



South Worcestershire Revenues and Benefits Shared Service

Joint Scrutiny Team

Final Report

South Worcestershire Revenues and Benefits Shared Service
Joint Scrutiny Team

Report and Recommendations

Contents

	Page No.
❖ Foreword	4 – 5
1. The Team	6
2. Steps taken by the Team	6 – 7
3. Introduction to Revenues and Benefits Shared Service	8
4. Business Case – was it fit for purpose	8 – 9
5. Business Case – the impact of the model implemented on service levels and quality	9 – 11
6. Business Case – resilience in the model implemented to cope with fluctuations in workload	11 – 12
7. Business Case – what efficiencies have been achieved	12 – 13
8. Business Case Cash Savings	13 – 15
– Direct Cost Savings	13
– One Off Costs	13 – 14
– Support Services Cost Savings	14 – 15
9. Performance – prior to and post implementation of the Revenues and Benefits Shared Service	15 – 17
10. Customer Satisfaction - prior to and post implementation of the Revenues and Benefits Shared Service	17 – 23
– Processing	17 – 19
– Communication	19 – 20
– Customer Service	20 – 23
11. Governance Arrangements	23
12. Equity in Service	24

13. Future Joint Scrutiny of Shared Services	24
14. Recommendations	25 – 26
– Service Specific Recommendations	25
– Strategic Recommendations	25 – 26
– Individual Authority Recommendations	26
15. Appendices	27 – 31
– Appendix A – Terms of Reference	27 – 28
– Appendix B – Business Case	29 – 31

❖ **Foreword from the Team Leader, Councillor Robert Adams**

I am pleased to present the final Report of the South Worcestershire Revenues and Benefits Shared Service Joint Scrutiny Team.

Before proceeding to deal with the report, I would like to thank my fellow Councillors on the Joint Scrutiny Team and the staff who supported the Team for their help, input and assistance. I would particularly like to thank all the people who made themselves available to meet with the Team and help inform the scrutiny process.

The Team and I would also like to extend our thanks and praise to the staff of the Revenues and Benefits Shared Service and Hub for their efforts and hard work while dealing with unprecedented demand for their services. The Team fully appreciate the tremendous amount of change and uncertainty Revenues and Benefits staff have been through while merging three services into one and appreciate the dedication and professionalism they have shown.

In early 2007 Malvern Hills District Council, Worcester City Council and Wychavon District Council approved the Business Case for the South Worcestershire Revenues and Benefits Shared Service, with the service commencing in July of that year. The major benefits of the proposed service were outlined as improved performance, quality, economies of scale through greater resilience and direct cash savings.

The Team's remit as you will see from our Terms of Reference within this report, was to scrutinise the Business Case approved by the three participating Councils and evaluate whether it was fit for purpose by comparing it to the current operation of the service, its performance level compared to each Council's pre-shared service performance and whether the proposals made in the Business Case were being achieved.

The Team was also keen to establish if the service was delivering improved quality for customers and whether the proposed savings outlined in the Business Case were being achieved to ensure public money was being used in the most efficient, effective and productive way.

In the process of conducting this review the Team met with a number of external organisations, key Officers and internal Council departments. The Team also met with the current Chairman of the South Worcestershire Shared Services Partnership Joint Committee to consider the governance arrangements between the service and the participating Councils.

The Team was conscious of the current exceptional economic environment in which the Revenues and Benefits Shared Service has been operating. The Team has carefully considered the information and evidence it has received to establish

the impact of the recession and the impact of the Revenues and Benefits Shared Service model as implemented.

The Team has used the evidence gathered to produce recommendations that it hopes will strengthen the performance and quality of the service provided by the Revenues and Benefits Shared Service. The Team has also made a number of strategic best practise recommendations to help inform the ongoing WETT (Worcestershire Enhanced Two Tier Working) initiative.

1. The Team

The Team was made up of the following Councillors:-

- Rob Adams (Team Leader) – Wychavon District Council
- Paul Cumming – Malvern Hills District Council
- Geoff Williams – Worcester City Council

Councillor Roger Sutton of Malvern Hills District Council kindly substituted in the absence of Councillor Paul Cumming.

The following Officers supported the Team:-

- Sheena Jones, Support Services Manager, Wychavon District Council
- William Wade, Member Support Officer – Overview and Scrutiny, Wychavon District Council

2. Steps taken by the Team

The Team met thirteen times:

- 4th August 2009 – Focus and scoping of review
- 28th September 2009 – Focus and scoping of review
- 12th October 2009 – Evidence gathering:
 - Floor walk of Revenues and Benefits Shared Service
 - Cllr R Madden, Chairman and V Allison, Lead Financial Officer of the South Worcestershire Shared Services Partnership Joint Committee
- 26th October 2009 – Evidence gathering:
 - Festival Housing Association
 - Rooftop Housing Association
 - Worcester Community Housing
- 30th October 2009 – Evidence gathering:
 - Ms R Hill, Head of Customer Services, Worcestershire Hub Shared Service
- 2nd November 2009 – Evidence gathering:

- Malvern Hills Citizens Advice Bureau
 - Worcester City Citizens Advice Bureau and Worcester Housing and Benefits Advice Centre
 - Wychavon Citizens Advice Bureau
- 9th November 2009 – Evidence gathering:
- Floor walk of Worcestershire Hub Shared Service
 - Mrs A Smith, Regional Organiser, Federation of Small Businesses
- 13th November 2009 – Evidence gathering:
- Malvern Hills District Council Housing Department
 - Worcester City Council Housing Department
 - Wychavon District Council Housing Department
- 16th November 2009 – Focus and scoping of review.
- 23rd November 2009 – Evidence gathering:
- N Jefferies, Head of the Revenues and Benefits Shared Service
 - Mrs D Goldfinch, Revenues and Benefits Shared Service Manager
- 7th December 2009 – Evidence gathering
- A Baldwin, Head of Finance and Resources, Malvern Hills District Council
 - G Lucas, Head of Financial Services, Worcester City Council
 - V Allison, Deputy Managing Director, Wychavon District Council
- 18th December 2009 – Drafting of report and progress update
- 15th – 22nd January 2009 – Review of Draft Final Report

3. Introduction to Revenues and Benefits Shared Service

The Revenues and Benefits Shared Service for South Worcestershire is responsible for a number of different services including the assessment and payment of housing and council tax benefit. The Shared Service is also responsible for the collection of council tax for the three participating authorities as well as precepting organisations. The Shared Service also collects NNDR (National Non Domestic Rates) on behalf of Central Government.

