS training, funded and delivered by the Department for Work and Pensions, for the service assurance officer with responsibility for Benefit Fraud, which commenced in January 2009. Once completed this member of staff will then be able to progress onto the next level of PINS training which is aimed at managers of Fraud Teams. This will enable Rossendale Borough Council to closely monitor and guide the Fraud Team on areas where improvement/change is needed.

The introduction of a new Fraud database for use by the Benefit Fraud team will improve the Management information available to both Capita/RBC and will enable staff to accurately follow the progress of cases.

4.6 Council Tax Performance

The performance indicators for collection of Council Tax and NNDR are annual targets. In each case the reported figure represents the percentage of tax which is collected within the financial year that it falls due.

Ongoing progress towards the year end target is monitored by comparing progress both with previous year's collection rate figures and with monthly milestones towards the annual target.

Council Tax out turn at the end of 2008/09 was 97.40%. This represents an increase for the seventh consecutive year and was up from an out turn of 97.22% at the end 2007/08. Rossendale achieved the second largest increase in the whole of Lancashire.

The target for 2008/09 was set at 98%. It was recognised that this target was a particularly stretching one. It was intended to be set at the limits of what was practicably possible. To set it in context based on previous years data an improvement of 0.78% would have been well into the top 20 increases amongst district councils.

In the final analysis, whilst performance did improve, it fell significantly short of the target set. Additionally performance also fell short of the minimum improvement envisaged.

It should be noted that the 2008/09 targets were determined in April 2008, based upon data gathered in March 2008. Since that time the general economic position has significantly deteriorated. The expectations for performance in 2008/09 were set against backdrop of improvements in collection rate at national level which had continued for several years. Collection rate figures are no longer national indicators, and therefore it is not possible to set Rossendale's performance within national context at this time. However benchmarking data from other Lancashire authorities suggests that the effects of current financial climate have generally imposed some downward pressure on collection rates. A number of authorities reported a reduced level of collection and for those authorities where performance increased; those increases were less than 0.3%.

Targets for the 2009/10 charge year have therefore been set against the backdrop of a commitment to maintain continuous improvement whilst taking account of the difficulties that an economic downturn brings to the collection of local taxes.

With this in mind the target for 2009/10 is a collection rate of 97.8. Performance at the end of July 2009 stood at 39.33% and increase of 0.60% on the previous years performance at the end of July 2008 of 38.73%. Therefore, based on current data it is anticipated that out turn performance for 2009/10 will exceed that of 2008/09.

4.7 Non Domestic Rates Performance

The background to NNDR collection performance has been complicated by both the current economic background and, probably more significantly, a number of changes in non-domestic rating regulations which have and will affect collection. It is therefore more difficult to establish the underlying collection trend and to predict the likely future position.

In order to aid understanding of the current position it is necessary to provide a brief summary of the legislative changes and their impact. With effect from April 2008 changes to empty rate legislation were introduced by central government. Essentially, for a majority of properties, where previously a 50% discount had applied after an initial exempt three months, a full rate charge became payable. For vacant industrial premises which had previously been exempt indefinitely a sixth month exemption applies followed by a full rate charge.

From 1st April 2009 a further amendment relating to empty properties has been introduced. Previously properties with a small rateable value (less than 2200 RV) were exempt. As a temporary measure the Government has increased this threshold to 15000 RV. Essentially there remains an increase in the empty rate charge from 50% to 100%, but small properties have been exempted from rates.

Finally the government is shortly to introduce a scheme which will enable businesses, upon request, to defer a proportion of the increase in rates payable for the current financial year. The exact details of this scheme have yet to be finalised. It is therefore difficult to predict the level of take-up of this scheme and how it will impact on the collectable debit.

Briefly and very simply large businesses are required to pay more for empty property than previously, small businesses will pay less for empty property than previously and some businesses will be able to defer a small part of this year's rate.

It is difficult to wholly take into account the possible effects of the proposed new deferral scheme since the regulations which govern it have yet to be laid before parliament, although they will be applied to this year's rate. Depending upon how the scheme is to be administered, it may be that some further discussion is required subsequent to the legislation being set, in order that the rate calculation effectively reflects any sums which may become uncollectable within the current year.

As anticipated, almost all of the authorities experienced a small drop in the collection rate during 2008/9. Out turn performance for 2008/09 was 98% set against a target of 97.5%. The target was set based on the legislative changes outlined above. The further changes to the current year's legislation should go some way towards mitigating the effects of last year's, with this in mind, the proposal is that the 2009/10 target should be set at 98.5%. This would represent a significant improvement and a clear step towards the Councils previous highest rate, the 98.81% achieved in 2007/8.

