

Hart District Council

**The Revenues and Benefits Service
Best Value Review**

Review Report

Final Version

January 2003

Management Summary

The Council's Revenues and Benefits service is not delivering the standard of service that is required. The Council has completed a Best Value review of the service to understand the reasons for that performance, and to find ways in which the service can improve.

A particular concern has been the extent to which delays are present in Benefits processing. The Council expects the best service for customers, but longstanding problems have dogged the team's performance and have culminated in a low level intervention from the Department of Work and Pensions.

While there are problems to be addressed in Benefits, the team is certainly capable of upper quartile performance: Council Tax collection rates are excellent, and are well within the national upper quartile.

The team is implementing a number of new initiatives, including particularly introduction of the Government's Verification Framework (VF) as well as changes to computer systems. The implementation of these initiatives has presented significant challenge.

None-the less, the Benefits Service recognises the fact that the current levels of performance are both unacceptable and in need of urgent resolution. There is no better illustration of this recognition than the recent improvement in performance that has been already been delivered during the autumn of 2002.

The best value review presents a critical opportunity for the team to re-evaluate performance and process, to deliver services which are at the level that stakeholders rightly expect, and which are delivered at the right price. As part of the review, the opportunity should also be taken to examine staffing structures and to take advantage of potential developments to the structure which can allow improvements to service, while also ensuring that benefits administration continues to be cost effective, efficient and secure.

Significant challenges lie ahead for the team at Hart. In common with many other small District Councils, in the short term the workload associated with major change must be shouldered by a relatively small group of managers and leaders. Change must none the less be effected, and resilient processing systems established that deliver truly upper quartile systems across the board. Demonstrably better services, sustainable within Council resource must be the strategy for the longer term.

This review provides the basis for that strategy. We present here firstly, a detailed account of our findings within the service, together with secondly, an improvement plan that we suggest will deliver the changes that we all seek.

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1 Introduction And Background

1.1 Introduction

Hart District Council has completed a review of the Revenues and Benefits service. The Council recognises the need for change and the review programme was organised to prioritise services where customer expectation is paramount. The review of Revenues and Benefits must be completed by December, 2002. The Council was keen to select the service for review to understand in particular the extent to which improvements could be made in the Benefits service. In April this year, the Council appointed specialist external consultants, IRRV Solutions to support the completion of the review.

This report summarises the findings of the review. The findings are supported by evidence that is outlined in this report.

1.2 Background to the Authority

Hart is small District Council with Council services based in Fleet. Revenues and Benefits services are provided within a single unit, within the finance directorate. Hart is one of the most affluent areas of the UK, and accordingly suffers more than most from the changes that the Government has begun to make to local government grant settlements.

1.3 Scope of the Review

The Council has recognised the need for reviews to be meaningful, and customer focused in their context. The review team understands that best practise demands that all services with a common link are reviewed at the same time whenever this is possible. Accordingly the Council has included all customer facing and support activity associated with the Revenues and Benefits function in this review.

1.4 This Document

This document sets out the current performance of the services subject to review; analyses in detail the findings of the exercises carried out under the 4C methodology; and finally sets out a five year improvement plan, identifying the resources needed and savings involved.

2 The Current Position

2.1 Introduction

This section sets down the current position of the service. In advance of the Best Value specific considerations, we review here the current position of the service, and set a context within which the potential for change is to be considered.

2.2 Baseline Assessment: Revenues and Benefits in Hart

We consider here the key issues surrounding the current service, and their impact on the outcome of the Best Value Review. The evidence on which these conclusions are made has been obtained through personal interviews and the use of external specialist advisors to challenge findings.

IT Systems

The Council currently uses the Serios suite of VME based processing systems for the core applications of Revenues and Benefits processing. The applications were originally part of the Bull product set, some of which were acquired by the Anite group.

The Council has determined that the systems must be replaced and upgraded to meet the standard of the best available. Last year, the Council decided to transfer the system platform to the new Windows-based Anite suite of services. That software purchase included both the introduction of replacement core processing systems for the collection of local taxation and the administration of benefits, together with the implementation of new Electronic Data Management (EDM) systems. In any organisation, the extent of IT change that the Council has committed to would be challenging. That challenge is particularly felt by smaller organisations, that do not always have the management and specialist capacity that is often available in larger authorities.

Change Management: Implementing the new systems

The implementation of the new systems has been delayed and is now planned for introduction during the early months of 2003.

The project management of the exercise to date has not been entirely satisfactory. The Councils approach to project management has been separately identified by the Shadow Assessment exercise completed for CPA. There are, within the implementation of the Anite exercise very significant learning points and that can potentially improve both the way in which this project is managed, as well as informing the wider debate about project management for the Council. Specific elements that the review has identified as areas for development include:

- The need to identify specific individuals ultimately responsible for the project, on both the Councils side, and also that of the contractor;
- The need to manage an agreed, shared planning process; and
- The identification and deployment of appropriately skilled Council resource to the project and that will support effective data testing and data transfer to the new system.

Recently, the Council has established specific responsibility for staff that are deployed to the Anite implementation project and have been released from day-to-day processing activity that would otherwise be required.

In the longer term, and as the implementation of the system progresses, the Council will certainly wish to enable the true potential of the investment in IT to be realised. That will be possible only through an effective and co-ordinated deployment of the new IT together with revised use of the Council's people and business processes.

Process

The current position of the Council's team, in so far as processing capacity is concerned, is not satisfactory. Work is processed without any discernable management standards and in an environment in which individual staff decision making can, and does, vary. It is clearly not acceptable that, in a service that depends so fully on the performance of its people, a range of individual performance standards are not present. The problem is particularly pronounced in the Benefits processing function. In Benefits, the sheer pace of legislative change and complexity of the statutory framework require the very best in organisational standards to ensure that efficient processing and common decision making are achieved across the board. Those requirements are not met in the current processing framework delivered by Hart.

The processing systems in place are not always delivering the outcomes that are expected by the Government. Later in this report we review in detail the Council performance against headline national Performance Indicators. Although the profile of Hart ought to allow upper quartile performance, in fact the Council has delivered lower quartile performance in some areas. That poor performance, coupled with recent statutory returns made to the Government has directly contributed to the intervention of the DWP. We return to that intervention at section 2.4 below.

With the notable exception of Council Tax collection performance, the standard and quality of service that is delivered throughout the whole range of Revenues and Benefits services is not at the level that customers would expect. Business rates collection, and administration of local Housing Benefits must improve.

Performance Management

While some of the basic elements are in place to provide the potential building blocks for performance management, there is much to be done. In this regard, the Council's Revenues and Benefits unit may be little different from a great many other Local Government services, where effective use of performance management has often been an underdeveloped skill-set.

The Revenues and Benefits team already collate performance statistics that demonstrate very clearly the effectiveness and work processing capacity of many staff. The approaches that have been developed by the team to measure workflow are best developed in Benefits processing. Those principles are capable of extension throughout all Revenues and Benefits processing activity.

The major area in which development is required is the extent to which the performance information that is gathered is acted upon. In the separate study commissioned by the Council designed to inform the response to the DWP, the extent to which difference in staff processing capacity is laid bare. Very wide differences in personal performance capacity are present. While some differences in performance will be within acceptable management tolerances, it is for management

to set those tolerances and deal effectively with processing performance that remains consistently below standard.

Improving Processing Performance

The need to improve core processing has been significantly prioritised by the recent intervention of the Department of Work and Pensions (DWP). As a response to perceived shortcomings in benefits processing targets, the DWP have requested a detailed improvement plan from the Council.

We discuss in outline the context and meaning of that intervention at section 2.4 below. While that intervention relates solely to benefits, there must be an effective co-ordination between that activity and the wider improvement needs of the service as a whole.

The DWP intervention certainly focuses the Council's attention on the need for change. But the completion of the DWP action plan must be a part only of the changes that are planned to improve performance throughout all Revenues and Benefits activity.

Office Environment

The Council provides the usual public caller facilities by telephone and for personal callers to the Council offices in Fleet. When the Council's Benefits service was inspected by the Benefits Fraud Inspectorate three years ago, specific comment was made about the nature and extent of public facilities that were available within the main offices.

Some initial changes to public caller facilities have been made, but the reception area still provides two distinct public contact areas: one of these is prioritised for the needs of general and planning enquiries; the other is available for Benefits enquiries. Differences in the standards of service available from each of the contact points are clearly visible, and it is difficult to conclude that the way in which customer contacts are currently dealt with is the best that can be achieved.

Strategy

The determination of a clear and effective strategy for the team has been hampered by a number of different factors. In the first instance, the team had initially committed significant effort to the ultimately failed partnership venture with WS Atkins.

Subsequently, the strategy for the team has begun to develop, rather than been finalised. While detailed business plans have been written, the team as a whole does not own them, and there is little in terms of a commonly owned set of values or understanding of the way forward for the team.

Structure

The current structure applied by the team was designed to deal with specific problems that had been identified as a result of the WS Atkins venture. The issues that the team set out to deal with included the lack of an effective support for IT; an identified lack of resilience in key areas (including Subsidy claim); and a need to develop the team's ability to control workload and quality.

