



UNISON response to Customer Services Transformation for Revenues & Benefits

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UNISON recommendations

1. UNISON is prepared to offer use of an expert consultant **free of charge** to work with the existing senior management team to produce a sustainable alternative structure for this service.
2. It is essential that the consultants proposals are referred to Internal Audit and CAFT to ensure any changes in risk around appropriate controls are in place

Executive Summary

Risks to Income and Future Council Tax Rates

The consultant's proposal fails to provide a detailed risk analysis to justify saving of **£650k** per annum when only 1% drop in income collection could expose the council to a loss of over **£2.2 million** in council tax collection just over **£1.1 million** in business rates. Our analysis shows that 0.2% drop in income collection will wipe out the proposed saving £650k.

The consultant's proposal neglects to address the risk to the Housing Benefit subsidy, currently at **£260 million** per annum reclaimed from the DWP. This is significant to the council as for example a loss of **1%** in subsidy would equate to **£2.6million**. Currently Barnet performs in the top six in London at maximising the reclaim from the DWP.

As their structure dramatically reduces expert resources the consultant report needs to include a specific risk analysis mitigating actions for realising set income targets.

The consultant's proposal will not enable the council to **optimise its income** and as a result could potentially result in **unplanned future increases** in council tax as result of non collection.

Inadequate Management Capacity

The consultant's proposal seeks to reduce the managers by **36%** in the new structure for Revenues. This places undue burden on management's capacity to deal with future planned legislative changes and therefore there is **a risk to operational performance** and meet set income targets. Additionally it leaves the **council at risk** to further change control charges by the contractor thus **increasing the costs** to Barnet and its residents.

Failure to maximise the council tax base due to updates not being done in an accurate or timely fashion, discount and exemption entitlements not being effectively policed

Financial and reputational risks to council from loss of specialist capacity, e.g. Court officer, NNDR, etc. It will no longer be possible to carry out all essential work, which will have a serious and far-reaching impact.

Private Sector does not Perform

The consultant's have made the following statement in response to a question from staff:

“Southwark, Westminster, Hammersmith and Fulham and Bexley are London Boroughs that have successfully outsourced their Revenues and Benefits services and most of them have higher in-year council tax collection rates than Barnet's best performance in the last 5 years.”

The nationally published statistics provided by The Department for Communities and Local Government (DCLG) confirms that the consultants' above statement is factually inaccurate. We have provided the **official data** from DCLG on **page 3** of this report and a further breakdown in **Appendix 2**. Furthermore consultant's conclusions have not been supported by meaningful benchmarking data and analysis.

Increased likely hood of Error and Fraud

Any removal of key checks and balances, as suggested by the consultant's report, will inevitably result in an increase in errors and deterioration in the detection and prevention of fraud.

Deterioration of the Customer Experience

In this new fragmented business process the council will not be able to provide one stop quality experience to the customer. Transferring of calls and artificial tier creation will result in a duplication of effort and delays in responses. This will inevitably result in an increase in overall workload and inefficient processes as callers and email traffic will be passed from one department to another, as it is impossible to tell what tier the call or email is at the point of contact.

Customer care standards will drop as a result of the transfer of most types of contact to the contact call centre. Currently near to 100% of calls are resolved at first point of contact. The contact call centre aims to achieve only 80%.

Introduction

UNISON is currently carrying out consultation on the proposal to restructure proposal entitled '**Customer Transformation for Revenues & Benefits**'. (See current and proposed structures **Appendix 1**)

We have asked our members to provide comments and or proposals to enable UNISON and staff to engage in meaningful consultation.

The first point we need to make it that there has been understandable confusion from staff and UNISON about the consultation process. The section 188 letter set out a 90 consultation

UNISON notes the following legal judgements made with regards consultation

"To be proper, consultation must be undertaken at a time when proposals are still at a formative stage. It must include sufficient reasons for particular proposals to allow those consulted to give intelligent consideration and an intelligent response; adequate time must be given for this purpose; and the product of consultation must be conscientiously taken into account when the ultimate decision is taken" Lord Woolf MR when giving the judgment of the Court of Appeal in *R (on the application of Coughlan) v North and East Devon Health Authority* [2001] QB 213, [2000] 3 All ER 850, 258 [108]

"Since the person affected cannot make worthwhile representations without knowing what factors may weigh against his interests fairness will very often require that he is informed of the gist of the case which he has to answer." Lord Mustill also explained in *R (on the application of Doody) v Secretary of State* [1994] 1 AC 531, [1993] 3 All ER 92, 550