4. Business Case – was it fit for purpose?

In reviewing the Business Case for the Revenues and Benefits Shared Service, the Team met with Vic Allison, the Lead Financial Officer and Councillor Ralph Madden, the Chairman of the South Worcestershire Shared Service Partnership Joint Committee.

Vic Allison confirmed that originally the Business Case had been produced based on the assumption that all six Worcestershire district authorities would be participating in the Shared Service, but had been revised following the decision of the three northern districts to withdraw.

The Team explored how the figures contained within the Business Case had been obtained. It was confirmed by the Lead Financial Officer that the figures contained within the revised Business Case were estimates and cautious in nature. The Team were made aware that more detailed investigation was undertaken to look at the service, its operations and costings after the approval of the Business Case through the production of the Business Plan.

Whilst acknowledging that the Shared Service met its financial targets, the Team feel that the Business Case lacked detail and therefore could not be viewed as being robust. Overall Members consider that the work undertaken in the Business Plan should have been included in both the original and revised Business Case to give an informed and true reflection of the costs involved as well as the future shape and targets for the Service.

Whilst the level of savings in support services is a matter for each individual authority, the Team considers the Business Case should have been more transparent in this area identifying where the proposed savings could have been achieved.

Recommendation:

That in all future shared services the Business Cases should be more detailed including:

- ***Service Targets***

- ***Expected amounts of support cost savings that can be made and where they will be achieved***
- ***Informed costings***
- ***Shape and expectations of the service***

5. Business Case – the impact of the model implemented on service levels and quality

The Revenues and Benefits Shared Service model implemented was designed to make efficiencies in the ‘back office’ by removing Revenues and Benefits staff from front line contact with customers, freeing up resources to increase the capacity of the service.

The model implemented required the Worcestershire Hub to take on the front line customer service role and act as the first point of contact for customers. The model outlined that the Hub would, wherever possible, deal with any queries with only the most complex cases being passed through to the back office of the Revenues and Benefits Shared Service.

Festival Housing, Rooftop Housing and Worcester Community Housing as well as the Citizens Advice Bureau indicated to the Team that in their perception the level of service they were now receiving in relation to the functions of a revenues and benefits service was lower since the implementation Shared Service. They reported that they felt processing times had increased since the service’s inception.

They also informed the Team that themselves as well as customers had experienced difficulties in gaining access to advice and information by telephone through the Hub at the first time of trying and when successful faced long waiting times to speak with an advisor.

However when the Team explored the performance of the Shared Service (which is discussed in detail in section 9 – Performance – prior to and post implementation of the Revenues and Benefits Shared Service) this evidence reported was not reflected in the quantitative data obtained and reviewed by the Team.

The Housing departments of the three participating authorities informed the Team that they felt the quality of service that customers received through the Shared Service model was less than that previously offered by the individual authorities. The Team was made aware that the model removed previously available direct expert advice that customers and internal colleagues valued greatly. For example before the implementation of the Shared Service the public received a more personal service as they could speak directly by phone or in person to the relevant Officer who was dealing with their application, where as now all contact must be made through the Hub.

The system operated by the Hub for dealing with Revenues and Benefits queries was explained to the Team by the Head of Customer Service at the Worcestershire Hub Shared Service. The Team was made aware that the aim of the service was to resolve at least 80% of enquiries at the first point of contact.

More complex cases required callers to be put on hold while Customer Service staff obtained the required information from the 'back office' of the Revenues and Benefits Shared Service. This was specifically implemented to prevent customers from being transferred from 'pillar to post' and to ensure they only had to speak with one single contact. However only in the most complex cases, customers would be put through to the 'back office' to resolve their query.

It is worth noting at this point that prior to the Shared Service each participating Authority had different models for dealing with in person and telephone enquiries relating to Revenues and Benefits. In Malvern Hills the Worcestershire Hub already dealt with both in person and telephone enquiries for Revenues and Benefits where as in Worcester City all telephone queries were dealt with by the 'back office'. Also, if required back office staff in Worcester would also deal with face to face enquiries if Hub customer service staff had been unable to successfully resolve a query.

In Wychavon prior to the Shared Service, the handling of their telephone enquiries was outsourced to CAPITA with Wychavon customer service staff dealing with in person enquiries. It was also possible for Wychavon residents to telephone the specific officer dealing with their application or change in circumstance if customer service staff had been unable to resolve a query.

The Team feel that the quality of customer service, compared with that received prior to the Shared Service, is lower due to the removal of the personal nature of the service previously received by the customer through the removal of access to the 'back office'. (This is discussed further in section 10 Customer Satisfaction – prior to and post implementation of the Revenues and Benefits Shared Service under Customer Service). Having said that, whilst Councillors may feel this to be a negative impact, we have not been able to obtain the required customer complaints and compliments information relating to the front line customer service delivered through the Hub and previously to substantiate or refute Members' perceptions.