Since that structure has been adopted, the outcomes required of Benefits teams in particular have changed very significantly. The introduction of the Verification Framework (VF); the importance placed by the Government on Fraud; and changes to the National Performance Indicator system have combined together with new

“performance standards” published by the DWP to require significantly different outcomes of local benefits services. The Council’s structure for Revenues and Benefits services does not fit these requirements. Particular elements of the structure that are in need of urgent attention include:

- Lines of responsibility which are unclear to both staff and management;
- The role and responsibility of staff and units must be clearly established; and
- The extent to which the department carries non-operational support staff.

Staff

The usual methods of office communication that are to be expected are not well developed within the Revenues and Benefits team. The absence of communication is a major issue that has directly contributed to the discontinuity that is to be found within the team.

There is some evidence of refusal to co-operate and a failure to understand the work/staff/management contract. In the absence of any action taken to resolve these ongoing issues teamwork has failed to effectively develop. Staff are operating in an independent manner that more reflects each individual’s personal work and values than the needs of the business.

Management

The organisational structure has developed in such a way that lines of responsibility are no longer clear. In some cases, this has led to a tendency of staff to ‘leapfrog’ management decisions that are not agreed with. The lack of meaningful communication between staff and management has contributed to a loss of confidence in management.

Culture

The culture of best performing organisations may be typified by a common set of values, a team oriented approach, and a shared understanding of the importance of customer satisfaction. By contrast, the culture present within the Council’s current Revenues and Benefits service has a distinct absence of shared values, and instead individual values prevail. In many instances, such values may coincide with organisational aims and customer values, but this should not be a matter left to chance.

Skills

There are particular skill gaps in both the management and amongst the operational staff. These skill gaps have developed over time as a result of the lack of performance management and identification of training needs. It is also the case that the Council requires the development of those skills across a range of the Council’s activities, and particularly:

- Management competence and development;
- Operational competence;
- Technical understanding; and
- Customer care.

The initial assessment suggests that skills must be improved in both operational processing, and supervision & management. There are additionally specialist skills in the determination of Subsidy and Management information that are critical to effective operations in benefits teams.

2.3 Recent Developments: The DWP Intervention

In recent years, the Government has increasingly developed systems to intervene where Authorities are deemed not delivering against a range of national targets. The Government has established a comprehensive regime of statutory Performance Indicators, used to track and control local Council performance. Over the last three years, the Government has deployed significant effort to refine the management and performance-reporting framework. That framework is now extremely rigorous, and tests Council processing performance across a range of Government stipulated “key outcomes”, including:

- How long it takes the Council to process a new claim, in days;
- How long the Council takes to process a change of circumstances, in days
- The percentage of renewal claims for benefit that are processed on time;
- The Accuracy of claims processing;
- The percentage of new claims processed within 14 days of receipt of all information; and
- The percentage of new rent allowance applications where the first payment is made within 14 days

This set of performance indicators controls very closely the key outputs that are expected of Council benefits processing. The DWP has also established a rigorous reporting system that identifies, and takes action against Councils found to be delivering so called “lower quartile” processing performance against national Government standards.

It is within this reporting framework that Hart has been identified for urgent corrective action by the DWP. During October 2002, the DWP wrote to the Council and identified the Council’s poor performance against five of the headline PI’s summarised above. The Council were required to submit an improvement to the DWP by the 15th November. Steps have been taken by the Council to co-ordinate the DWP response, and the outcomes of the Best Value Review.

2.4 Recent Developments: The Role of the Fraud Service

The Council is under very significant, and increasing pressure from the national funding system for Local Government services. Under revised rules that provide Government financial support for local Council services, the Council will be a significant “loser”. From the next financial year, the Council must make significant savings across the range of Council services that are provided.

There has been some discussion about major strategic options for the future of the Revenues and Benefits service. One aspect of the service that has been questioned is the Fraud Service. In recent years, Councils have been expected to develop structures to reduce and control fraud within the Benefits service. Those structures

are not developed without cost. The Council has applied an efficient approach to the management and control of Fraud.

As part of the review process, we sought to understand the extent to which the Fraud function is a statutory duty. While no specific statutory requirements exist for Councils to provide a fraud management structure within Benefits, there are general provisions that are certainly relevant. The general Council responsibilities for the financial control of the public purse, together with the specific duties of the section 151 officer, provide compelling statutory underpinning of the requirement to provide a Fraud structure.

This position is strengthened when the regulatory advice issued by the DWP and enforced by the Benefits Fraud Inspectorate is considered. While not strictly statutory, the way in which the national standards framework has been developed and is enforced mean that effectively, the rules developed by the DWP and BFI must be followed. There is very significant scope for intervention, and a range of potential sanctions for Councils deemed to have fallen below set national standards. The Council has very recent experience of the potential for these risks through the recent need to submit an improvement plan to the DWP.

While therefore, the requirement to provide a Fraud function may not be explicitly a statutory requirement, there are certainly legal frameworks that can be argued to provide for these outcomes. There are additionally, significant regulatory structures that effectively enforce that requirement. Recent developments, including the Government's new consultation paper on the future of Housing Benefits, make it clear that this trend will continue: the future of benefits, in the Government's vision, includes a core role for the management and minimisation of abuse through fraud.

2.5 Current Position: Conclusions

An independent assessment of the Council's current position for the delivery of Revenues and Benefits services identifies a number of areas in which improvement is required. That the Council had already understood the extent to which improvement was required is evidenced by the fact that the Best Value review was established to tackle these issues and to determine a way forward. The need for change has now received an important boost from the intervention by the DWP.

In the following sections we examine some of the issues that the review has identified by reference to the national Four C's framework, before concluding how the Council may choose to take the service forward.

3 Challenge: The Review Methodology

3.1 Introduction

This section summarises the approach that the team have taken to the initial challenge of the review process.

3.2 The Review Team

The Review Team has been substantially drawn from the Revenues Unit, but has specifically identified the needs and requirements of members, management and operational staff.

However, Best Value review presents particular challenges for small and medium sized Councils where resource is already applied to core tasks. This aspect has been an issue for this Review Team, and has hampered the extent to which active engagement of team members from Revenues and Benefits has been possible within the review. That is not to suggest that the views of all stakeholders to the review, including staff, have not been sampled. Approaches have been applied by the Review Team to understand those views.

Nonetheless, the Review Team has determined an accurate view of the current position, and of the way forward, that has fully accounted for the views of all relevant stakeholders.

3.3 External Challenge

The Review Team sought to establish external challenge to the review process. That challenge has been successfully introduced by the appointment of specialist external consultants to support the Councils review process. IRRV Solutions Limited (IRRV Solutions) has been appointed to support the work of the review throughout this year. The Review Team specifically sought experienced consultants who had supported Best Value review in a number of other authorities, and who had understanding of the Revenues and Benefits service. As the commercial consulting arm of the national professional Institute for Revenues and Benefits, IRRV Solutions has given the Council access to important skills and experience that otherwise would not have been possible.

3.4 Review Methodology

The methodology used in this review has followed the overall 4C's approach adopted by the government. This approach requires the Council to apply the 4C's of Challenge, Compare, Consult and Compete in undertaking the review. The approach used considers the view's of the Council's own Best Value Unit and is:

- Consistent with that approach;
- Designed to deliver service improvement strategies which will be within the reach of the Council's team and consistent with Council core values, as they emerge;
- Designed to meet the requirements of local stakeholders; and
- Utilises a robust, evidence based methodology used for data gathering, and to inform strategic decision-making.

The key features of the review that have addressed these fundamental requirements are set out below.

Challenge

- Evidence based methodology used for data gathering, and to inform strategic decision making
- Consultation programme designed and applied to test all relevant stakeholder views
- Best Value review team constructed, with membership to represent the Revenues and Benefits unit, the corporate best value function; and
- External critical friend appointed.

Compare

- Headline data comparisons of key Government PI's carried out
- Existing PI databases profiled by reference to national quartiles
- Review of national "best practice" conclusions to be drawn from Best Value Inspectorate completed

Consult

- Stakeholder groups whose opinions have been sampled include:
 - service users
 - staff
 - senior management
 - members

Compete

- An initial market statement analysis has been completed on behalf of the review and by external consultants with specialist knowledge in the field;
- exploration of local partnership potential.

3.5 Relationship with Hart Toolkit

The Council is currently reviewing and updating the approach to Best Value. As the national approach to District Council Corporate Performance Assessment (CPA) is finalised, the Council wishes to co-ordinate wherever possible the approach to CPA with that applied to Best Value review.

Within this review, the Council was keen to understand the extent to which lessons could be learnt and that might inform the Councils future management of Best Value Review. In order to achieve that goal, the review team worked with the appointed specialist consultants, IRRV Solutions, to design a framework that would work alongside the Council throughout this year. In short, the approach was specifically designed to be collaborative in nature, and to allow the Council access to the learning points that practically would assist with the development of corporate approaches to Best Value and performance improvement next year.

3.6 The Relationship with Corporate Objectives

The Council has only recently finalised the appointment of a new Chief Executive, and the Council has yet to determine the broad strategy that will deal with the twin challenges of maintaining services while also managing the cost-base.

