

# Executive

## REVENUES AND BENEFITS – FUTURE DELIVERY OF THE SERVICE

5 October 2009

### Report of the Strategic Director Customer Services and Resources and The Head of Finance

#### PURPOSE OF REPORT

To report on the progress to date following the decision to externalise the transactional elements of the revenues and benefits service and, following a tender process, to recommend a preferred supplier.

This report is Public

Appendix 1 is not for publication as it contains exempt information of a description contained in paragraph 3 Part 1 Schedule 12A of the Local Government Act 1972

#### Recommendations

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The Executive is recommended to:

- (1) Note the project progress to date in relation to the primary objectives and confirm agreement to proposals as set out in 2.1 – 2.5 below.
- (2) Appoint a preferred supplier for the externalised components of the services as set out in confidential Appendix 1.

#### Executive Summary

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- 1.1 Following a value for money review and an external options appraisal in December 2008, the Executive agreed, in March 2009, to seek an external supplier for the transactional “back office” elements of the revenues and benefits service with three primary objectives:
  - To secure a sustainable service delivery model, sufficiently resilient to deliver consistently good levels of service to residents and able to meet peaks in demand such as that associated with the current economic climate
  - To improve customer access and provide local area based service points for specialist revenues and benefits support

- To secure improved value for money, delivering the transactional elements of the service within the administrative subsidy envelope (£885k)
- 1.2 A formal project board, chaired by the Chief Executive and including the Portfolio Holder for Resources and Organisational Development, senior officers and a staff-side representative oversaw the project using “Prince 2” methodology.
- 1.3 So far the project has secured:
- A successful tender process and a recommended preferred supplier detailed in confidential Appendix 1
  - Overall savings of circa £400k per year, including support cost savings of more than £100k across the Council
  - £158k additional investment to improve customer access to revenues and benefits services
  - Establishment of a corporate in-house recovery team which will secure an additional contribution of circa £50k per year
  - Elimination of the residual backlog of benefit applications which had arisen as a result of increased demand associated with the economic downturn
  - Maintained collection rates for Council Tax and NND

## **2 Proposals**

- 2.1 That the transactional components of the revenues and benefits function are transferred to the preferred supplier with effect from 1 February 2010 to be delivered offsite in a specialist processing facility.
- 2.2 That benefit investigations, debt recovery, customer facing services, discretionary payment awards, and tribunal/court representation are retained in house. These elements will be incorporated into existing Finance, Legal and Customer Services teams.
- 2.3 That the supplier will be subject to rigorous performance monitoring by a newly established contract management team to ensure compliance with contracted standards.
- 2.4 That current customer services resources are increased by six posts, including three specialist revenues and benefits advisors.
- 2.5 That service support costs associated with the outsourced services are reduced by £123k per annum.

## **3 Conclusion**

- 3.1 Ensuring the prompt processing of benefits claims is key to the welfare of all members of our community, particularly during the current economic climate.
- 3.2 Quality of service delivery is highly likely to be further compromised under the current service arrangements. The Council does not have the resources to deliver the failsafe capacity required and sometimes struggles to cover periods of staff absence due to sickness or vacancies. The offsite processing model provides resilience for the service. The retention of the customer facing and specialist elements of service delivery maintain quality and reduce the risks associated with external delivery of key public services.
- 3.3 The associated cost reduction and improvement in value for money secures a net contribution in excess of £400k per year from 2010/2011. Associated support savings of £123k formed part of the overall savings target and are commensurate with the scale of the services to be delivered externally.

### **Implications**

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(Financial, Legal and Risk and other implications e.g. Equalities, Human Resources, Data Quality and Environmental where relevant)

**Financial:** The financial effects are detailed in full in Appendix 1.  
Comments checked by Karen Curtin, Head of Finance, 01295 221551

**Legal:** The tender process has been undertaken in accordance with the Council's contract procedure rules. Given the value and term of the contract EU procurement rules have also applied and been adhered to. The tender process has been, and will continue to be, conducted in accordance with all relevant procurement rules including the Council's own internal policies affecting the letting of contracts above £500,000 and, as the estimated contract value exceeds the threshold above which EU procurement laws begin to have effect, the Public Contracts Regulations 2006. This is a key decision as the total value of the contract exceeds £500,000.

Comments checked by Liz Howlett, Head of Legal and Democratic Services, 01295 221688

<b>Risk Management:</b>	<p>There are 3 risks associated with the proposals. Each has been mitigated to the best of our ability.</p> <ol style="list-style-type: none"> <li>1) Risk of poor service levels during the remainder of the transitional period. A flexible external support contract is already in place and can be ramped up or down to accommodate swings in demand. New local management arrangements have proved successful in managing the effective performance of an internal and external resource mix.</li> <li>2) The externalised service will perform to lower than acceptable standards. The performance of the in-house service elements together with any interim and any long term appointed providers will continue to be</li> </ol>
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	<p>monitored and managed via the council's performance management framework.</p> <p>3) The anticipated savings will not be delivered in the tendered prices. The tenders do deliver the targeted savings.</p>
	<p>Comments checked by Karen Curtin, Head of Finance 01295 22151</p>

**Wards Affected**

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All wards

**Corporate Plan Themes**

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An accessible, value for money council

**Executive Portfolio**

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**Councillor James Macnamara**  
**Portfolio Holder for Resources and Organisational Development**

**Document Information**

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<b>Appendix No</b>	<b>Title</b>
Appendix 1	Financial Analysis
<b>Background Papers</b>	
None	
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