Although information regarding complaints is recorded, such as numbers and types of complaint it is not possible to establish what number of complaints originated from calls regarding a Revenues and Benefits query, who then subsequently complained about the service they received rather than a direct complaint against the Shared Service itself.

The Team have also found it particularly difficult to establish the model's true effect on service levels due to the impact of the economic downturn. The Team feel from the evidence it has received and mentioned in this section that service

levels have reduced but that it is not due to the model implemented but more to do with the current economic environment in which the model is operating.

To give perspective to the environment in which the Shared Service has been operating the Head of the Revenues and Benefits Shared Service told us that the Shared Service had dealt with the same amount of changes in circumstances within five months up to September 2009 than in the whole of the previous year, with an average 9 out of 10 benefit claims having received a change in circumstance.

We were informed by the Lead Financial Officer to the Shared Service that the Project Board considered that an incremental approach to staffing up the Hub was preferred. As a consequence, only five out of the originally envisioned nine posts outlined in the Business Case and subsequent Business Plan were initially filled in the Hub to increase its capacity to deal with calls relating to Revenues and Benefits. This was eventually increased to the full nine but had all nine been in place and trained up from the outset, then the Hub may have been better placed to deal with the initial increase in workloads related to the recession.

6. Business Case – resilience in the model implemented to cope with fluctuations in workload

The revised **Business Case** outlined a model where staff numbers would be reduced from 140 (FTE) to 118 which included nine posts in the Worcestershire Hub. The **Business Plan** produced by the implementation Team in consultation with the Shadow Joint Committee further reduced staffing numbers from 118 to 104 with still nine posts identified for the Worcestershire Hub and was the actual model implemented.

The Lead Financial Officer reported to the Team that a conservative view had been taken in the production of the Business Case. Once the Business Case had been approved, further work was undertaken to look at the service and its operations in more detail. The decision was taken in consultation with the Shadow Joint Committee (which preceded the formal Joint Committee) that further savings could be achieved by revising the proposed staffing levels to those indicated in the Business Plan.

The Lead Financial Officer confirmed that the final staffing figure had been based on 2006 work levels for the three authorities as this was the most up to date information available at the time and that it was the most prudent approach.

The Team has found it difficult to establish the ‘true’ resilience of the model implemented as it has had to cope with unprecedented demand. The Head of the Shared Service confirmed the Shared Service had been dealing with an increased workload of between 50-60% compared to 2007/08 levels and that the Service was not designed to cope with this sustained volume of work.

The Team was informed by various Officers including the Head of the Revenues and Benefits Shared Service, the Heads of Resources and Finances at the three participating authorities as well as the Chairman of the South Worcestershire Shared Service Partnership Joint Committee, that the three participating authorities would not have been able to deal with the increased workload as well if they remained as individual organisations, compared with working together as the Shared Service.

This was justified as follows: that through increased economies of scale the Shared Service was able to more effectively pool and target resources to where they were required.

An example of this benefit was the pooling of the Administration Subsidy Grants received from the Department for Work and Pensions in May and July 2009. We were told that this enabled the Shared Service to fund six Kickstart Benefits Assessors for a period of six months up to the 31st March 2010 including all recruitment costs, three additional CAPITA staff who were based offsite in Carlisle, as well as on average an additional eight benefits assessors throughout 2009.

The Head of Customer Services at the Worcestershire Hub Shared Service also informed the Team that by using the Hub as the first point of contact for customer enquires had provided the Shared Service with increased resilience based on the same principles of increased economies of scale outlined above.

7. Business Case – what efficiencies have been achieved

Efficiencies have been achieved through the services coming together. For example, in Wychavon the Shared Service has been reported as achieving £420,000 of efficiency savings while Malvern Hills have achieved £150,930 since the commencement of the service to the present.

The Business Case outlined the transformation of the service to increase efficiencies through the use of consultants. However, the Team was informed by the Lead Financial Officer that this approach was reviewed by the Implementation Team of senior officers when preparing the Business Plan. In consultation with the Shadow Joint Committee, it was agreed that the work would be undertaken by staff and performed in house. This has resulted in further savings for the three authorities which are discussed in more detail under *One Off Costs* in point 8 Business Case – Cash Savings.

Through meeting with Head of the Shared Service, the Team has established that currently this aspect of the project is not as far advanced as hoped when first envisaged.

It was explained to the Team that due to the increased levels of demand placed on the Shared Service it had not been possible to transform the service as

planned. It was confirmed that all available resources had been assigned to deal with the surge in new and change of circumstance applications received.

The Team was informed that a working group would be established in early 2010 to address this area.

8. Business Case – Cash Savings

Direct Cost Savings

A major reason for the creation of the Revenues and Benefits Shared Service was its ability to deliver considerable cashable savings. The Team met with the Lead Financial Officer for the Revenues and Benefits Shared Service as well as the Heads of Finance and Resources for the three Councils to discuss what savings had been achieved.

The Team was informed by the above that a saving of £1.22m had been achieved on the operational budget of the Revenues and Benefits Shared Service. This figure is in comparison to the original operational budgets of the three participating authorities pooled together and inflated to 2009/10 prices.

The Team was informed by the Lead Financial Officer that the operational budget in the Business Plan had not been achieved by £123k due to £86k of unanticipated court costs and £26k of external audit fees that had not been included in the Business Plan. We were told however that the additional £86k incurred through court costs did yield the Councils an additional £130k in income.

One Off Costs

The Lead Financial Officer told us that further substantial savings had been achieved against the one off costs outlined in the Business Case for transforming and investing in the Shared Service.

The Business Case outlined the use of consultants to conduct a lean systems review to transform the Service. However, through the work undertaken in the preparation of the Business Plan the decision was taken not to use consultants for this role but instead to use in house staff. This decision was taken on the basis that a greater knowledge of 'systems thinking' had been obtained since the Business Case had been compiled.