4 Compare

4.1 Overview

A fundamental part of the Best Value Review is to make comparisons with other Local Authorities, and where possible, the private sector, in order to seek out and understand “best practice”. The identification of such best practice forms an essential target by which the continuous improvement plan is developed.

Such comparisons may be collectively described as “benchmarking”, which is an established process for securing continuous improvement in terms of both cost and quality. Benchmarking is a central aspect of the Best Value process.

4.2 The Audit Commission Performance Indicators

The Audit Commission performance indicators are the essential “headline” comparison in which the benchmarking exercise must be initiated. Where Audit Commission performance indicators are adopted it is essential that Council performance is profiled against national upper quartiles. The government expects all Councils to achieve upper quartile performance as an essential output of the five-year improvement plan. Understanding where the Council is with reference to these performance indicators is therefore an essential first step within the review.

In the table below, we summarise the position of the Councils Revenues and Benefits service with reference to the national headline PI’s. This table has been reproduced from the last nationally audited figures available from the Audit Commission. Accordingly, the Council performance for 2001/02 is compared against the national upper quartile performance for 2000/01, as the latest available figures. The figures for 2001/2 are expected during December this year, and as soon as they are available will be reproduced here as the more up-to date.

Districts 2000/01 PIs Analysis

Indicator	Best Performance (Upper Quartile)	Worst Performance (Lower Quartile)	Hart Performance For 2001/2	Hart Performance 2001/02
Council Tax Collection rate (BV9)	98%	96%	99%	98.9%
Non Domestic Rate Collection (BV10)	98%	97%	97%	98%
Does the Authority have a fraud scheme? (BV76)	Yes	No	Yes	Yes
The Authority’s cost per claim (BV77)	£49.14	£73.42	Not completed	Not applicable
Average processing time in days for new claims (BV78a)	33	61	89*	72 days
Average Processing time in days for change of circumstances (BV78b)	8	21	11*	9.7 days
Percentage of renewal claims paid on time (BV 78c)	85%	50%	53%*	77%

Indicator	Best Performance (Upper Quartile)	Worst Performance (Lower Quartile)	Hart Performance For 2001/2	Hart Performance 2001/02
Percentage of cases processed correctly (BV79a)	98%	94%	91%*	93.6%
Recovery of overpaid Benefit (BV79b)	72%	49%	45%*	37%

In each of the cases marked with an asterisk above, the Audit process has raised concerns about the legitimacy of the process by which data has been record or logged. There are distinct, and worrying trends for the Council. Apart from the performance in Council Tax collection, many of the key performance indicators for Benefits Services are lower quartile, and have been questioned by the Audit process.

A separate, but important trend is the extent to which the Council's cost of service indicator has remained consistently amongst the highest in the Country. The Council may well wish to further explore the link between this finding, and that the cost of the local taxation service has within the same timeframe remained amongst the cheapest in the Country. The Council may also consider within the national context, the extent to which differences in accounting convention may cause the various "cost of" indicators to be corrupted. It is no accident that in recent years, the ODPM have dropped the "cost of council tax collection" PI, and that recent DWP tracking information appears to de-prioritise the cost of claim PI. While there may well be issues for the Council to explore in the costs of the service., in the short term it is the poor performance against a range of work processing indicators that must be prioritised.

In the above table, the performance of the Council against the last available audited records shows poor performance against many Benefits processing PI's. This trend has continued over the last 18 months. In so far as headline Benefits processing performance is concerned, the Council is obliged to complete quarterly returns that register ongoing performance against key headline indicators. The Department of Work and Pensions have identified a core group of six indicators against which quarterly performance is tracked. These indicators have significant overlap with the above PI's, and have been prioritised because they are capable of tracking outcomes that the DWP believe are likely to match customer expectation.

The six indicators that the quarterly returns track are summarised as follows:

- How long it takes the Council to process a new claim, in days;
- How long the Council takes to process a change of circumstances, in days
- The percentage of renewal claims for benefit that are processed on time;
- The Accuracy of claims processing;
- The percentage of new claims processed within 14 days of receipt of all information; and
- The percentage of new rent allowance applications where the first payment is made within 14 days

The Council's performance against these indicators for the first six months this year, and as logged with the DWP, has given rise to concern. In October 2002, the DWP wrote to the Council explaining that the quarterly returns logged for the Council suggested continued, and in some cases degrading Lower Quartile performance. The DWP requested an urgent response explaining what the Council proposed to rectify performance difficulties.

That exercise has been completed by the Council and is briefly discussed at section 2.3 above. While the Council's audit exercise has found some errors in the completion of DWP statistical returns, it is also the case that performance in key areas must improve.

4.3 Best Practise Site Visits

The Council has determined that the approach to Benchmarking must establish both an understanding of the position of the Council in relation to the best and how that can be improved. The base position has been determined earlier in this section with reference to the national Performance Indicators, and the standards of the Inspectorate. There are clear improvement requirements for the Council in core work processing.

We summarise within the following table some of the benchmarking visits that we have identified and that may be relevant to the Council's improvement programme. In determining the sites that are likely to be of assistance, we have reviewed national excellence with reference to:

- Councils that have already been inspected by the Best Value Inspectorate and have achieved a "3 star" rating;
- Councils who had been awarded "Beacon" status by the Government, as a result of an innovative approach and/or achieving excellence in service delivery; and
- Councils who had already successfully implemented new technology and/or new Government initiatives.

Council/Site	Reason/ Area of Excellence	Comments
Guildford BC	3 Star revenues and Benefits Service	Profile of residents and customer base is not dissimilar to Hart
Bassetlaw DC	Effective change management; Direct Debit take-up and marketing	Profile of local population is significantly different from that of the Council, but lesson can still be learnt from the way in which Direct Debit take up and successful change management have been applied.

Council/Site	Reason/ Area of Excellence	Comments
Hammersmith London Borough Council	3 star Service for Collection	Care may be required here. While services for collection have achieved national 3 star standard, the challenges of revenue collection in London are significantly different to the Council's requirements.
East Riding of Yorkshire	Effective Customer Interface and establishment of customer contact team	Successful turnaround from middle ranking services to one of the few local government fully integrated caller centre operations presents an interesting model. Council is much bigger than Hart, but lessons of principle may still be learnt.
Rhondda Cynon Taff County Borough Council	Effective performance management strategies; Effective change management	Similar profile to Bassetlaw in terms of the local population and customer base, but success in effective management of staff and implementation of performance management is if anything more impressive for that.
South Gloucestershire Council	Effective change management Effective implementation of new systems	Systems implementation and change management programme is by no means yet complete, but the breadth of change and the extent to which systems people and process are to be fully integrated in effective provision of local services presents an unrivalled model.

4.4 The Best Value Inspectorate

The published Best Value Inspection reports have been analysed and used for comparison purposes. The key findings from the latest programme of reports have been analysed and are compared with the Council's current position in the following table.

The elements of best practise that are suggested by the Inspectorate are derived directly from the published reports. The summary of the Council position has been evidenced by site interviews carried out within the review process.

Inspectorate Strength	The Hart Perspective
Corporate Alignment	
The Council has clear aims and objectives and the best value performance plan gives clear priorities and targets for improvement linked to each objective	Aims and objectives yet to be developed. Need also to align with emerging corporate strategy that is under active development.
There is a high degree of commitment to change and improvement throughout the Council	Commitment to change and change management are a major development area
There is a track record of achievement/action is underway	Track record of achievement is not present
The Council is proactive in ensuring benefits reach those in need, or has taken action against those who are not entitled to a benefit	The Council has approaches to ensure that those entitled to benefits receive them.
The Council has taken action against those who are not entitled to a benefit	The Council has effective anti fraud systems, and an effective anti-fraud team.
Service Delivery	
The service has clear aims which reflect its statutory responsibilities, the Government's modernisation agenda and the Council's corporate values	Need to review service aims, and realign with emerging corporate standards.
There is commitment at all levels within the service to providing a high quality, accessible service to customers which includes some customer focussed non-statutory services	Customer focus is often absent, and where present is more a result of personal application than of business standards.
Services are delivered to the public by committed, enthusiastic and knowledgeable staff, and customer satisfaction is generally high	While the limited customer survey completed at the Counter presents a very positive view, the Review team believes that this is only a part of wider public opinion.

Customer enquiry areas are pleasant and enable privacy during interviews	The service recognises the extent to which current facilities are in need of urgent review. Limited private facilities exist.
Service standards for answering letters, telephones, conducting home visits and issuing benefit application forms are in place and published	Standards yet to be developed.
Information leaflets are available at all locations that will help existing customers, or increase awareness of entitlement to other people	Some information available, but scope to develop, together with Council policy in discretionary areas.
There is an efficient queuing system to minimise people's waiting time and targets to monitor performance against this	No formal system in place, but customer traffic is low.
There are a range of payment options available	There may be scope to improve payment options.
The service works well across the Council and in partnership with other councils and external organisations	This is an area for development.
Best Value and Performance	
Ongoing consultation takes place with customers and the information is used to inform future changes in the Service	Initial customer surveys have been launched, and must be continued.
The improvement plan contains actions that will improve the service to customers, including actions to improve performance and/or reduce cost	Detailed, challenging improvement plan prepared.
Performance management is established and has been used to improve performance	The need to improve and develop performance management systems is recognised and programmed.
The service achieves, or is nearing, top quartile performance against key statutory indicators	Some performance is not yet upper quartile, and plans must be adopted to achieve those goals.

