
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	4 MAY 2006	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	CHRIS SWAIN (595812)	DOC:
SUBJECT:	THE EFFICIENCY CHALLENGE – THE ADMINISTRATION COSTS OF REVENUES AND BENEFITS	REF: CJS
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM05

1.0 Recommendations

- 1.1 Members are asked to note the contents of the report and approve the action outlined in each section.
- 1.2 Members are also asked to note the anticipated timescale as outlined in para. 3.3

2.0 Purpose of Report

- 3.1 The Audit Commission has published a paper entitled "The Efficiency Challenge – The Administration Costs of Revenues and Benefits".
- 3.2 Since the publication of the paper, work has been carried out to identify the issues facing the service and to put together an Action Plan to address the issues.
- 3.3 This report gives details of the proposed approach to the issues raised in the paper.

3.0 Detail

- 3.1 The report examines the administration of the Revenue and Benefits service and contains key findings and makes recommendations on how to reduce these costs whilst maintaining, or improving, the level of service.

3.2 The Revenue Service is always open to identifying and considering new ways to deliver the service and the following areas have been extracted from the report to form the basis of a study:

3.2a The government's efficiency review has resulted in the establishment of nine Regional Centres of Excellence to assist councils to take forward the efficiency agenda.

ACTION: As their remit has been extended to cover transactional services, such as Revenues and Benefits, we must tap into this resource at a local level and ensure that we are involved with the organisation and benefit from their work.

SPECIFIC ACTION 1: Make contact with the local Regional Centre of Excellence and tap into any resources available.

3.2b The report has a chapter on the main issues surrounding costs of the Revenue and Benefit service. It talks about cost comparison and benchmarking. It suggests that costs, including the allocation of charges to the service, are base-lined at the commencement of the process so that any efficiency gain can be measured.

ACTION: Ascertain the details of the various costs allocated to the Revenue and Benefit service.

SPECIFIC ACTION 2: Work with the service accountant to establish the details and amounts of the baseline costs to the service and how the costs are allocated to the service.

3.2c Local policies, such as the recovery policy, have an impact on costs. Such policy areas should be considered and reviewed.

ACTION: Review areas of policy and working practices in the Revenue and Benefit service, comparing with "excellent" authorities

SPECIFIC ACTION 3:

- a) Create a detailed list of policy areas.
- b) Consider the alternatives to the current service provision in these areas.
- c) Identify areas of improvement and cost savings.

3.2d The report suggests that a robust evaluation of the alternative ways of delivering the service are investigated. Account has to be taken of risk aversion, service policies, partnerships, staffing issues, IT systems and external pressures. Benchmarking may also be useful. It is also recognised that the use of the Document Image Processing system provides an opportunity to accelerate the findings.

A variety of issues should be investigated, including home working, front/back office arrangements, effective partnerships (even with those using different IT systems) and joint working (with other authorities and/or the public sector).

ACTION: Consider all service delivery options and embrace blue sky/out of the box thinking. Investigate options, including the case studies included in the report.

SPECIFIC ACTION 4: Identify issues and create small task and finish groups (of all grades) to investigate the broad issues and solutions. After the production of a preliminary report, identify key issues/solutions to pursue.

3.2e Partnership working forms a large part of the Audit Commission's report so specific attention needs to be given to this issue. Whilst partnership working will be identified in action 4 above, issues surrounding partnership working (with other authorities/private sector) in general need to be addressed.

ACTION: Consider the issues surrounding partnership working along with details supplied in the Audit Commission's report.

SPECIFIC ACTION 5: Produce an outline guide to the approach to partnership working based on the findings of this action. This should reflect the various options identified by the Audit Commission, i.e.

- The Welland Partnership
- Breckland and Forest Heath Partnership
- East and West Lindsey Partnership
- Blackburn with Darwin Council/Capita
- Rotherham Strategic Partnership
- West Devon/Capita

3.2f The report identified that increasing direct debit take-up will reduce administration and collections costs of Council Tax and Non-Domestic Rates.

ACTION: Consider the form of a direct debit campaign based on current arrangements and one based on "paperless" direct debits.

