

South Derbyshire District Council

BEST VALUE REVIEW

REVENUE & BENEFITS

TERMS OF REFERENCE

1. Background

- 1.1 The Revenue and Benefits Service provides for the collection of Council Tax and the National Non-Domestic Rate along with the granting of Housing and Council Tax Benefits.
- 1.2 In the financial year 2000/01, some £22 million for Council Tax and £17.5 million for the National Non-Domestic Rate was collected. Rent Rebates of £4.2 million, Rent Allowances of £3.8 million and Council Tax Benefit of £2.3 million was awarded.
- 1.3 It is of paramount importance that the service can withstand the many pressures that are constantly placed upon it. These include:
- Best Value Performance Indicators
 - Legislation Changes (especially for Housing and Council Tax Benefits)
 - The need to use fast and efficient IT systems and the need to take advantage of changing technology
 - The need to be able to withstand any problems associated with a relatively small staff resource in providing an important front-line service
- 1.4 There is the constant requirement to provide a high quality of service to the applicants along with the need to keep up to date with the many legislation changes which affect both the collection of council tax and national non-domestic rate as well as the administration of the benefit scheme.
- 1.5 This review will examine the provision of this service and the most efficient way to take it forward. It will also address the increasing variety of ways the service can be delivered.

- 1.6 The revenue and benefits software has been developed jointly for many years with Derbyshire Dales District Council. That authority is also undertaking its Best Value Review with an anticipated completion date in the Autumn of 2001.
- 1.7 The cash office service was subject to one of the authority's Pilot Best Value Reviews during 2000. Any further developments in this area will be incorporated into the main review.

2. Scope

- 2.1 The review will address two specific areas in the delivery of the Revenue and Benefit Service.
- 2.2 The first area is the shape of the service delivery to our customers and the arrangements to be employed in providing a robust service.
- 2.3 The second area is the way that Information Technology is employed to achieve cost-effective service delivery.
- 2.4 The review will not look into the minute detail of the service delivery, although existing benchmarking information will be used. The development plan will include a number of issues to be addressed once the two fundamental issues mentioned above have been addressed.
- 2.5 Further issues to be addressed include the work of the Fraud Investigation Unit along with how the Verification Framework could be implemented.
- 2.6 The review will concentrate on the strategic level of service delivery and how the authority plans to provide solutions to any current shortcomings and risks. This will include the effective working with other agencies.

3. Key Tasks

- 3.1 To review the provision of Revenue and Benefit services, including:
 - The broad overview of the service currently provided
 - The review of how this service is delivered
 - Ways of ensuring a robust approach to the delivery of the service
 - Ways of providing IT solutions to support the service and the method of service delivery
- 3.2 To consider, in some detail, the delivery of the service in partnership with other local authorities and organisations.
- 3.3 To investigate the full range of alternative forms of service delivery by using various types of partnership as well as assessing their viability.

- 3.4 To consider, in some detail, the provision of IT solutions in partnership with other local authorities and organisation.
- 3.5 To consult with customers to ascertain their needs in terms of the services to be delivered both now and in the future, Particular emphasis to be placed on the development of e-government solutions.
- 3.6 To consider, once the above decisions have been recommended, a schedule of issues to be investigated as part of a development plan for the improved delivery of the services or a combined service.

4. Resources

- 4.1 It should be noted that this represents only part of the larger Financial Services Best Value Review.
- 4.2 The Revenue and Benefits Team will consist of:
- Mr C J Swain, Revenue Manager
 - Mr W J Davidson, Benefits/Cash Office Manager
 - Mr M R Fearn, Revenue Collection Manager
 - A "Critical Friend" from another local authority revenue section
 - Two members of the revenue section staff.
 - At least one Elected Member of the Financial Services Best Value Review Team

Other members of staff will be co-opted onto the group as necessary

- 4.3 The Team will also seek advice from colleagues at other local authorities and representatives from other organisations.
- 4.4 It is anticipated that a Focus Group will be organised to address the issues surrounding the continued improvement of the service.

5. Timescale

- 5.1 An initial timetable is appended to this document. This addresses the issues surrounding the anticipated announcement of the results of the best value review being undertaken by our current IT partners, Derbyshire Dales District Council.
- 5.2 It is anticipated that the team will be in a position to submit an interim report, with recommendations, by 1 October, 2001.
- 5.3 The findings of this part of the review will be incorporated into the final report of the Financial Services Best Value Review.

OPTION 1 – DO NOTHING

What it means

Retain Existing IT System
Retain existing ways of working

Advantages

The only advantage to be gained by taking this option is that in the short term there is little work to do.

However to do nothing is contrary to the principles of Best Value.