4.5 The DWP/BFI Standards

The DWP have been amongst the first Government departments to develop explicit management standards that are designed to explain exactly what good practice in local government services means. While applicable only to the delivery of Housing and Council Tax Benefit functions, the Council must consider where appropriate the lessons that can be learnt within the revenues function, and in advance of any advice that is subsequently prepared by the Office of the Deputy Prime Minister.

Earlier in 2002, the DWP issued seven detailed modules within the performance Management Standards initiative. That approach now details a series of "self

assessment” questions that the DWP provides as a framework for excellence. That framework will also form the basis of service-audits independently completed by the BFI.

The Council has completed initial service self-assessments against some of the seven modules. The self-assessment against all modules, and the improvement requirements arising from that process, must form a key part of the Council ‘s improvement planning activity next year. Within that timeframe, the Council must also consider the potential for those standards to further develop in the early part of 2003. At the time of writing, the understanding established by the Review Team is that the BFI intends to issue revised performance management standards during the spring of 2003. The development of revisions to the Standards Modules must be carefully monitored so that management activity is not wasted, and that self-assessment work is focussed on new and developing frameworks, rather than frameworks which are to be replaced.

4.6 The Corporate Performance Assessment

During the late summer of 2002, the Council commissioned independent consultants to assist the Council with the completion of a self-assessment in preparation for the Corporate Performance Assessment (CPA). Performance in Housing Benefits is likely to remain a particularly important impact on overall CPA judgements for District Councils. This conclusion is more pronounced for districts that are known to be delivering poor local Benefits services.

The Audit Commission is still refining the way in which CPA will work for Districts. The way in which, in practise, that process works in Benefits presents particular challenges because of the involvement of the BFI, and the introduction of separate functional performance standards. As the framework for CPA, and the way in which judgements will be made becomes clearer, so must the Council review performance improvement planning. Wherever possible, elements of service delivery that are likely to inform headline judgements about overall service delivery must be prioritised for urgent action. In our view, and in advance of all those questions being answered, it is likely that in benefits, the priority will be in terms of:

- workload processing against some of the headline PI’s that are already in place;
- regular reporting of statistical information to the DWP, whether strictly statutory returns or not; and
- completion of self assessment and consequent improvement planning activity mapped against relevant national standards

4.7 Best Practise Benchmarking: Conclusions

The extent to which the service must improve is the headline to be concluded from the Benchmarking assessment. In section 2 we explored the current position of the service, and sought to establish the baseline from which the service begins its journey. The assessment of the position of Hart made here places that performance into national context against relevant standards.

While performance for tax collection remains upper quartile, performance for the majority of Benefits processing is poor. Against published national Performance Indicators, some performance is lower quartile. While some of this performance is clearly the result of inaccurate data returns, some is not.

5 Consultation

5.1 Overview

A consultation plan was drawn up which identified the stakeholders of the service, the different methodologies to be used during the consultation process. The review has identified the key stakeholders to the review process described below. The table below also summarises the different ways in which stakeholder views have been sampled within the review process. The means with which key stakeholder groups have been engaged with, and the findings associated with those consultation exercises are summarised below.

5.2 Summary of Stakeholder Activity

In the following table, we summarise the different ways in which the views of stakeholders to the review have been identified and sampled.

Stakeholder Group	Method	No. Replies	Comments
Internal			
Staff	Staff Survey	17	➤ All staff circulated
Strategic Managers	Structured interview	2	➤ Personal interview with Finance Director and Chief Executive.
Members	Questionnaire	11	➤ All members circulated
	Members Forward Planning discussions	2	➤ Key members identified and to sample potential ways forward likely to have fit with the member perspective
External			
Customers	Customer Survey	-	➤ Use main HB Customer survey completed within last 12 months
	Personal Visitors Survey	69	➤ Use card in reception or possibly exit poll
Professional Organisations	Questionnaire	5	➤ Select professional agencies for questionnaire

5.3 Customer Views

During September 2002, the Council completed a limited survey of callers to the Council's personal enquiries counter. In total, 69 responses were recorded.

Customer views were sampled on a short range of questions, to test:

- the ability of the Council to answer the enquiry which was made;
- whether staff were helpful and courteous;
- whether private interview facilities were available;
- whether customers knew where to go to discuss their enquiry; and
- the overall customer satisfaction.

The general profile of responses was very complimentary. In some cases however, it was very evident that residents had simply ticked the "agree" or "strongly agree" answer without fully considering the question. On the face of the questionnaire completed within this exercise, the vast majority of customers are very satisfied with the quality of service provided: overall, 90% of customers agreed or strongly agreed that they were satisfied with the standard of service they received.

The only adverse comments that were received were made in relation to the Council's ability to provide adequate, private facilities for customer enquiries.

The results of the initial survey may say as much about the profile of the customer base as they do about customer satisfaction. The Council's Revenues and Benefits team is aware of the need to improve customer facing services, and the independent assessment of customer service made by the BFI has criticised some elements of the customer service. Nonetheless, satisfaction in this sample remains high.

The Council will doubtless wish to continue to monitor customer satisfaction, and determine, by reference to further sampling, the extent to which this sample is representative of the view within the whole population.

5.4 Other Organisation Views

External Agencies

External agencies with a professional working relationship with the Council were invited to comment upon the service received. Completed responses were received from the local Federation of Small Business; The Council's Bailiffs, the local Benefits Agency Direct Payments Office; the CAB; and the Housing Association.

The quality of feedback received within this very small sample is mixed, and this is certainly an area for further development. In some cases, the agencies that have regular contact with the Council pointed out that better communication of decision-making was required, and identified a need to understand how decisions have been reached. In cases where those comments had been made, there was an agreement that services had improved in the last 12 months.

Interview: The Mental Health After Care Organisation

The review team wanted to augment the limited response received from local professional organisations, and identified the above organisation for further

discussion. The purpose of this discussion was not so much to be indicative of all the voluntary agencies and professional organisations working with the Council, as to be illustrative of likely views.

The Review Team was keen to establish the most independent assessment possible. Accordingly, we asked our retained Consultants, IRRV Solutions Limited, to speak with the charity and to establish an understanding of the Charity's views.

The Charity specialise in the work associated with the successful integration to the community of people with longstanding mental health care problems. The regional advocate that we identified for this interview has contact with a number of Councils in the course of his work including Hart. While the advocacy work that is involved here does not exclusively target benefits entitlement, the need to make sure that vulnerable client groups achieve all their legitimate entitlement to welfare benefits is an important element.

Much of the information gathered from this discussion confirmed themes that have emerged from other elements of the review process. In particular the interview evidence suggest that:

- customer service is an important area for further improvement;
- office processes need to be reviewed so that claims are processed more quickly;
- processes also need to establish what information is required in support of a claim;
- those rules need to be fully understood by all Council staff that are deployed in a customer facing role, so that customers and their advocates are advised in the right way, and on the first occasion in which contact is made.

That this interview was completed with a charity with direct experience of other Council systems for Housing Benefits makes the observations very powerful indeed.

5.5 Staff Views

Within the Council itself, we sampled the views of staff, senior management and strategic management. All staff within the unit were sampled through the use of survey forms issued during August 2002. Additionally, a significant sample of the staff were involved in the process review interviews that formed the basis of the conclusions reached at section 2 to establish the current position of the team and the key issues faced.

Senior and strategic management within the Council have been sampled through individual interview. Again, and to maintain the Review Team's commitment to true independence, the gathering of evidence from all the staff and management has been completed by our independent consultants, IRRV Solutions.

The major findings that arise from this aspect of the service review are summarised:

- Many staff, and all senior/strategic management recognise the need for urgent change that is required;

- There are mixed views on the current quality of service delivered. Some staff believe that current service levels exceed customer expectation, while other staff believe service delivered is poor;
- A great many staff took time, in the completion of their staff surveys to identify practical ways in which service could be improved.

The last point, in particular is perhaps the most important. That staff are both willing and able to identify ways in which service can be bettered is an indication of the underlying commitment to service that can support the service improvement that is required.

5.6 Members Views

The review team has sampled member views in three distinct ways, summarised as follows:

- In the first instance, all members have been invited to complete a questionnaire sampling their views of the service, as ward members;
- Additionally a limited round of discussions with key members was completed to support this part of the data capture exercise; and
- Interviews have been completed with key members including the Council's relevant Portfolio holder to understand the way forward that will be likely to fit with emerging strategy and the member perspective.

The first two sampling exercise took place in September 2002; the final stage took place in November 2002. All direct interviews were completed by our retained consultants, IRRV Solutions, who also independently analysed the completed survey forms. The major messages that we established from this part of the stakeholder programme are:

- The response rate on the members survey is high, compared to other similar surveys that our consultants have managed;
- However, many ward members found it was difficult to comment on the quality of services, because many of their own ward member enquiries were not about Benefits and Revenues, or they had no direct contact with the service;
- Some ward Councillors with direct experience of the service agreed that service performance needs to improve.