Through this new approach and use of a proportion of external funding a saving of £995k has been achieved compared with the figures included within the Business Case, with the budget set out in the Business Plan for this area being achieved.

A reduction in investment costs of £1.29m was also set out in the Business Plan. This saving was achieved through the decision not to purchase a bespoke IT system.

The Chairman of the South Worcestershire Shared Service Partnership Joint Committee confirmed that a pragmatic view of the needs of the Councils had been taken, considering their current and future financial positions. The resulting decision was to purchase an 'off the shelf' IT system in place of a bespoke one.

The Chairman also confirmed that the additional benefits of purchasing an 'off the shelf' system had been taken into consideration at the time in that it would be easier and more cost effective to upgrade in the future.

Support Service Costs

The Team explored in detail the area of support service cost savings outlined in the Business Case. We were keen to identify whether the savings outlined were being achieved.

The Lead Financial Officer to the Revenues and Benefits Shared Service told us that the Head of the Revenues and Benefits Shared Service had no control over support services (IT, HR, Finance, Legal and Support Services) costs or budgets. He confirmed that it was up to the individual participating authorities to drive out and achieve the proposed savings outlined in the Business Case.

The Team met with the Head of Finance and Resources at each participating authority and established that there was a difference in the amount of support services cost savings each authority had achieved compared with the aspirations in the Business Case.

It was reported by the Head of Finance and Resources at Malvern Hills District Council that Malvern Hills had not achieved the proposed savings in support services costs as outlined in the Business Case. It was confirmed to the Team that the envisaged 75% cost saving in this area had proved unrealistic for Malvern Hills and was not achievable.

The Head of Financial Services at Worcester City Council confirmed the Council was realising some of its targeted support services cost savings but indicated that this had not been possible in the first instance. It was explained that Worcester City had been able to realise some savings in this area through incorporating the support services cost savings in the Council's overall £4.5m cuts package.

The intention had been for the Revenues and Benefits Shared Service to be followed by other shared services but in particular, a shared service for ICT as the Revenues and Benefits Shared Service was particularly IT dependent. It was

reported that this would have helped the Councils in achieving the proposed support services cost savings.

The Team was concerned that the Business Case was not transparent in identifying where the proposed support services cost savings could be made and the way in which the savings would be accounted for.

However, we note that the level of savings is for each individual authority to establish, given that each operates independently in terms of support. Some support costs such as IT and internal audit will be clearer as shared services/two tier working develops in these areas.

9. Performance – prior to and post implementation of the Revenues and Benefits Shared Service

The aspiration in the Business Plan for the Revenues and Benefits Shared Service was “to be a top quartile performer and best performing Revenues and Benefits Service in Worcestershire.”

The Head of the Shared Service told us that the target for a top quartile performer was a moving target set nationally by the Department for Work and Pensions. Unfortunately, the Team could not establish if the Service had achieved this aspiration due to the methodology/indicators changing and with the Department for Work and Pensions currently unable to report this information.

As mentioned previously (in point 5 - Business Case – the impact of the model implemented on service levels and quality) the three Housing Associations, the Citizens Advice Bureau and housing departments told us that, from their dealings with members of the public and the service itself, the amount of time taken to process applications had increased since the implementation of the Shared Service.

However, it should be noted that this is not reflected in the performance data obtained by the Team that is set out below which shows that performance actually improved with the implementation of the Shared Service, with performance dipping during 2009/10 due to recession related demand.

The Team has had difficulty in establishing the performance of the Shared Service compared with the prior performance of the three participating Councils' individual revenues and benefits services. This is due in part to changes to the indicators by which the service is assessed. We did not have a direct comparison and like for like information prior to and post Shared Service.

For example, National Indicator 181 was previously two separate Best Value Performance Indicators (BVPIs). Previously the time taken to process all new Housing and Council Tax benefit claims was assessed separately from the time taken to process a change in circumstance. However, these BVPIs have now

been amalgamated into one National Indicator giving only one combined figure for all aspects.

The Team has also had to take into consideration the impact of the economic downturn and evaluate the impact this has had on the performance of the Shared Service.

An example of the impact the recession has had on the work load of the Shared Service was reported in its 2008/09 Annual Report where it stated that the Shared Service had received a “93% increase in benefits claims and a 94% increase in revenues” in March 2009 compared to March 2008.

The below information was reported in the 2007/08 and 2008/09 Revenues and Benefits Shared Service Annual Reports and Performance Reports received by the South Worcestershire Shared Service Partnership Joint Committee. The table below shows the average time taken in days to process all new housing and council tax benefit claims from 2006/07 to 31st December 2009.

Council	Actual 2006/07	Actual 2007/08	Actual 2008/09*	As at 31/05/09*	As at 31/10/09*	As at 31/12/09*
Malvern Hills	21.66	20.52	15.93	44	32.37	27.03
Worcester City	36	27	10.28	34	26.66	23.58
Wychavon	22.5	19	11.77	46	35.56	30.84

* figures also represent time taken to process change in circumstances.

+ Accounting periods run from the 1st April to 31st March

During the last quarter of 2009, processing times (in days) were MHDC 15.11, WCC 15.93, WDC 17.86.

The Revenues and Benefits Shared Service commenced in July 2007 and it is clear from the table above that performance initially improved with the implementation of the Shared Service with the number of days taken to process new applications falling across all three authorities, before increasing to their current levels.

The Team however feel from the evidence they have received from various sources that the current performance levels are a reflection of the unprecedented environment in which the Shared Service is operating in, rather than the Service’s genuine performance levels. This is also reflected by the table above.