Performance at the end of July 2009 stood at 41.40% and increase of 2.26% on the previous years performance at the end of July 2008 of 39.14%. Therefore, based on current data it is anticipated that out turn performance for 2009/10 will exceed that of 2008/09.

It should also be noted that since non-domestic rates collected are paid over to the central government pool variances in collection of this tax do not have a direct impact on the authority's finances, though they do have a very small positive impact on the cash flow position and consequently interest earned. However, the council is subject to external audit, in addition to the efforts of the Service Assurance Team, in order to ensure that appropriate resource is allocated to this task.

4.8 Projects

Direct debit take up for revenues payments in Rossendale has been consistent for some years. Whilst the long term trend is upwards, the increases have been measured in tenths of a percentage point. There also appears to be a trend for Direct Debit take-up to peak part-way through the financial year, before a subsequent minor fall. In 2008/9 Council Tax DD take-up peaked at 67.73% in September 08 (out turn figure 67.22%) and NNDR at 55.74% in August 08 (out

turn figure 54.66%) before falling slightly to the outturn level. Take-up levels remain high in comparison to benchmarking partners in Lancashire.

The targets for 09/10 have been set at 68.5% and 56.0%, an increase of approximately 1.3% in each case. It is anticipated that the long term project for Rossendale to achieve paperless Direct Debit processing will act as an aid to increasing take up. Rossendale are currently at migration stage of this project and once completed will be given a date by its sponsoring bank and BACS to go live. Conversely the general economic situation is likely to result in some downward pressure on the rate.

4.9 Customer Service Performance

Call Centre Performance against % of calls answered within 20 seconds has consistently been above the target of 90% with out turn performance for 2008/09 being 92.9% and abandoned calls at 1.0% now significantly better than the target of below 5 %.

The SAT continue to monitor, on a monthly basis, a random selection of calls to the Call Centre and an update report will be presented to the Operational Board within the next six months.

Average waiting time in the One Stop Shop continued to improve with the out turn for 2008/09 of 6 minutes, well within the target of 10 minutes. However, in the absence of a CRM system, it is still not possible to assess performance against the target of 90% of customers being seen within 10 minutes.

The performance of the RBC switchboard, % of calls answered within 20 seconds, whilst still below the target of 90% has been consistently in the high 80's throughout the year. Out turn performance for 2008/09 was 86.2%. The out turn performance for abandoned calls stands at 2.9% set against a target of below 3%.

Performance has been adversely affected by the gas explosion in December 2008 which resulted in a greater number of calls to the council during the time.

Joint concerns persist about the unreliability of the telephony system - the outturns against both measures for 08/09; have had to be based on only 7 months data because the system could not produce figures for August – September 2008 or for January -March 2009. Consideration will also be given to developing additional measures to eliminate wasteful internal calls made unnecessarily via the switchboard and, in conjunction with Greenvale Homes, to eliminate housing related calls still being received at the RBC switchboard despite it being over 3 years since the housing stock transfer.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 Council Tax and NNDR collection rates performance had a small positive effect on the Council's cash flow, contributing towards almost £130k extra interest from bank account deposits in 2008/09.
- 5.2 Officers are now in the process of determining the level of financial reward applicable to this Capita performance for 2008/09 in line with the terms of the contract.
- 5.3 Progress in 2009/10 to date on pursuing overpaid benefits is very encouraging, with a small number of significant recoveries providing c£30k in addition to the budget predictions.
- 5.4 The Council has recently been notified that it will be receiving c£12k from the Department for Communities and Local Government to fund administrative costs in relation to the introduction of the NNDR referral scheme detailed at 4.6 above.

6. MONITORING OFFICER

- 6.1 No legal comments.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 7.1 No HR implications.

8. CONCLUSION

- 8.1 The report has highlighted improvements in the area of Revenues, Benefits and general customer contact over the last 12 months.

The ongoing monitoring and assurance activities carried out by the SAT demonstrate that as the contract reaches the end of its third year it continues to deliver service contract requirements.

9. RECOMMENDATION(S)

- 9.1 That members note the contents of the report and the improvement in performance of these services and endorse the Service Assurance Team in their work in striving for continuous improvement.

10. CONSULTATION CARRIED OUT

- 10.1 N/A

11. COMMUNITY IMPACT ASSESSMENT

Is a Community Impact Assessment required No

Is a Community Impact Assessment attached No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

Is a Biodiversity Impact Assessment attached No

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Background Papers	
Document	Place of Inspection
Appendix 1- Housing and Council Tax Benefit 3 year Caseload comparison across Lancashire	<i>Attached</i>
Appendix 2 - CLG Statistical Release	<i>Attached</i>