We identified no particular preference from lead members for the way forward, and certainly no requirement to "rule-out" particular approaches. The predominant message was moreover typified by a wish to consider all approaches that would be capable of making services better.

5.7 Analysis: Stakeholder Conclusions

While some views suggest that services delivered are consistent with excellent customer service, other stakeholders identify the need to improve performance. That finding is also consistent with the trends that emerge from the assessment of the Councils current position summarised at section 2 above, and the benchmarking assessment completed at section 4.

6 Compete

6.1 Introduction

We completed a detailed assessment of the current market for outsourcing and partnership as a core part of this exercise. We recognised that some of the skills and experience necessary to quickly understand developing trends within the market place for local government Revenues and Benefits services were not within our own team, and we specifically requested that our external, specialist consultants IRRV Solutions, support our understanding of the way in which that market is developing.

IRRV Solutions are experienced in the analysis of developing trends in the Revenues and Benefits market place. They are also independent: As specialist consultants, they have no affiliation with any outsourcing or partnership organisation, and provide a truly independent assessment of the market and developing trends that can support the council's developing improvement plans. The following paragraphs in this section summarise the work that IRRV Solutions have completed on our behalf, and give an independent, experienced assessment of the developing and emerging trends in the competitive market for Revenues and Benefits services.

6.2 Market Trends

The traditional market for Revenues and Benefits services is in a state of considerable change. Almost all activity in terms of "old style" outsourcing has stopped. The activity that is taking place is that of "insourcing" services previously operated by the private sector. These insources are, however, not part of any strategic plan but rather a straightforward desperate reaction to ongoing service failure.

We are now seeing the beginnings of a different approach to working with the private sector. Current activities include:

- the continuation of ICT based partnership arrangements where the private sector takes a 'hands-on' role in the change process rather than merely supplying and implementing systems;
- including Revenues and Benefits as part of very large strategic partnerships (including the recent contracts at Middlesbrough and West Berkshire, both of which include Revenues and Benefits as part of a wider package of services transferred to the contractor);
- the beginnings of a trend towards transfer of processing work away from the South East of England to locations where labour supply is better and cheaper; and
- the realisation that the use of overflow facilities to assist with peak workflows and backlogs can be done on the basis of transferring the work to other locations rather than the normal use of on-site temporary staff or so called "backlog busting" services

It is clearly the case that the traditional straightforward outsource where the service is effectively dumped on the private sector is no longer viable in most circumstances.

The wider context of local government's interaction with the private sector must also be considered. The trend is very much towards two types of partnership. The first is

the appearance of much bigger deals that are termed strategic partnerships. However, size alone will not make a deal either strategic or necessarily a true partnership. These larger deals have replaced traditional outsourcers and look at 'packages' of services, rather than Revenues and Benefits alone. Almost all of the recent partnerships contracted out have included Revenue and Benefit services.

The second type of partnership is through joint partnership deals involving the Third Sector (formally known as the 'not for profit sector'). These are likely to be complex and very dynamic arrangements that endeavour to align and accommodate the resources, talents and objectives of the public, private and voluntary sector.

A New Market

There have been a number of high profile failures in the London Market. During the last twelve months several factors have conspired to make the delivery of certain contracts well nigh impossible. The factors at the root of the problem include:

- increased workload through VF;
- an already over-heated and under-resourced staffing market; and
- changed behaviours/outcomes of the service offerings

Some of the outsourcing companies are clearly working hard at new product lines that will deliver the needs of best value in this environment. Of particular interest is the work of Hyder, Libarata and the Capita group. All appear well placed to provide new products to authorities to meet the needs of the new market.

The new products are quite different from the traditional "all out" privatisation contracts. The "old" style contracts are typified by inflexible contracts, difficulty in contract variation, and managing operations at the client site with the client resource. Staff were generally transferred to the contractor with a small, typically inexperienced, client monitoring team remaining in-house.

The new services on offer are packaged into strategic partnership deals, contracted over the long term and covering a variety of services across an authority. These strategic partnerships are geographically based in areas of cheaper labour and are based on authorities of a certain size (for example Middlesbrough).

The new services on offer continue to include off-site 'warehouse' processing solutions. These are initially driven by the economics of the London staffing market and the need to process claims. Both Capita and Libarata have processing units, based in areas of cheaper labour, such as Scotland and the north of England. These sorts of off-site processing solutions are likely to continue and are particularly relevant for small authorities.

There are a few alternative approaches on offer. BT has established an approach that leaves staff employed at the Council location at their Liverpool business centre. However, this type of approach is unlikely to be offered outside of the larger authorities.

In summary, the products that are beginning to emerge are less about "one size fits all" and more about choice. The products available have changed in response to the contract failures recently experienced. The changes mean that 'old style' contracts will be only available onsite for the biggest organisations or for those sites where geography means that location for a processing centre is a logical choice.

Changes in Bidding and Pricing

Contractor bidding behaviour is also changing. The suppliers to the market are exercising much greater choice about which contracts they bid for and under what terms. This is no longer an emerging market where new entrants must differentiate on price to gain entry.

There are examples of Councils seeking partnerships who have advertised only to receive one expression of interest. Capita would appear to be developing the processing solution and awaiting the market interest in moving the work as opposed to bringing Capita to the Client.

As these changes take effect, so will pricing policy change. Alongside the long-term outsource, unit price services may emerge. These services will be targeted at authorities with backlogs- what one outsourcing manager describes as the “soft underbelly” of Council revenues teams.

6.3 Recent Developments in the Benefits Sector

The Department for Work and Pensions has initiated a comprehensive research study into the impact and effects of outsourcing on the efficiency of Housing Benefit and Council Tax Benefit administration. The research study is designed to draw out the policy messages and identify good practice lessons relating to local authority experiences in outsourcing Housing Benefits and Council Tax Benefits administration. It will look specifically at issues such as:

- which functions are best outsourced/kept in-house and why;
- the efficiency and cost effectiveness of outsourcing;
- the effect on customer service;
- whether outsourcing improves or weakens performance; and
- the likely impact of the extended powers to allow contractors to take on more of the decision making for claims.

The research report is due to be completed early in 2003 and IRRV Solutions are pleased to be working with the DWP on this important piece of research.

IRRV Solutions has recently had the opportunity to meet with the key benefits outsourcing suppliers to discuss the current state and future direction of the market. Information regarding individual suppliers and their market direction is confidential, however, we can discuss the general context of the market and the suppliers initial thoughts on future direction. Emerging findings from our discussion include:

- Based on traditional contracts, the benefits market was seen as high risk for relatively low returns. The low margin of return is particularly evident in small sites (e.g. District Councils, single service contracts) and suppliers stated they were unlikely to pursue these types of contracts;
- Contracts of interest were those of a more strategic nature, where opportunities for large-scale transfer of staff, business processing re-engineering and resourcing back office functions out of the southeast region were available. The key message here seems to be that only where

economies of scale can be achieved, either through the size of the contract or the ability to redirect resources, will suppliers be interested; and

- Whilst ICT is an integral part of new partnerships the suppliers currently succeeding in the market are the major public sector facilities management and business process outsourcing companies. These companies have product sets that are much wider than ICT and revenues and benefits. It follows that the type of contracts they are interested in are those that build and expand their existing core business products.

On a more positive note, the suppliers are developing a product set offering streams of support to authorities in the area of housing benefits. Some of the services to be offered are support services (such as training, communications consultancy and debt management services) that may also in the medium term be supported by the provision of skilled temporary labour.

6.4 Government View: Generic Competition Options

The government has published little guidance on competition for local government. The former DETR published some limited advice on competition in Circular 1999/10. In this circular the role of competition in Best Value is briefly discussed and seven generic strategies that Local Government teams might typically consider as a result of best value review are outlined. The template is an essential baseline that summarises competitive options.

The government expects effective relationships between local government and their chosen partners. There is clear expectation that such partnership means working with the private sector. The Government view is that the private sector is a critical element of the delivery of sustainable continuous improvement.

The guidance lists seven generic strategies that might arise as a result of the best value review. It is critical to understand that these are *illustrative* of forward planning and are not prescriptive. Nonetheless, as advice prepared by the government department leading on Best Value statute and policy, their reference is compelling. The advice is briefly considered below:

1. Cessation of Service

Some aspects of the government advice are clearly more applicable to the benefits service than others. Cessation of the service cannot be possible when that service is an essential statutory function in which there is no choice but to deliver.

2. Joint Venture

To some this is seen as an inviting strategy to avoid outsourcing but there may be high risk. Local Government models in the Joint Venture mould have only succeeded where they seek to produce something other than to replicate outsourcing without the profit margin. The Sussex consortia tried and ultimately failed to bring a “third way” outsourcing solution to market, despite significant effort. More successful may be those examples that focus on other areas of co-operation- including for example co-operation on joint procurement of IT solutions.

Recently, other examples of local government joint ventures have emerged. Examples exist of District Councils who have partnered with other local authorities for the delivery of specialist services where economies of scale are otherwise difficult to

access. Examples of services that to date have been partnered in this way include Business Rates processing, Payroll, and Audit Services.