As mentioned previously (in point 6, Business Case – resilience in the model implemented to cope with fluctuations in workload) we were told by a number of different sources that the three participating authorities would not have been able to cope as well with the increased workload received by the Shared Service as individual departments compared with the Revenues and Benefits Shared Service.

With regard to this the Team feel it is worth noting that the average time taken to process Worcester City's applications at 31st May 2009 was still lower than prior to the implementation of the Shared Service by two days even with a considerably increased workload at the height of the economic downturn.

The Head of Service informed the Team that due to the recession related demand, the target number of days for processing applications and changes in circumstance had been increased for 2010/11 to 30 days from 20 days in 2009/10 but that it would be reduced when demand reverted to more normal levels.

10. Customer Satisfaction - prior to and post implementation of the Revenues and Benefits Shared Service

The 'vision' set out in the Business Plan identified that the Shared Service would "be sensitive and responsive to customer needs".

The Team decided not to seek the views of the public first hand due to the constraints of the timetable it was working to. The Team however met with a number of different external and internal customers of the Shared Service who had regular contact with users of the Shared Service, and sought their feedback on customer satisfaction levels both prior to and post implementation of the Shared Service.

The Team was informed by numerous sources that since the implementation of the Shared Service customer satisfaction levels had decreased with a number of common themes becoming apparent to the Team. However, this was not borne out by the history of customer complaints to the Service direct.

Processing

The increased time delay in processing applications while during the height of the economic downturn was a major concern highlighted to the Team by all three of the Housing Associations it met with as well as both the Citizens Advice Bureau and each authority's housing department.

The three Housing Associations informed the Team that due to the increased time taken to process applications for housing benefit a number of its tenants had fallen into rent arrears. Due to this situation, the Housing Associations confirmed it had affected their decisions on whether or not to take court action against its tenants.

The Citizens Advice Bureau as well as Worcester Housing and Benefits Advice Centre (WHABAC) also reported that they were dealing with increased numbers of cases where the threat, and actual use, of court action against tenants was being used, due to a delay in dealing with the tenant's benefits application or change in circumstance.

WHABAC also informed the Team that due to the extra time taken to process change of circumstance applications it had received a high number of overpayments which had created additional administration work for the organisation.

Worcester City Council's Housing Department and WHABAC reported to us that on occasions payments of Housing Benefit were being made to the wrong party. Requests had been made by the City Council and WHABAC for payments of Housing Benefit to be paid direct to landlords, but that from time to time this did not always happen.

Rooftop and Festival Housing also informed the Team of an inconsistent approach in the direct payment of benefits to landlords. It was reported that some assessors actively discouraged paying benefits direct to landlords, which used to be the practice in Malvern Hills and Wychavon prior to the implementation of the Shared Service. The Team was made aware that this had resulted in some vulnerable people falling into rent arrears, as they did not have the skills to manage the money effectively.

The Team was informed however by Mrs D Goldfinch, Revenues and Benefits Shared Service Manager that from April 2008, Housing Benefit in the Private Rented Sector changed and was replaced by the new Local Housing Allowance (LHA). These changes affected how Housing Benefit is worked out, and how it is paid to any tenant who rents from a landlord in the deregulated private sector (Registered Social Landlords are currently exempt from the LHA scheme).

One of the fundamental aims of the LHA scheme was to promote personal responsibility by empowering people to budget for and to pay their rent themselves, rather than having it paid for them, helping develop the skills unemployed tenants need as they move into work.

The provision for claimants to choose to have their rent paid to the landlord (HB regulation 96) was therefore removed from 7 April 2008.

There are exceptions to this requirement where the tenant:

- a) is considered vulnerable under the safeguard policy;
- b) has built up arrears or the equivalent of eight weeks or more (unless it is not in the customer's overriding interests to do so or the landlord is not a 'fit and proper' person);
- c) is having deductions made from their Income Support or Jobseeker's Allowance (Income-Based) to clear rent arrears

The Team was assured when they met with the Head of the Shared Service that when the service was in a 'backlog' situation there was a process in place for a team to work exclusively on 'high risk' cases with any identified fast tracked

through the system. However, the evidence we received appears to show that this has not been entirely successful.

Communication

A clear theme that became apparent to the Team was the lack of communication with stakeholders in the development and implementation of the Shared Service as well as around the problems the Shared Service has faced since its inception.

The Team was informed by the three Housing Associations it met with that they had not been consulted on how the new Shared Service would operate and the potential implications it had, particularly on working practices. They confirmed they were merely informed that a new service was being considered. The CAB, WHABAC and The Federation of Small Businesses (FSB) also confirmed they were not consulted on the development or implementation of the Shared Service.

The Team received an inconsistent response from each authority's Housing Departments as to how well they were informed regarding the development of the Shared Service. Worcester City confirmed they had received regular newsletters updating them. Malvern Hills said they were not kept up to date describing the merger to the Shared Service as 'traumatic' and stating that the department was confused as to how the new service would operate.

The Team explored to what extent each organisation had received information updating them on the backlog of cases faced by the Shared Service and the development/transformation of the service following its implementation.

It was confirmed by the representatives we spoke to from all three Housing Associations, the CAB, WHABAC, FSB and each authority's Housing Department that they had never received any formal communication regarding the backlog situation previously faced by the Shared Service. All parties said that this information would have been helpful to manage the expectations they had of the Shared Service.

The Team was also informed that national changes such as benefit amounts, entitlements and where application forms should be handed in (depending on which benefit an applicant was in receipt of) were not being communicated to each authority's Housing Department leading to them giving out incorrect information.

It was also noted that each Housing Department had never received an organisational structure chart showing team leaders, teams and responsibilities since the implementation of the Shared Service.

