

REPORT TO: AUDIT & PERFORMANCE REVIEW COMMITTEE 6 FEBRUARY 2008

SUBJECT: AUDIT SCOTLAND PERFORMANCE INDICATORS – FINANCE & ICT

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

1.1 This report is submitted to the Committee to highlight areas of The Moray Council performance that have been ranked within the bottom quartile of all Scottish Councils, and to provide an explanation of how this performance can be improved.

1.2 This report is submitted to Committee in terms of Section I of the Council's Administrative Scheme relating to reviewing how performance information can be used to improve performance.

2. RECOMMENDATION

2.1 It is recommended that the Committee considers and approves the areas for improvement as identified by the service (Appendix 1).

3. BACKGROUND

3.1 It was agreed that when Audit Scotland performance information was published that any areas of performance ranked within the bottom quartile of all Scottish Councils be reported. This was to identify areas of performance that could be improved and how the services propose that this could be achieved.

3.2 The results for 2006/07 show that The Moray Council have 44% (36 of 82) of performance indicators in the top quartile, 5 of which are ranked first, but 12% (10 of 82) in the bottom quartile when compared with all Scottish Councils. Of the ten indicators two are related to Finance & ICT and these have been identified and analysed to highlight any areas for improvement (**Appendix 1**).

4. SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

Performance measures and Service Improvement Plan priorities are linked to the Corporate Development Plan and the Council's Performance Management Framework.

(b) Policy and Legal

None.

(c) Resources (Financial, Risks, Staffing and Property)

None.

(d) Consultations

The relevant Officers have been consulted to identify how the service proposes to improve performance.

5. CONCLUSION

5.1 It is recommended that the Committee considers and approves the areas for improvement as identified by the service.

Author of Report: Mark Palmer, Chief Financial Officer

Background Papers: Shona Leese, Performance Management & Quality Assurance Officer

Ref:

Appendix 1

Department – Finance and ICT Services, Revenues

Indicator Title – Benefits Administration - Overall Costs per Housing Benefit or Council Tax Benefit Application

Description of Indicator – This indicator represents the average cost of processing each application for benefit assistance. There is no nationally agreed target for the costs.

Results	05/06	06/07
PI Measurement	£76.44	£61.45
Ranking (25 - 32)	27	27

Background – With effect from year 2006/07 the Department of Work and Pensions (DWP) changed the guidelines for Councils to follow when calculating costs. The average cost incurred of £61.45 is well under the Moray target figure (£72) set at the end of year 2005/06 with a cost reduction of 19.6% being achieved. However the result cannot be usefully compared to previous years due to a change in how the Benefit caseload is calculated which affects the cost per case. All Councils were expected to achieve lower costs by implementing the changes.

There are a number of reasons contributing to the wide variation in costs between Councils (£13.86 lowest /£74.25 highest) and those particularly affecting Moray are described below:

- Council regions where a higher percentage of people are on benefits tend to have lower costs because many claimants are in receipt of either Income Support or Jobseekers Allowance. The significance of this is in regard to processing Council Tax/Housing Benefit applications is that these applications require less Council resources to process them. For new applications the information is passed electronically from the DWP and since they have already established applicant income levels, there is generally less need (if any) to seek evidence of income. This reduces the resources required to process new applications and consequently the cost. In addition it also helps reduce average processing times.

It is useful to compare Moray performance against the neighbouring “rural” council’s in Highland and Aberdeenshire. All three are in the bottom quartile with Aberdeenshire ranked 25th with average costs of £56.34 and Highland ranked 30th with average costs of £68.60. All three were also in the bottom quartile during 2005/06.

- It is evident from statistical data that Moray has a higher proportion of its applications coming from private sector tenants than most other Authorities. Research in 2005 showed that 13% of properties in Moray are in the private sector compared to a Scottish average of 8%. The significance in cost terms of this is that there is additional work required in these types of applications.