3. Outsource With No In-House Bid

Traditional “all out” privatisation is difficult to support at this time. Research carried out by the Warwick Business school two years ago recorded the elements of contracting that were likely to cause conflict. Some elements of this research have been proved chillingly accurate by recent events in some market segments. In the current environment, suppliers are increasingly wary of “traditional” outsourcing approaches. It is also self-evidently the case that the market is currently in what might best be described as a state of flux. However, the thinking time afforded by this temporary respite must not be over-estimated. It is clear that significant effort will be deployed by key players to bring new services to market and that are designed to meet the needs of Best Value.

4. Market Testing

In the Benefits market, the same broad comments apply here as for they do for outsourcing. However, new products and services will become available and that may be much more interesting to Councils interested in partnership.

5. Internal Re-Structure

An inviting proposition, but no soft option. Teams pursuing this approach must expect to deliver efficiency gains in line with established benchmarks. Changes must be planned to achieve the 2% annual efficiency savings. For most teams however, it should be possible to identify service improvement options and potential partnerships that stop short of traditional outsourcing. Such partnering should enable the performance improvement that the team seeks.

6. Contract Re-Negotiation

Only applicable where an existing contract is let to a supplier and that contract allows for renegotiation that can deliver the needs of both partners. Not applicable to Hart.

7. Joint Commissioning

Selective use of joint commissioning can be an extremely effective means of relatively painless efficiency gains. Examples of Councils who have already made such gains exist in joint procurement exercises and consortia. Care however, is still required in the procurement of “all-out” outsourcing of services and in consideration of the supply position at the current time.

The nature of contracting needs to change and this cannot be a matter that is crudely delegated to the contractor alone. This approach would entirely miss one of the essential pre-requisites of new partnership: that the public sector and their partners share responsibility.

6.5 Partnership

Published research commissioned by the Department of Transport, Local Government and the Regions (DTLR) establishes that Councillors and senior managers have high expectation that Best Value partnership will deliver efficiency gains. Although the potential value of partnership is recognised, quantifiable

efficiency gains are harder to find. The DTLR is yet to be convinced that the use of partnership with the private sector requires greater time and effort to manage.

Partnership is an essential requirement of Best Value, although the exact form of contractual relationships that will define effective partnering are still under development.

We can consider what the elements of effective partnering are with reference to elements of the previous outsourcing market that have failed to deliver. On this basis, the behaviours that are likely to be associated with effective partnership include:

- the use of contractor site visits, and effective benchmarking to establish supplier qualification;
- detailed tender documents and penalty clauses for non-compliance are replaced by outcome specifications;
- information is shared;
- supplier representation in ongoing solution design, and shared problem solving;
- performance review becomes more strategic, as opposed to what might be termed “myopic”;
- the move from a “cost dominated” approach to one characterised by “vendor qualification”;
- acknowledgement that the private sector is allowed to make a profit- and that the Council is entitled to service;
- strong, equal skill base on both sides of the partnership;
- flexibility in contract delivery and terms;
- wider range of products means services matched to client need; and
- better public sector procurement competence.

Partnership will be important to the delivery of future best practise services. The exact form of that partnership is to be determined. However, our research suggests that whatever that form there are elements that will play a part in this new model.

Partners must take greater responsibility than for the completion or supply of a “single component” to an overall solution. This takes partnering approaches away from traditional forms of contracting to a newer model of engagement where risk and reward are shared. In this approach, effective partners each share responsibility for the supply of the entire system or product.

6.6 Developing Trends: The Third Sector

The government have indicated that new approaches to the delivery of local services are expected. In the recent white paper, the Government have moved away from traditional models of service delivery based on either private or public service patterns.

The white paper summarises three broad elements of the future pattern of service delivery that are envisaged: the public sector, the private sector and the third sector. The third sector is used to describe the not for profit, voluntary and faith sectors. Some commentators also include local “micro” business within the third sector.

Emerging thinking makes this point very plain indeed. Whatever the future pattern of service delivery, it is unlikely to be effectively defined by that of the past. Leading Councils must now consider how effective service provision can be delivered in partnership with the Third Sector to enable better customer facing services without the need for the payment of a profit margin. Clearly this approach has better application and potential in some aspects of Revenues and Benefits than others. Key areas in which early potential for effective working with the third sectors can be seen include the potential for partnership with advice agencies, and the relationship between the Council and social landlords.

6.7 Market Assessment: Conclusions

That the market is engaged in a period of change is beyond doubt. Some providers have understood this and are actively seeking new approaches to business that delivers the needs of the market. Other suppliers to the market appear to be less well informed.

7 The Options

7.1 Introduction

In this section, we summarise the broad assessment of the options available to the Revenues and Benefits team for taking forward the service.

7.2 The Options For Hart

The DLTR has established, through the advice published in December 1999, a series of competitive options that Councils should consider as an output of the Best Value Review process. While that advice is now almost three years old it is yet to be superseded. In advance of further advice, it is useful to use these as a framework to consider what approaches are open to the Council.

We have considered that framework below and have applied the Hart context to those options. This assessment provides an initial view of competitive options. The Government has expected a great deal of change from Best Value Review that has to date been delivered in a less than consistent manner. It is to be expected that the framework for competition, and the Government advice on the use of the private sector where services are failing will change, and quickly, once viable alternative from the private sector are demonstrably available. The introduction of the Corporate Performance Assessment is clearly expected to leverage pressure for that change process for failing Councils.

In the meantime, however, the existing advice represents the most recent advice issued to date on competitive options and we have used it below as a framework to test the current competitive position of the Councils Revenues and Benefits service.

Government Option	Comments	Hart perspective
1. Cessation of service	Not possible. Benefits administration is a statutory function in its entirety	Not recommended
2. Joint Venture	More successful have been those examples that have focussed on other areas of co-operation- including co-operation on joint procurement of IT solutions.	A possibility if applied selectively and with appropriate local partners

Government Option	Comments	Hart perspective
3. Outsource- no in-house bid	Traditional “all out” privatisation not recommended at this time. Our research suggests that suppliers are increasingly wary of “traditional” outsourcing approaches.	Not recommended at the current time
4. Market testing	Same comments relate here as 3 above in the performance of current suppliers to the market.	Not recommended at the current time
5. Internal re-structure	It is possible to identify service improvement options and potential partnerships with private sector suppliers which stop short of traditional outsourcing and which can enable the performance improvement which the team seeks	Recommended
6. Contract re-negotiation	Only applicable where an existing contract is let to a supplier and that contract allows for renegotiation.	Not applicable.
7. Joint commissioning	Authorities achieve economies of scale by joint commissioning of appropriate services.	Recommended- but selectively and with the right partners for the right procurement.

7.3 The Potential For Partnership

Whatever approaches the Council determines, some will inevitably require a relationship with appropriate partners. That relationship must identify new behaviours to be realised and to successfully engage with the “best of breed” external partners who are selected. We have summarised in the main body of this report some of the emerging trends that our research suggests are present. This research enables an understanding of some of the capacity building that the Council faces to prepare for true partnership, and to participate fully in any new arrangements for future service delivery that are determined.

Councils wishing to maximise service delivery by engaging with other providers must understand that true partnership means sharing. Partners in the new service delivery environment must understand, and commit to, shared ownership of the delivery of a “whole” solution rather than supply of only a part. In a local Government context, the Council must understand that the contractor needs to generate profit. From the contractor’s position, the Council must be able to expect the delivery of service outcomes above and beyond agreed standards.

While the exact nature of “best practice” partnership between the Council and partners is yet to be determined, some of the key elements are clear. The Council

can prepare for the delivery of better services by building business capacity in key development areas. Such development will enable the Council to play a full part in any future partnership that is determined, and to take advantage of market development opportunities that arise.

7.4 Summary: Future Actions

What is clear is that the Council needs to move forward with a clear plan. That plan should not tie the Council's hands in terms of the means of service delivery. It should, however, be based on a clear vision on the shape of the services that will be provided in the future. The solutions selected need to be Hart specific. Additionally, marginal cost savings do not justify risk in terms of severe service degradation. If we have learnt anything over the past two years it is that Benefits is an area where inadequate resource provision can have major operational and financial consequences.

What is also clear is that Benefits administration is an area that is change weary throughout the UK. Large-scale change can cause major problems in itself. The benefits can take a long time to outweigh the costs of the change in terms of backlogs, morale and goodwill. In our view that indicates that a phased approach is more viable. This means that the service can move forward from each stage in a position of strength. This approach has its disadvantages but is risk averse.

8 Conclusions and Recommendations

8.1 Conclusions: the Broad Strategy

The Review has established a clear understanding of the extent to which improvements in service are required. That requirement for change is understood by many of those most closely associated with service delivery, and is made more urgent by the recent intervention of the DWP. However, and notwithstanding the very significant challenges that face the Council there are, we suggest, some strategies that will be more within the Council's capacity than others.

A particular concern here is the extent to which the Councils improvement requirements will be delivered by simplistic, or easy changes. It is unlikely that such approaches will enable the performance improvement needs that the Council requires. Within this review, we have examined closely the extent to which the private sector market for revenues and benefits presents options that may be advantageous to the Council. While the market for Revenues and Benefits service continues to prosper, the way in which products and services are delivered to market, and the nature of those offerings is changing. Some of those services, including particularly the extent to which the Councils service may be supported by the off-site "processing centres" will be of interest to the Council. More is clear now about those services than was known even a year ago, but in the current form, the products and services that might most interest the Council are still yet developing, rather than a proven commodity with an established track record.