Through the work of the Team it also became apparent that each authority's Housing department could assist the Shared Service in locating people through a nominated member of staff from the Shared Service being given access to the departments' 'Home Choice Plus – choice based letting system'.

Recommendations:

- **Regular structured meetings should be held with all relevant stakeholders to discuss operational and service issues.**
- **Regular updates on the progress, development and current position of the service, including issues faced should be disseminated to all stakeholders to help inform and manage service expectations. This could be achieved through newsletters (both in electronic and paper versions), through web pages and council magazines.**
- **In the development and implementation of all future shared services greater consultation with relevant stakeholders should be undertaken to (a) inform service users of the changes in service delivery and (b) to help inform policy and procedural operations.**
- **That the possibilities of joined up thinking and working with each authority's Housing department, as well as the potential benefits of access to the 'Home Choice Plus – choice based letting system' be explored by the Revenues and Benefits Shared Service.**

Customer Service

It was reported to the Team by all external parties and each authority's Housing Department that the creation of the Shared Service had led to a loss of local working relations. Prior to the Shared Service all organisations confirmed they had had good working relations and were used to speaking with specific officers about particular issues and felt that this service had benefited the customer.

The Housing Departments confirmed to the Team the public were no longer able to speak with the specific person dealing with their application or have access to a benefits advisor with all face to face enquiries now dealt with by the Hub's Customer Service staff.

We were also told that the fast track benefits service – whereby a benefits advisor would sit with a client to help them complete their application and assess the application instantly (if applicable) had been removed. The Housing Associations also informed the Team that the Liaison Officer role had been discontinued following the implementation of the Shared Service and expressed the view that previous best practice had not been continued.

The Head of the Shared Service confirmed that the fast track benefits service was only available in Evesham and had been withdrawn as it was resource intensive, dealing with on average four cases a day.

Changes in service delivery had affected Wychavon's Housing Department who

told us members of its staff were being called to deal with some housing benefit queries by Customer Service staff. The Team were informed that Housing Staff were now in effect acting as a liaison between clients and the Shared Service, which has increased the workload of Housing staff, which Wychavon may wish to note.

Unfortunately, the Team has been unable to quantify the exact number of occasions this has occurred due to a lack of statistical data being available and so has not been able to establish the impact of dealing with housing benefit queries has had on the workloads of Wychavon's Housing department staff.

Issues surrounding the length of waiting times and difficulties in obtaining information through the Hub were raised by various sources during the Team's review.

The Housing Associations, CAB as well as WHABAC informed Members that since the start of 2009 it had been increasingly difficult to contact the Hub by telephone with one particular example given where it took 21 minutes to speak with a Hub Advisor.

The Team is fully aware that the current economic environment has also had a significant impact on the demand for services from the Hub. It was reported that the volume of calls the Hub received relating to Revenues and Benefits had increased by 166% between April 2009 and September 2009 with 6,137 calls received in April 2009 and 16,343 received in September 2009.

The Team was made aware of various issues surrounding difficulties incurred in obtaining information through the Hub. It was expressed to Members that initially Hub staff did not have the background knowledge that had previously existed in the individual Council departments with experienced Revenues and Benefits Officers. This had led to difficulties in dealing with more complicated cases.

However, the use of the Hub approach is designed to release capacity in the administration of revenues and benefits, so changes to previous practice were inevitable. Unfortunately the implications of this change do not appear to have been clearly explained to or understood by, other organisations or departments within the three participating authorities.

There was a request from all but one external organisation that a direct email address and telephone number for large users of the service be set up to negate the issues raised above.

However the Head of Customer Service for the Worcestershire Hub Shared Service confirmed that between 80-90% of queries were dealt with by the Hub at the first point of contact (this is compared to the target of 80% contained in the Business Case) and that there had not been a huge rise in the number of complaints received.

Data protection was also a common issue raised by external organisations as an obstacle in gaining the information they required to progress cases. Members of the Team had also experienced difficulties in this area through their role in the community as a ward councillor.

Members were informed by the Head of Service that anyone could speak on behalf of an account holder as long as the Shared Service had received written consent or the account holder was with them at the time of calling. Landlords and Housing Associations have access to limited information if they receive housing benefit payments direct. Also, if a councillor had a particular issue which they could not resolve, they should speak direct to him, in the same way they would deal with any other Head of Service.

It was confirmed to the Team that there was no way round the data protection legislation and that revenues and benefits staff were personally liable if this legislation was breached. In fact, if councillors had been able to discuss individuals details without the required permission prior to the Shared Service, this would have been a breach of data protection.

The Team fully accept the position taken by the Shared Service regarding data protection legislation.

Generally however, the Team consider that the customer service experience currently received by the public is of a lower standard than that received prior to the implementation of the Shared Service. The main evidence for this is the reported loss of personal contact with the officers administering the service and initial issues with the development of the Hub approach. Having said that, the Head of the Shared Service told us that staff are now working more closely with partner organisations and Nick Jefferies himself will deal with issues councillors refer to him.

We welcome his assurances but consider councillors remain to be convinced that the slightly 'arms length' approach to dealing with queries maintains or improves previous service levels.

Recommendations:

- ***That consideration be given to amending the Revenues and Benefits 'back office' business model implemented, to include the provision of a direct telephone number and email address into the back office of the Shared Service for 'large' users of the service e.g. Housing Associations, CAB be considered, including any resourcing issues this would create. (Joint Committee and Head of Service)***
- ***That an advice and procedure document is created by the Shared Service to help inform the public, elected Members and external***

organisations who wish to speak on behalf of somebody else in relation to a service provided by Revenues and Benefits Shared Service; that explains all data protection issues that surround the Shared Service.

11. Governance Arrangements

The structure of the governance arrangements for the Revenues and Benefits Shared Service is that of a Joint Committee made up of Executive Members from each of the participating authorities appointed to it. This is a legal requirement.

