

To: City Executive Board

Date: 7th. December 2011

Report of: Value and Performance Scrutiny Committee

Title of Report: Pre-scrutiny of the Benefits Fundamental Service Review

Summary and Recommendations

Purpose of report: To present the scrutiny committees conclusions and recommendations on the proposed design principles and concepts and proposed service standards for the Benefits Service

Key decision? No

Scrutiny Chair: Councillor Stephen Brown

Executive lead member: Councillor Val Smith

Policy Framework:

Recommendation(s): For the City Executive Board to say if it agrees or disagrees with the following recommendations.

Recommendation 1

To express to the City Executive Board support for the design principles outlined in the report and to congratulate all those involved in bringing the service to this point.

Recommendation 2

For the City Executive Board to be satisfied that the re-allocation of support service charges from Customer Services away from Benefits and towards other service users does not increase the total cost of those services .

Recommendation 3

For the City Executive Board to be more ambitious in their setting of economic targets for this Fundamental Service Review and work towards a benchmark that reflects the best of those authorities with similar ambitions to us.

Introduction

1. The Value and Performance Scrutiny Committee have been part of the progress of this Fundamental Service Review in 2 ways:
 - Via representation on the Member Advisory Group. The group consists of 6 members, 4 of which are from the Value and Performance Scrutiny Committee. These are Councillors Brown, van Nooijen, Royce and Williams.
 - Through report back and independent questioning of the outcomes from the committees lead member Councillor Brown
2. The scope and focus for the scrutiny committees involvement is below. This focus has been communicated to lead officers and formed part of the basis for engagement within the member Advisory Group:

Focused reporting on progress and outcomes around value for money principles

Within all of these outcomes how we would compare nationally (where that is still possible)

- **Economy** - How the overall cost of the service to the local tax payer is being reduced. What the reduction target is, over what period and how we are performing against this. In considering this to see the full effect on our accounts split between subsidy, administration and debt provision
- **Efficiency** - The target for the unit costs of the various process (new claims, change in circumstances etc) over what period and how we are performing against this
- **Effectiveness** - The output measures, but the committee would like to see additions to the normal internal measures and include others that customers might see as a "whole service" so:
 - Time taken to perform the various functions i.e. new claims and changes in circumstances
 - The number of appeals and success rates
 - Accuracy levels
 - Queuing times
 - Telephone response times
 - Abandoned call rate
 - Customer feedback on quality and attitudes of staff
 - Benefit take up measures with monetary targets

It is recognised that the "Economy Measure" above will be linked to the results of the analysis to determine the type of service we are to design. To provide information on which service elements or outputs within the proposed service design are different from those generally delivered, why and the extra cost and value of these.

3. The Fundamental Service review is ongoing and scrutiny councillors will continue to be involved. The conclusions below represent their views at the gateway presented by the report to City Executive Board on future service design.

Conclusions and Recommendations

4. The Fundamental Service Review has made significant progress and the committee wishes to congratulate those involved and welcome the design principles outlined. Scrutiny Councillors will continue to be involved and look forward to seeing evidence of improved and stable outcomes for the service.

Recommendation 1

To express to the City Executive Board support for the design principles outlined in the report and to congratulate all those involved in bringing the service to this point.

5. Scrutiny Councillors are still unclear on the “economy principles” used within the Fundamental Service Review which they wish to highlight to the City Executive Board. One of the significant issues for the Council and highlighted in the Audit Commission Review was the very high cost of the service in gross terms which includes that funded by the administration grant and that funded by local tax payers. Within its scope the scrutiny committee was eager to see “real” reductions in cost to the benefit of the local tax payer.
6. In response to questions the committee was told that the total reductions made within the service between 10/11 and 11/12 is estimated as £925k. Of this amount:
 - £377k represents a real reduction in the councils budget through reduced staff, consultants, external processing and IT
 - £565K represents a shift of support recharges including Customer Services. These cost are to be charged to other Council Services who are now served by this service
7. The Committee is concerned that the movement of this substantial amount does not give cost increases for receiving services. The Directors view was that this should not be the case providing the service takes advantage of the efficiencies provided, for example by the combined contact centre. The scrutiny committee has asked to see details of where the charges will go and the effects of these on the total costs of those services.

Recommendation 2

For the City Executive Board to be satisfied that the re-allocation of support service charges from Customer Services away from Benefits and towards other service users does not increase the total cost of services

8. The committee heard that the Fundamental Service Review was focused on delivering the financial challenge in the budget rather than working towards the delivery of the service to any particular benchmark. There is an acceptance by all that the Council wishes to provide a high quality service that responds well to its client group. So the profile ultimately would likely be higher than average costs accompanied by higher than average outcomes.
9. A reference benchmark of between £70 and £80 per claim had been chosen as a working consideration on the basis that this reflected the budget challenge. The committee asked to see comparative benchmarks for urban authorities with the same ambitions as ours and it was clear that there is room for further downward movement beyond the £70 - £80 articulated. In fact it is clear that the Fundamental Service Review is likely to overshoot this as the budget target is likely to be exceeded, there have been reductions in support service costs and a reallocation of support costs.

Recommendation

For the City Executive Board to be more ambitious in their setting of economic targets for this Fundamental Service Review and work towards a benchmark that reflects the best of those authorities with similar ambitions to us

Director and Board Member Comments

10. The FSR is focused on delivering the Council's desired service at the best possible cost reflecting other council policies for example the Living wage. The Report recommends for adoption the core requirements for the service in terms of the target average times to process new claims and changes in circumstances.
11. Work is underway to design and implement this service level in the most cost effective way. It is likely that the budget target will be exceeded however; this will not be confirmed until the business improvement work is completed and new working processes, structure and budget are confirmed. I expect this to be available by the new financial year at which point a new benchmark will be established and comparisons made with similar authorities.
12. FSRs focus on direct costs rather than indirect costs such as recharges as experience shows that attention and energy can be lost in challenging the appropriateness of recharge levels rather than tackling real cost issues. It should be remembered that in

parallel there are also cost challenges being made to support services. The most significant in this case being customer services which is targeted to make cash savings of £177k between 2011/12 and 2012/13. These cash savings will then result in a reduced recharge..

13. There are also reallocation of recharges across the Council in accordance with CIPFA rules to reflect changes in support services and the use made of them by front line services. Whilst such movements impact on benchmark comparisons in general such reallocations have no net impact on the budget of the Council.

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List of background papers:

Version number:

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