Some of the offerings available are not likely to be a sustainable possibility for the Council. We include here the way in which some Councils have partnered with suppliers to provide a complex package of a range of processing activities, like that at Middlesbrough, and at Cumbria. It is significant that many of these partnerships have been established in areas where the labour market offers more choice to the employer, and at cheaper unit cost than is typically associated with the South East. Such partnerships are available to Councils of a certain size, preferably in locations where labour is available. Both of these factors militate against the likelihood of such an approach being within the Council's grasp.

In the short term at least, we conclude that the only sustainable way forward is for the Council to examine ways in which the in-house service can be improved. That is not to suggest that this approach will be low impact, will avoid change, or will be easy for the Council to deliver. Such conclusions would mis-understand the extent to which meaningful improvement in services is urgently required, and can only be delivered by real change in business inputs, including process, people, and IT.

In the medium term, it may well be the case that sustainable long term improvement in service is delivered by a relationship with some of the market suppliers with remote processing facilities, or by appropriate partnerships with other local authorities. That is an entirely appropriate avenue for the Council to explore. The Council's ability to agree appropriate partnership opportunities, and to participate fully in meaningful solutions will be much improved when baseline performance is improved.

We summarise below the key areas in which the review evidence suggests improvement planning must focus.

8.2 Improving the service: Key Action Areas

In the first instance, we return to the findings summarised at section 2 of this report. We have summarised within that section our initial assessment of key areas in which further development need is identified and that will improve the Councils current position. That activity, explained within this report, will focus on:

- The management of the planned Anite implementation
- Management of that, and a range of other integrated change programmes
- Process management and improvement
- Performance management
- Improving baseline workload processing and the DWP improvement report
- Developing the office environment and customer contact facilities
- Refine and manage the department's strategy
- Reviewing the Council's structure for Revenues and Benefits
- Determine how staff are best deployed
- Improving management competence
- Improving staff skills; and
- Improving customer service

The breadth and depth of the challenge that the Council faces to successfully implement these changes must not be under-estimated; neither should the Council overlook the urgency that is present for achieving these aims. The direct intervention of the DWP in the Council's administration of Benefits is a potentially serious problem, that can only be successfully overcome by corrective action that swiftly returns processing performance to the national upper quartile.

8.3 The Need to Leverage Funding

The Council's financial position will worsen from next year as the Government changes the national framework for supporting the cost of local Council services. However, in local authority Benefits processing, there are opportunities present for Councils that have not been available previously, and may not be available after 2005. From 2002/3, the DWP has secured very significant funding from the Treasury, and that is available for Councils to improve local benefits services. The funding is allocated on what is essentially a merit basis, that is determined through individual Council applications to the "Standards Fund".

Prior to the Council receiving the request from the DWP for an improvement plan, the Council submitted two applications for funding to the DWP schemes. One application was to support training and development costs, the second was to support an initial process re-engineering exercise.

Now that the Council has effectively received formal notice that services must improve, the Council must reconsider whether a further, more detailed application to

the Standards Fund may be made. Indeed, the DWP initial letter reminds Councils with performance improvement needs that the Standards Fund is specifically targeted to help failing services improve.

8.4 Project management and planning

The urgent task is for the Council to consider the way in which the changes we summarise here will be tackled and to identify which tasks are priority and what resource will be applied to enable the change process. The Council needs to consider the outcomes of this research together with the other very significant changes that are planned for the team in the near future.

Time must be set aside to consider the forward change programme that will deliver the services that the Council and its staff aspire to. This review outlines much of the activity that the review team can focus meaningfully on during the coming months.

In such a busy environment it is critical that there is clear responsibility for specific tasks and clear plans specifying target dates. The action plans must be robustly and closely controlled. The effective management of team resource and the operational change we have outlined must be achieved to enable one simple goal that is now urgent: improved services for customers.

8.5 The Longer Term Vision and Strategy

That the Council must focus first upon the immediate improvement needs of the service is the major, and inescapable conclusion of this review. We have outlined within this detailed report the reasons for poor performance, and clearly mapped improvement plans that are designed to tackle that performance. There remains much to be done in the short term, and the Council are clear about that challenge.

However, in the longer term the Council must develop a vision and strategy that will deliver sustainable services to the standard that is required. In the short term, the strategy is simply to recover the baseline performance that is most badly degraded within the benefits processing function. Once performance has been improved and stabilised, the Council must review what the longer-term vision is and what is the appropriate strategy to achieve that. It is highly likely that this longer-term vision will wish to achieve further improved levels of service, and greater efficiencies.

As the Council begins to crystallise thinking on corporate values, vision and strategy so must that inform the determination of the approach to be applied within Revenues and Benefits. We suggest that it will be appropriate for the team to formally review vision and strategy no later than December 2003.

8.6 Project Planning: Dependencies, Prioritisation and Risk

The project plan that we have prepared as part of the Best Value Review is attached at appendix 1 to this report. This project plan outlines the major **priorities** that the Council faces over the coming months. Those priorities are in terms of the essential baseline performance problems that degrade benefits processing. The most urgent tasks that the team faces are numbered within the plan at 1 to 10.

A key task for the team, and within the on-going management of change, is the extent to which the plan is actively managed. In particular that the dependencies and risks that potentially affect desired outcomes re monitored and managed. We do not conclude that at the current time a formal "Risk assessment" is completed: the audit

of the key issues that the Council faces in Revenues and Benefits have been effectively diagnosed by the evidence gathered within the Best Value review. That review has also identified the key priorities that the team faces (in terms of improving core workload processing and customer service) and has mapped ways in which that can be achieved.

Rather, we conclude that the team must, as a matter of on-going management of the plan, maintain a view of the dependencies that exist within the plan, and together with an assessment of risk where necessary, make the appropriate adjustments to the plan that will deliver better and more effective services.

8.7 Recommendations

The Review team has determined an action plan within this report. That plan is designed to allow the Revenues and Benefits team at Hart achieve the potential that the Council aspires to, and that the Government expects.

We recommend the findings of this report, and the improvement plan that accordingly follows from that evidence to the Council for implementation.

9 The Improvement Plan

We summarise below the Best Value improvement plan that we have constructed as a result of this review. In view of the priorities that the team must address in the short term, we have drafted the plan to specifically focus on tasks that are to be prioritised within the next twelve months. As the Council progress the implementation of the change programme that is required, and as Council strategy itself becomes clearer, so will the Revenues and Benefits unit wish to re-calibrate elements of this plan in order that planned improvement within the service matches exactly with Council aspiration and policy.

A further task for the new year is for the Council to prioritise an early Business Planning workshop, at which this plan is reviewed, and tasks allocated throughout the department. In order that the very significant amount of planned change activity that we outline here is achieved, it is critical that tasks are shared amongst the widest possible group. It is also clearly essential that alongside that allocation of tasks, day to day processing activity is managed and improved. Management must also ensure that whilst tasks summarised here are shared amongst a broad basis of staff, that is not achieved at the cost of competence. All of those to whom tasks are allocated must have both the operational and resource capacity to achieve completion on the required timescale. In advance of that process, many of the specific responsibilities for task have accordingly not been allocated.

In the following table, the staff responsible for improvements are summarised:

- DFS- Director of Financial Services
- CE- Chief Executive
- HoR- Head of Revenues and Benefits
- RM- Revenues Manager
- IRRV- IRRV Solutions Limited
- TBA- Tasks yet to be allocated

Business Aim	Target	Responsible Officer	Target date
1. Implementing the Anite project			
1.1 Review Project Plan	Agree meeting with Anite. Review project implementation plan. Establish definitive implementation targets that are within organisational capacity.		January 2003
	Determine key resource that will be responsible for project managing the Anite assignment		January 2003
	Determine reporting lines and cycles for Revised Anite plan		January 2003
	Establish linkages, and potential risks between the Anite implementation activity together and the Benefits processing improvement project.		February 2003
1.2 Benchmarking the conversion exercise	Determine whether other Anite implementations (e.g. Derby) can offer lessons to be learnt in data conversion		January 2003
	Agree site visit		February 2003
	Complete benchmarking site visit		March 2003
	Determine lessons to be learnt for Hart		March 2003
	Revise implementation plans in accordance with lessons learnt		March 2003
1.3 Managing the project	Determine project resource responsible for Hart tasks		January 2003
	Co-ordinate and agree with Anite project leader		February 2003
	Produce revised project plan		March 2003

Business Aim	Target	Responsible Officer	Target date
	Determine lessons to be learnt for Hart		March 2003
	Revise implementation plans in accordance with lessons learnt		April 2003
	Establish exception reporting and progress reporting principles		April 2003
	Manage project and report progress		June 2003
2. Project Management			
2.1 Review project	Determine lead resource responsible for implementation of projects that the team will be responsible for		January 03
	Establish Revenues and Benefits improvement planning steering group, with including key staff representatives		January 03
	Establish reporting lines for the Group, both in exception reporting to senior officers, and to communicate with all staff		January 03
	Review the outline Best Value improvement plan. Review actions planned for new year and fully co-ordinate resource deployment with other projects, Council Strategy, and requirements to be delivered within 2003/4		January 03