The Joint Committee covers areas such as resources, performance and policy with the day to day management of the service left to the Head of Service. The current Chairman of the South Worcestershire Shared Service Partnership Joint Committee confirmed that this arrangement had worked well and that it had benefited from a close working relationship between the Head of Service and the Joint Committee.

In the early stages of the development of the Shared Service the Joint Committee met monthly before moving to a quarterly basis after the service had been established for an extended period of time. The Team felt this was sensible as the service needed to be monitored closely in the early stages of its development.

While exploring the Governance arrangements of the Shared Service the Team established that the Head of Service was not in post until two and a half months after commencement.

The Team feel this is a crucial area in which can be improved on in all potential future shared services. The Head of the Shared Service confirmed this delay impeded decision making in the early stages of the project with a number of key decisions left pending until an appointment was made.

We were also initially unaware that all meetings of the Joint Committee are held in public and that all associated papers were also publicly accessible and felt that more could be done to advertise to both the public and Members.

Recommendations:

- ***That in any future proposed shared service the Head of the new service should be in post as soon as possible following the decision to proceed with the shared service - preferably prior to the date of commencement of the service.***
- ***To improve awareness of the governance arrangements and how they operate, including highlighting to both Members and the public that all associated papers and meetings of the Joint Committee are open public meetings.***

12. Equity in Service

A key aspect of any Shared Service is equity in the service delivered between all participating partners. The Head of Service is responsible for ensuring this.

This is achieved through careful monitoring of the demand levels placed on the Shared Service by each authority. It was confirmed that work of the Shared Service is dealt with on a needs basis but that if one authority was to get too far in front or behind then action would be taken to address the balance.

We explored how any changes in service requirements would be handled. The Head of Service told us that if any of the authorities involved were to request or propose a major change in the way in which the service operated, which would affect the equity of the Shared Service, then the decision on whether to implement this change would be taken by the Joint Committee.

13. Future Joint Scrutiny of Shared Services

In conducting the joint scrutiny of the Revenues and Benefits Shared Service, the Team was faced with a complex task. It became apparent to the Team that this review involved more than purely reviewing and examining the Revenues and Benefits Shared Service but that a key element of the review was how the Revenues and Benefits Shared Service linked in with the Worcestershire Hub Shared Service, for example. We note that a County wide scrutiny of the Hub is due to begin shortly.

From an early stage the Team established that the performance of both services were deeply inter related and that either could have a profound effect on customer satisfaction with both services.

With the current WETT initiative at an advanced stage, there is the potential for the creation of a number of shared services. With this in mind and from the experiences of the Team in conducting this review we feel any future joint scrutiny of a shared service should take into consideration the interdependencies of the different services in delivering any shared service.

The Team feels it key that any future review should be delivered in partnership as a joint exercise taking a strategic view of issues such as the resilience of the business case, overall performance, savings achieved and governance arrangements.

The Team also recognises the need for individual participants in the Worcestershire Enhanced Two Tier working initiative to establish, for example, the standards and quality of service being delivered for their Authority and residents and to undertake local scrutiny of these aspects.

14. Recommendations

The Team have made the following recommendations based on the finding of their work:

Service Specific Recommendations

1. Regular structured meetings should be held with all relevant stakeholders to discuss operational and service issues. *(Head of Service and each authority for future)*
2. Regular updates on the progress, development and current position of the service, including issues faced should be disseminated to all stakeholders to help inform and manage service expectations. This could be achieved through newsletters (both in electronic and paper versions), through web pages and council magazines. *(Head of Service)*
3. That an advice and procedure document is created by the Shared Service to help inform the public, elected Members and external organisations who wish to speak on behalf of somebody else in relation to a service provided by Revenues and Benefits Shared Service; that explains all data protection issues that surround the Shared Service. *(Head of Service)*
4. That the possibilities of joined up thinking and working with each authority's Housing department all well as the potential benefits of access to the 'Home Choice Plus – choice based letting system' be explored. *(Head of Service, Joint Committee and each authority's Executive)*
5. That consideration be given to amending the Revenues and Benefits 'back office' business model implemented, to include the provision of a direct telephone number and email address into the back office of the Shared Service for 'large' users of the service e.g. Housing Associations, CAB be considered, including any resourcing issues this would create. *(Joint Committee and Head of Service)*

Strategic Recommendations

1. That in all future shared services the Business Cases should be more detailed including:
 - Service Targets,
 - Expected amounts of support cost savings that can be made and where they will be achieved,
 - Informed costings,
 - Shape and expectations of the service.

(Each authority)

2. That in any future proposed shared service the Head of the new service should be in post as soon as possible following the decision to proceed with the shared service - preferably prior to the date of commencement of the service. *(Each authority)*
3. In the development and implementation of all future shared services greater consultation with relevant stakeholders should be undertaken to (a) inform service users of the changes in service delivery and (b) to help inform policy and procedural operations. *(Each authority)*

Individual Authority Recommendations

1. To improve awareness of the governance arrangements and how they operate, including highlighting to both Members and the public that all associated papers and meetings of the Joint Committee are open public meetings. *(Each authority)*

Overview & Scrutiny of South Worcestershire Revenues & Benefits Shared Services

Terms of Reference for the Team

1. To review the final business case for the Shared Service (as agreed by the three councils) against current operation, including:
 - resilience in the model to cope with fluctuations in workload;
 - efficiencies achieved;
 - cash savings and how these have been used;
 - its level of fitness for purpose;
 - the impact of the model on service levels/quality.
2. To establish the performance of the service prior to and past the establishment of the shared service.
3. To review levels of customer satisfaction prior to and following establishment of the shared service and how feedback informs practice.
4. To consider the governance arrangements between the shared service and the participating Councils to include how changes to the service requested by one or more Councils can be achieved and how equity of service between the authorities is maintained.