SPECIFIC ACTION 6:

- a) Obtain details of campaigns run by other local authorities.
- b) Consider the early introduction of the "paperless" direct debit facility.

3.2g The main conclusions of the report state that an authority that is prepared to be more innovative in delivering the Revenues and Benefits service can make considerable savings and reminds us that the Efficiency Review target for the service is 2.5 per cent per annum by 2007/08.

ACTION: The concept of the contents of this report must be embraced within the service and all levels of staff should understand the issues.

SPECIFIC ACTION 7:

- a) Create an awareness of the work that has to be carried out.
- b) Involve all concerned and request ideas and suggestions from all quarters.
- c) Involve the Audit Commission in taking this project forward.

3.3 TIMESCALE

There is a considerable amount of work to achieve the actions outlined above but the options available, along with a costed business plan, are required during 2006/07 to achieve any Efficiency Revenue target. Therefore, work commenced in January 2006 and is proceeding as follows:

ACTION 1	Contact the local Regional Centre of Excellence and establish arrangements.	JANUARY 2006	Head of Revenue
ACTION 2	Work with accountant to establish baseline costs and allocation of costs.	FEBRUARY/ MARCH 2006	Head of Revenue
ACTIONS 3/4	Local policies and alternatives to current service provision - including all options.	MARCH TO JUNE 2006	Revenue Management Team (with staff ideas)
ACTION 5	Partnership Working - the whole picture	MAY TO JUNE 2006	Revenue Management Team
ACTION 6	Direct Debit take-up campaign and "paperless" direct debit	JULY 2006	Head of Revenue/ Revenue Collection Team
ACTION 7	Create awareness/open approach to the project, etc.	ONGOING	Revenue Management Team

Notes: The Revenue Management Team consists of the Head of Revenue, the Revenue Collection Manager and the Benefits Manager and is managed by the Director of Corporate Services.

The above timetable will produce an interim report at the end of the summer of 2006. That report will also include an outline timetable to progress or introduce the findings, this process being subject to PRINCE 2 project management.

3.4 Other Considerations

Throughout this project, the following considerations will have to be made:

- The work that is taking place to transfer certain duties and functions to the Contact Centre.
- The progress of the Derbyshire and Staffordshire Revenues and Benefits Consortium project to introduce the Anite "Pericles" product.
- The Efficiency Challenge will play an important part when the Audit Commission reviews the Council's value for money arrangements. We have to show that we have seriously addressed the potential for reducing costs through shared service delivery and used the Audit Commission's planned research on direct debit payments.
- The timetable is somewhat ambitious but is required to produce the required outcomes within an acceptable time frame so that the main project can be taken forward.

4.0 Financial Implications

4.1 The financial implications of the actions outlined above have not yet been assessed. This will take place when the results of the actions has been finalised.

5.0 Staffing Implications

5.1 There are no immediate staffing implications. However, the results of the actions will lead to the identifying of workforce planning as being a key action.

5.2 It will be necessary to engage with the HR Service and the Trade Union to realise efficiencies through changes in working practices.

5.3 A transparent approach will be maintained throughout.

6.0 Conclusions

- 6.1 The Audit Commission promotes value for money in public services and has undertaken the study on the administration of revenues and benefits.
- 6.2 The study found that those councils prepared to be more innovative in delivery revenues and benefits services can make considerable savings, without lowering service quality.
- 6.3 Partnership working, either within the public sector or with the private sector, offers the greatest potential for efficiency savings if we are prepared to overcome the perceived barriers.
- 6.4 However, major reductions in cost may take some time to achieve because existing arrangements are complex. By approaching this task with enthusiasm, we should secure savings that will allow us to protect or invest further in frontline service of the delivery of the revenues and benefits service.
- 6.5 A summary and checklist for the change and improvement in the revenue and benefit service has been produced by the Audit Commission. This is reproduced at **Annexe 'A'** of this report.
- 6.6 An updated version of the workplan is reproduced at **Annexe 'B'**.

7.0 Background Papers

The Efficiency Challenge – The administration costs of revenues and benefits
Audit Commission – National Report – November, 2005

This publication is available at:

<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=8EA476B3-407B-44c3-9B55-C30FB27E858B&fromREPORTSANDDATA=NATIONAL-REPORT>