Business Aim	Target	Responsible Officer	Target date
	Establish exception reporting and progress reporting principles		February 2003
	Manage project and report progress		June 2003
3. Process Management and Coordination			
3.1 Initial Process Review	Establish specific officer with responsibility to review and streamline working practices		April 2003
	Establish clear responsibility, reporting, and task responsibility. Agree completion date for initial process review		April 2003
	Determine the extent to which other internal resource (for example, internal audit; Best Value specialist) can assist with process review		April 2003
	Complete initial process review. Identify ways in which processing tasks can be made more efficient		May 2003
	Revise procedures.		June 2003
	Communicate revised procedures to staff.		June 2003
	Monitor and review progress. Manage non-compliance with new standards.		September 2003
4. Performance Management			
4.1 Establish and Agree performance improvement targets	Identify work related PI's to be controlled		June 2003

Business Aim	Target	Responsible Officer	Target date
	Arrange discussion group with staff		June 2003
	Agree performance management targets with staff		July 2003
	Communicate to staff		July 2003
	Identify control mechanism		July 2003
	Identify key stakeholders with whom reporting mechanism to be agreed		July 2003
	Monitor targets and report performance		August 2003
	Set organisational benchmarks for performance		August 2003
4.2 Agree what performance will be monitored, by who and how	Review outputs of unit		
	Consider outputs that are valued by customers		
	Identify key stakeholder representatives		
	Test outputs valued with customer reps		
	Finalise key output measures		
	Finalise data collection systems		
4.3 Agree with Personnel unit principles of performance management	Agree output measures with staff		
	Review data collection of output measures		
	Discuss proposals with Personnel Unit		
	Agree protocols for performance management		
	Communicate protocols to staff		
	Management Training		

Business Aim	Target	Responsible Officer	Target date
	Establish initial assessment of system information		
	Identify elements of risk/ areas in which estimate may require re-calibration		
5. The DWP Improvement Plan			
5.1 Project Management	Determine project plan	DFS/IRRV	November 02
	Obtain Chief Executive sign-up	DFS/CE	November 02
	Achieve Member and Portfolio Member sign-up	DFS	November 02
	Staff and unit sign-up	DFS/HoR	November 02
	Agree plan with DWP	DFS	November 02
	Set up progress and reporting arrangements	HoR/RM	November 02
	Agree management arrangements for day- to-day project management	DFS/HoR/RM	November 02
	Establish initial assessment of system information	IRRV	November 02
5.2 Quantifying the Problem	Identify elements of risk/ areas in which estimate may require re-calibration	IRRV	November 02

Business Aim	Target	Responsible Officer	Target date
	Determine resource to review other PI actual performance	DFS	December 02
	Complete audit of other PI actual performance	TBA	December 02
	Final report to Senior Officers: The Extent of Delays in the Benefits Service	DFS	January 03
	Identify resource to clear backlog	RM	November 02
5.3 Clearing the Backlog	Identify other tasks to be re-allocated to free-up best processing resource	DFS/HoR/RM	November/December 02
	Determine extent to which existing Temp Staff can be redeployed to process claims	DFS/HoR/RM	November/December 02
	Re-deploy existing temp staff to process claims	DFS/HoR/RM	November/December 02
	Reallocate existing management tasks form temps to alternate management staff	DFS/HoR/RM	December 02
	Identify and agree initial daily/weekly throughput targets.	DFS/RM	December 02
	Determine other task for deskillling and reallocation	TBA	January 03
	Reallocate and deskill tasks	TBA	January 03

Business Aim	Target	Responsible Officer	Target date
	Review daily/weekly throughput targets	TBA	January/ February 03
	Monitor performance against targets	RM	From November 02
	Examine and implement changes to pre-assess role	RM	November/ December 02
5.4. Short Term process changes	Examine and implement changes to filing systems	RM	December 02
	Implement changes to staff system input	RM	December 02
	Review management information. Re-run HBEX15/16. check errors eradicated. Establish that reports now produce accurate picture of Council processing performance.	RM	January 03
	Prepare and dispatch response. Ensure senior officer sign-up to improvement planning is secured.	DFS	November 02
5.5. Communicating with DWP	Dispatch response	DFS	November 02
	Agree regular reporting framework with DWP	DFS	December 02
	Agree reporting and update systems	DFS/CE	December 02

Business Aim	Target	Responsible Officer	Target date
	Monitor and review.	HoR/RM	December 02
	Finalise relationship with the BV Review	DFS/IRRV	November 02
	Examine performance management issues, including how this is handled; the relationship with HR; The corporate perspective; the relationship with e BV Improvement plan etc.	DFS/IRRV	December 02/ January 03
5.7. The management of Statutory Returns.	Plan to manage long-term performance issues amongst permanent staff. Target setting, robust management against targets etc.	HoR/RM	From December 02
	Programme all DWP requirements and fully co-ordinate with Best Value Improvement plan	DFS/IRRV	January 03
	Agree and report schedule to manage statutory and other DWP returns (Quarterly, annual, subsidy etc).	HoR/RM	January 03
	Set up parameters, people, systems, and procedures to handle	HoR/RM	February 03
	Identify staff and management arrangements for “Reality Check” of future output and completed returns prior to submission to DWP	HoR/RM	February 03

Business Aim	Target	Responsible Officer	Target date
	Agree monitoring and reporting framework	HoR/RM	February 03
	Review progress. Review activities not delivering, recalibrate and realign where necessary.	DFS	March 03
	Review project success. Were dates/targets met? If not, why?	DFS	April 03
5.8. Monitoring and review	Review process. Ensure DWP satisfied with communication and project feedback.	DFS	April 03
	Review stakeholder engagement with key members/ staff groups.	DFS	April 03
6. Define Strategy			
6.1 Develop Revenues and Benefits Strategy in line with Council vision	Monitor emerging Council strategy and vision. Determine likely timeframe within which Council vision will be understood		February 2003
	Determine key elements of Council strategy that impact on the Revenues and Benefits service		
	Review existing forward plan. Identify areas of mismatch between draft plan and emerging Council strategy.		
	Review Best Value Improvement plan. Re-calibrate planning activity to deliver elements of Council strategy not covered.		

Business Aim	Target	Responsible Officer	Target date
	Review progress to date. Determine next set of operational goals for coming twelve months		January 2004
	Write operational business plan for 2003/4		February 2004
6.2 Benchmarking for Best Value	Determine programme of benchmarking visits		August 2003
	Determine what requirements (i.e. elements of Best Practise) are to be sampled, and why that is appropriate to Hart. Determine, if appropriate data collection methodology and forms		September 2003
	Review suggested benchmarks. Select new benchmarks if required		September 2003
	Allocate staff to visit programme		September 2003
	Complete visits. Complete data capture.		October 2003
	Determine ways in which Hart service can be changed		November 2003
6.3 Review competition Strategy	Complete market survey of available offerings.		November 2003
	Review Council competition strategy		
	Determine effects upon Revenues and Benefits of Council competitive strategy		January 2004
	Determine market opportunities and threats		January 2004
	Examine Hart DC Strengths and weaknesses		January 2004
	Determine competitive strategy for coming 24 months.		February 2004
7. Review Structure			

Business Aim	Target	Responsible Officer	Target date
7.1 Review minor changes to structure required to deliver short term performance improvement targets	Identify timescale for re-structure		February 2003
	Determine revised structure		February 2003
	Determine other key linkages and reporting requirements for implementation of new structure. Draft remainder of project plan and to achieve new structure.		February 2003
8. Improve Customer Service			
8.1 Establish effective links with Customers	Establish regular communication with “professional” customer representatives (i.e. CAB, ETC)		July 2003
	Consider establishing formal “Customer Forum” or similar		July 2003
	Establish regular means of customer feedback-surveys or similar		July 2003
	Establish systems to monitor and review feedback		July 2003
8.2 Review process	Review process in view of sampled customer opinion		September 2003
	Establish ways in which process and service offerings can be enhanced to meet and exceed customer expectation		September 2003

Business Aim	Target	Responsible Officer	Target date
	Feedback to customer representatives elements that can and cannot be delivered.		September 2003
	Review effectiveness of customer engagement		November 2003
9. Communication			
9.1 Set up basic means of office communication	Establish frequency and membership of a system of team meetings		January 2003
	Complete first team meetings		January 2003
9.2 Review effectiveness of office communication	Review effectiveness of communications system		June 2003
	Complete initial audit of staff and manager views through team meeting		June 2003
	Revise communications systems as required.		June 2003
10. Staff Development			
10 1DWP Funding	Review success/failure of funding application		January 2003
	Determine, if required, revised DWP Standards Fund Bid. Revise training and development plans as necessary.		January 2003
10.2 Implement Training Strategy	Finalise Training and development plan		February 2003

Business Aim	Target	Responsible Officer	Target date
	Complete initial audit of staff and management training requirement. Plot "gap analysis" and staff/management to development activity required.		March 2003
	Communicate training and development plans to staff		March 2003
	Implement training and development activity		April 2003
	Complete training and development activity		April 2004
	Review effectiveness of communications system		June 2003