Disadvantages

- It would be impossible to sustain the existing levels of service and performance.
- Extra resources would be needed to maintain and develop the existing IT system if Derbyshire Dales decide to end partnership by purchasing a new system.
- The existing system is based on “old” technology, which means that the Council relies heavily on specialist knowledge of this system, which in itself is a considerable risk.
- The Council could not implement the verification framework, which may eventually become statutory. In any event this will lead to an adverse report from the Benefit Fraud Inspectorate.
- SDDC would not be able to embrace the e-government requirements without considerable investment.
- It would be difficult for the Council to work in closer partnership with other neighbouring authorities to share expertise. Indeed the amount of partnership could reduce if Derbyshire Dales follow through with the arrangement to purchase a new system.
- Projecting potential levels of Housing Benefit Subsidy continues to be a problem. The existing system does not allow the Council to project levels of benefit subsidy – which can have a considerable impact on the Council’s budget.
- Staffing and recruitment – using a more up to date system can aid training and recruitment of new staff, who are more likely to be familiar with the new system or at least the technology that it is based upon.

OPTION 2– IMPROVE EXISTING SERVICES

What it means

- ❖ New IT System – procured in partnership with other Districts
- ❖ Closer working/sharing of expertise with other Districts

Advantages

The advantages of taking this option are as follows:-

- It would be possible to sustain, if not improve, the existing levels of service and performance.
- The council would be able to embrace the e-government strategy and provide a solid platform upon which future new initiatives could be built.
- The new system would place the Council in a better position to implement the verification framework and take advantage of Government Concessions that may spring from its implementation.
- This option would enable the Council to provide customers with increased accessibility.
- The Council would retain responsibility for the delivery of all of the core activities.
- Non-core activities could easily be contracted out.
- The requirement to provide a “Safety Net” could be incorporated into this option.
- This option would reduce the level of resources needed to maintain systems.
- New system would meet industry standards and be compatible with existing DIP system.
- The enhancement of the EDMS system would reduce manual tasks, contribute to e-government and enable better management of the workload, including the transfer of work between partners.
- Potential cost savings in procuring the system in partnership with other authorities. In any event the Council would probably be able to exert greater influence over the supplier by being in a larger consortium rather than a small user of the system.

OPTION 2– IMPROVE EXISTING SERVICES

- Easier to recruit and train staff, who may be more familiar with the system or at least the technology that it is based upon.

Disadvantages

- We would no longer be able to ensure minimum “downtime” for the system, relying on the supplier for support. We would therefore rely more heavily on a third party to ensure that the system was available.
- Joint working arrangements could mean that it is harder to retain total control over the type of service delivered.
- Greater reliance placed on software suppliers – system may not meet the Council’s requirement exactly. There may be a need for some compromise. Software suppliers will only make changes to a system where there is a demonstrable demand for the changes and potential income to be made either from new or existing customers.
- Some methods of delivery are in their infancy i.e. a hosted service. This could create risks.

OPTION 3 – EXTERNAL PROVISION

What it means

Contract with outside provider to deliver services
Retain statutory parts of benefits in-house
Choice of partnership arrangement or full outsourcing

Advantages

- Access to greater expertise – external providers provide services across a range of authorities and have access to specialist staff.
- Provide the service at a reduced cost as the providers infer that they could provide a service cheaper. This may be achieved by moving all Council Tax and Revenues processing to a central processing centre.
- The private sector could provide all, (as allowed by Regulation) or part of the service, whichever was negotiated in the contract.
- Larger pool of resources to deal with fluctuations in demand for the service – better placed to react to backlogs
- Investment in new technology – external providers would need to implement a new system to make the service cost effective for them and consistent with their other sites.
- Reduce the level of expertise required – providers will be able to spread cost of specialist advice across all of their sites.
- Potential to extend hours of business.

Disadvantages

- Genuine cost savings only likely to be available through processing benefit claims off-site. We may only be a small customer – this creates the risk that the provider may concentrate on dealing with its larger customers as a priority.
- Partnership arrangements can deliver much needed expertise where the service is poorly managed. That is not the case at South Derbyshire. A manager will add to costs and not reduce them.
- Partnership arrangements may also be more effective by working in partnership with other districts rather than with an external provider.
- The private sector could provide a Managed Service. This means they would provide a manager to run the service with

OPTION 3 – EXTERNAL PROVISION

the existing staff. What assurances could be received that the level of service and performance would be sustained, if not improved? Contract conditions? Staff retention guarantees?

- It is not possible, because of the Benefit legislation to outsource ALL of the Benefit functions. The administration of a fragmented service could be problematical. Client/ Contractor split over roles could lead to other areas of concern.
- Performance Risk – external suppliers do not have a good track record where they are delivering the whole service. They are yet to prove they can deliver a consistent service. This creates a risk for South Derbyshire bearing in mind its current good performance.
- Providers have not given enough thought to how they will deliver services to small districts like South Derbyshire.

SOUTH DERBYSHIRE DISTRICT COUNCIL

REVENUE SERVICES

BEST VALUE REVIEW

	Option 1	Option 2	Option 3
Maintaining Constant Performance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Improving Accessibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Cost Effectiveness	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Computer Software Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Alliance Issue	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Benefit/Fraud Inspectorate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Verification Framework	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Council Tax Recovery	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Constant Improvement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