Applications from private sector tenants require the landlord to be contacted to establish the rent amount paid. This builds in delay and a degree of follow up action to obtain information from Landlords who do not respond quickly. Whilst this additional work is recognised by the DWP in terms of how administrative subsidy is calculated, this performance indicator takes no account of such cases.

- As a relatively small Council, Moray does not benefit from economies of scale in areas like computer system enhancement costs, testing, production of procedures etc. For example, the costs incurred by Moray in testing numerous software upgrades during the year will be roughly the same as those incurred by the largest authorities in Scotland. This was clearly evidenced when some cost comparison benchmarking with other local authorities was conducted during the year 2006/07.
- During 2006/2007 the delivery of the Benefits service was very much based on delivery of a complete service from each Council Area Office. The service has been delivered in this way in Moray for many years. In some of the least cost authorities the administration is much more centralised, leading to a reduction in overheads.

Actions for Improvement – For the reasons described, the more rural Councils and smaller Councils are at a disadvantage when processing claims and containing processing costs.

However work continues to attempt cost reductions and the Shared Services Revenues project will potentially address some of the economies of scale issues in that, for example, instead of each authority having a Benefit system support unit, only one unit would be required for a number of authorities. The shared services project aims to pool resources and deliver best value across Councils in North Scotland. Work is now underway and will develop during 2008/09.

During 2006/2007 the Revenues section centralised telephone calls through the introduction of the contact centre and this is expected to further reduce costs. In addition it is proposed to analyse demand for face-to-face customer services at local offices during 2008/2009 with a view to maintaining the existing level and access of service but at less cost.

Department – Finance and ICT Services, Revenues

Indicator Title – Benefits Administration - The average number of days to process new claims for Council Tax or Housing Benefit

Description of Indicator - This indicator shows the average time taken to process new claims from the date of receipt of the application to the day on which the claim was decided. The Department of Work and Pensions (DWP) has a guideline target of 36 days to process claims and this is the current Moray target.

Results	05/06	06/07
PI Measurement	43 days	40 days
Ranking (25 - 32)	28	28

Background – In this Performance Indicator it should be noted that urban authorities tend to process claims more quickly. This is because in urban areas many claimants are also in receipt of either Income Support or Jobseekers Allowance. The significance of this is in regard to processing Council Tax/Housing Benefit applications is that these applications require less Council resources to process them. For new applications the information is passed electronically from the DWP and since they have already established applicant income levels, there is generally less need (if any) to seek evidence of income thus speeding up processing times.

Nevertheless the Moray performance in this area continues to show year on year improvement. In year 2002/03 the average days to process new claims was 102 and this fell to 69 in 2003/04, 48 in 2004/05, 43 in 2005/06 and 40 in 2006/07. But the Audit Scotland rankings have continued to remain high as the other Councils also continue to show improvement.

In year 2006/07 the best performing Council achieved an average processing time of 17.2 days and the worst 46.7 days. In 2006/07 the median figure in Scotland was 31.1 days and at 39.7, Moray was 8.6 days above the median. In 2005/06 the median was 32.7 days and at 42.9 days, Moray was 10.2 days above the median.

Overall the trends are therefore good but clearly further improvement is required.

Actions for Improvement - The Revenues Service is the largest Service within Finance and ICT Services in terms of staff numbers. During 2005/06, the service went through a detailed re-organisation in order to improve efficiency and to operate the Council Contact centre, which became operational on 25th September 2006. The re-organisation was designed to achieve a number of objectives including the introduction of a central telephone contact team, to re-align service teams in order to introduce a Taxation and Support Unit, a Benefits and Fraud Unit and a Customer Service Unit and to address some areas of known under performance including benefit processing times and the accuracy of the claims processed.

Since that date, other than when an unusually high level of staff turnover affected the service in early 2007, performance has continued to improve. At the end of

December 2007, the cumulative performance in year 2007/08 is ahead of the same period last year and providing there is strong performance in quarter 4, it is possible that the DWP target of 36 days will be met when figures for the full financial year are calculated.