Membership

5. The Team will be made up of one non-Executive representative from each of Malvern Hills, Worcester City and Wychavon District Councils.
6. Each authority will appoint a named substitute, who will be sent details for each meeting and may attend meetings as an observer to keep up to date with the exercise.

Roles

Members of the Panel are expected to:

- undertake appropriate reading and research, which may involve consultation, visits and evidence gathering between meetings;
- having agreed a programme of meetings of the Team, to attend as many of them as possible;
- to ask for support, training and development if/when they feel it is necessary;
- to contribute fully to the drafting of any reports.

Each member is responsible for reporting back to parent Overview & Scrutiny Committees as appropriate.

Officer support will be provided by Wychavon District Council for meeting arrangements and scrutiny support, as well as liaison with officers from each authority to provide evidence and practical help (provision of meeting rooms etc)

Arrangements for Meetings

The Team will make its own arrangements for meetings.

The meetings may be held in public or in private. In considering how it will meet, the Team will balance the desire for transparency and openness with making visitors feel welcome and comfortable, to encourage frank and open discussion.

It will not normally be the case that full notes will be made of each meeting. In most cases a short “action list” will be sufficient for the Team’s use.

South Worcestershire Revenue & Benefits Shared Services Shadow Joint Committee

12th January 2007

Report of Project Board

Revised Business Case

Recommendation

1. **Recommendation that** – the Shadow Joint Committee endorse the revised business case and note the work underway to further review costings.

Considerations

2. In recent months a substantial amount of work has been undertaken to critically review the assumptions reflected in the original business case and to take account of the decisions of Bromsgrove, Redditch and Wyre Forest District Councils not to participate in the project at this stage. Nonetheless, the principles reflected in the original business case remain valid, notably the sharing of benefits according to current activity i.e. weighted caseload.
3. The work has been undertaken by the project board, incorporating representatives of the three South Worcestershire Councils and the County Council, supported by an independent local government finance consultant.
4. Following the detailed review of data and costings, the Board conclusion is that the Shared Service for Revenue and Benefits remains a viable proposal which will generate significant financial benefits to all three participating authorities. A more considered assessment of the impact of operating with the three known participating authorities has been undertaken which has resulted in less of an impact than had been assumed in the broad approach undertaken in the six authority model. In addition the opportunity has been taken to critically review costings to squeeze out savings. However, it is important to emphasise that the financial projections remain prudent and are likely to reduce based on further work underway to review staffing and ICT requirements.
5. The following table (1) summarises the position, reflecting additional Hub costs as appropriate over a ten year period. Operational savings in year four, i.e. after the initial three year period of investment and transformation costs, compared to current budgets range from 10% - 15% increasing to 12% - 18% thereafter.

Table 1

Benefit Share (incl Hub)

	Malvern	Worcester	Wychavon	Total
	£	£	£	£
2007/8	157575	264205	287926	709706
2008/9	198633	356958	386539	942130
2009/10	-12221	49725	39442	76946
2010/11	-201335	-225588	-272229	-699152
2011/12	-244592	-288597	-343464	-876653
2012/13	-239718	-281502	-335432	-856652
2013/14	-244592	-288597	-343464	-876653
2014/15	-222661	-256670	-307321	-786652
2015/16	-244592	-288597	-343464	-876653
2016/17	-239718	-281502	-335432	-856652
Total	-1293221	-1240165	-1566899	-4100285

(+ = cost, - = saving)

6. The figures above incorporate the significant investment in ICT and the transformational costs required to ensure that service standards are maintained during the period of change and as the new service beds in. Investment costs of £1.69m and transformational costs of £1.26m are detailed in Appendix 1. All costs are subject to further review.
7. Having regard to the impact on current budgets in early years, as a consequence of investment and transformational costs, the potential for spreading such costs over a ten year period has been explored. Such an approach will reduce costs in early years but savings in later years will be offset by the resulting financing costs. Each authority will take a view on such an approach although it is likely that investment costs will be funded as capital reflecting the nature of the expenditure involved. Table (2) below summarises the effects of such an approach. It is possible that Wychavon as host authority could carry the up front costs on behalf of one or both of the other councils, in return for a greater share of the benefits in later years.

Table 2

Revised Incl Hub

	Malvern	Worcester	Wychavon
	£	£	£
2007/8	-7412	24193	16425
2008/9	-23117	34003	20993
2009/10	-146538	-150704	-175813
2010/11	-110335	-93588	-122229
2011/12	-155592	-159597	-196464
2012/13	-154718	-158502	-195432
2013/14	-162592	-169597	-208464
2014/15	-143661	-141670	-177321
2015/16	-168592	-178597	-218464
2016/17	-167718	-177502	-216432
Total	-1240275	-1171561	-1473201

8. A further consideration is the impact in support services within the three authorities. Over a four year period it is anticipated that the services provided to the Shared Services organisation will result in changes within all three authorities. Whilst it is expected that Wychavon, as host authority, will see an increase in staffing levels, the impact of likely reductions within Malvern Hills and Worcester City will be mitigated by seeking opportunities for further shared services.
9. Staff numbers reduce from current level of some 140(FTE) to 109 (118 including Hub), a similar proportion to that anticipated in the original business case. Current vacancy levels and anticipated turnover rates will help minimise the impact on current staff.
10. As previously mentioned further work is underway to progress implementation of the Revenue and Benefits Shared Service. An Implementation Team has been established and will refine further the assumptions and costings reflected in the revised business case with further savings likely.
11. The Shadow Joint Committee will receive regular updates on progress.