UNISONs initial comment is there is **worrying lack of detailed** information and this has been reflected on the number of questions submitted by staff on the proposals. UNISON in a number of meetings has questioned how a radical proposal could be submitted without the necessary detail to support the proposal. In an attempt to mitigate this widespread concern about the wisdom and sustainability of the structure staff have received the following explanation from senior management:

"Numerous London Boroughs employ a front/back office split to improve their service to customers, including Hammersmith & Fulham, Southwark and Hounslow. Many have outsourced their Revenues & Benefits services, including Southwark, Westminster, Hammersmith & Fulham and Bexley. All these models have been successful, with most having an in-year CTax collection rate higher than Barnet's best performance over the last 5 years."

Apart from the fact that Southwark is an example of a failed outsourcing and that the service has returned in-house and that Hammersmith & Fulham have never been outsourced. UNISON has discovered that in fact Barnet had better collection rates than any of these boroughs except for the years that were adversely affected by major system conversions. In addition Barnet's collection rates have shown consistent improvement across the last five years, as shown in the Table below and with further detail in **Appendix 2**.

Council Tax Collection Rates

	2011-12	2010-11	2009-10	2008-9	2007-8	2006-7	
	% (provisional)	%	%	%	%	%	
Barnet	96*	95.6 *	96.3	96.3	95.7*	94.6 *	Not outsourced * Dip in performance due to major system conversions
Southwark	94.2	92.7	91.8	91.7	92.5	92.3	Brought back in-house 1/4/2010 - was Liberata
Westminster	N/A	96	95.8	95.6	95.4	95.2	Capita
Hammersmith & Fulham	N/A	95.5	95.6	95.6	96.2	96.1	Never been outsourced
Bexley	96.1	96	95.9	96	95.7	95.5	Capita

Source: CLG website

<http://www.communities.gov.uk/localgovernment/localregional/localgovernmentfinance/statistics/counciltax/collectionrates/>

Control Team

It is acknowledged that there are benefits to a consolidation of some roles between Revenues and Benefits and these are best realised in the work of the Support and Control Team. The structure as outlined is not sustainable in the short or long term. There are considerable risks both reputational and operational. The report envisages that the structure of the department will evolve. However it is our view that the restructure needs to be coherent from the outset. The structure needs to work with the client team so the duties transferred to the Support and Control team need to be decided before the overall structure of the Revenues and Benefits back office, and reporting lines can be decided.

At this formative stage discussions are still only scheduled to take place (17 May 2012) with regard to the following activities: Training, Quality, Reporting, and Government Returns. In the FAQ briefing 2, 16th April 2012 Q1.3 it says that managers will work with staff to flesh out details, however only senior managers have been invited to this workshop. At this stage no decisions have been made to quantify these duties and therefore it is impossible to see how the restructure of the Revenues and Benefits operational teams can be decided. The Control Team is currently working at full capacity; therefore the quantitative study of tasks being transferred into the team needs to be made available.

A number of proposed tasks, including Government Returns require knowledge transfer and these tasks may only occur once a year, therefore it is imperative that this process is started as soon as possible.

Benefit Subsidy is acknowledged as a corporate risk, and this makes up £260m of the council's cash flow. The subsidy is only payable where the original benefit was correctly paid to a claimant. The Quality and Subsidy duties must therefore be resourced adequately and with sufficient expertise. The Subsidy function can be carried out by the client side, which means that it makes no sense to predetermine the operational and support functions in isolation. Where a local authority fails to satisfy the external subsidy audit that payments have been administered correctly, the DWP can refuse to pay the subsidy. The shortfall in subsidy paid to LB Barnet will fall to the council tax payers. Barnet has only ever had the subsidy claim queried once, and that was in respect of a software conversion year. Other local authorities that do not prioritise and resource this function adequately lose subsidy and or have to spend additional resources in proving the claim.

Government Returns

Whilst we have concentrated on Subsidy, there are also returns in respect of Business Rates and Council Tax. These returns commit the council to financial contributions to central government, and influence the amount of grant received where errors are made. The reduced resources could impact the quality of returns made. Many of the returns need to be made at the same time. And therefore increase the burden on the team.

Training, Web, Complaints

There is concern that the proposed structure only refers to the Benefit Training and Quality team, however there will be a need to integrate Revenues training and quality. If so there is not enough resources in the current proposed structure, especially with

the integration of customer service training, the anticipated training load of Council Tax Support and Welfare Reform.

Systems Team

The existing control team have outdated generic role profiles that have not been re-issued as part of this restructure. There is specific mention of out of hour's support that this team are expected to provide yet the consultation needs to be extended to the affected officers to whom this new task is expected to fall. The consultation neglects to acknowledge that this is currently being provided by staff goodwill.

The control team have concerns that with the proposed structure lacking resilience on the Revenues side. Shortfalls in resources throughout the structure will impact other teams.

Revenues (council tax collection, recovery and business rates)

The consultants' analysis of the Revenues function is incomplete and flawed and therefore relies heavily on assumptions that are not substantiated by the facts. Consequently, it does not provide an adequate basis on which to establish the FTE requirement and the associated managerial capacity needed to carry out the essential work of the service.

No analysis whatsoever of Recovery Team or NNDR Team activities has been done, yet manager and team leader posts have been cut from 5 to 2 in the proposed new structure. These teams also have added burdens due to the recovery processes of the Open Revenues system, implemented a year ago, being significantly less efficient than the previous system, resulting in more resources being needed, not less.

The **limited analysis** of the Collection Team's work did not include detailed analysis of the team leaders' duties, yet has concluded that manager and team leader post should be cut from 5 to 1.

This drastic reduction in manager and team leader posts presents **considerable risks** to the service, both financial and reputational. Essential skills and experience will be lost to the organisation and there will be no resilience to cover the absence of the remaining managers. Consequently, there is **no assurance** that the proposed structure is fit for purpose or sustainable in the **short or long-term**.

Meaningful benchmarking to compare the proposed structure with other boroughs has not been carried out by the consultants. We have obtained the structures of the following London Boroughs: Enfield, Camden and Waltham Forest. Barnet has significantly more properties to administer than all these boroughs and it is clear that our current structure is **not over-staffed** by comparison. (Further details of other borough structures see **Appendix 3**)

Over-reduction in manager posts

The **Head of Revenues and Benefits post** was made **redundant** in February 2012, as part of the budget savings for 2012/13. There is now **no one** with overall strategic management responsibility for the Revenues and Benefits service and with any knowledge of the service and no support for middle managers. **Gaps** currently exist in the new role profiles, as duties previously done by the Head of Revenues and Benefits, The Benefits Manager and the Local Taxation Manager have not been re-allocated to any other role.

There are currently 11 managers and team leader posts remaining in Revenues but only 4 in the proposed structure. This is a **reduction** of **36%**, and is on top of the deletion of the Head of Revenues and Benefits post in February 2012, representing a severe reduction in capacity to deliver the service. There is a **high risk** that some essential activities will not be carried out. This would adversely affect the council tax collection rate, resulting in potentially **substantial and irrecoverable financial losses** for the council.

It is not feasible for the team's current activities to be done by the remaining one manager and three team leaders but it has **not been identified** what activities done by the current 11 managers'/team leaders will be stopped or reduced or transferred elsewhere.

It has also not been taken into account that there are some specialist roles with that warrant senior officer remuneration for the skills required and responsibilities of the posts, and also justify smaller spans of control.

The following **specialist posts need to be retained in any new structure:**

The Senior Recovery Officer (Court) role carries responsibility for representing the council in the magistrates' court in council tax and business rates liability order and committal hearings. The role also involves making decisions on the spot in the public domain in court and also about appropriate cases to be taken for bankruptcy or charging order proceedings. It requires specialist knowledge and experience because there are significant **financial and reputational risks to the council** if mistakes are made. This role has been identified as one which cannot be outsourced to an external provider and will be part of the **retained client function**.

The Senior Recovery Officer (NNDR) is the service expert on business rates, leading the team of business rates staff. To **optimise collection** performance, it is important to maintain this specialist focus.

Omission of inspector posts

The consultant's report is **inaccurate** as **four Inspector** posts in the current structure are missing from the proposed structure. One of these posts is currently occupied and three are vacant. Provision needs to be made for these resources to be included in the new structure to carry out the annual programme of exemption and discount reviews, new property visits and ad hoc visits, in order to maximise the council tax base. **Failure** to regularly and effectively check entitlement to exemptions and discounts leads to people getting reductions that they are not entitled to, which results in higher council taxes for residents.

Collection Team data analysis

UNISON members in Revenues Collection team believe that the proposed new structure has insufficient resources for the effective running of the back office functions which is processing updates in a timely manner and continue to achieve our Council Tax collection target within the financial year.

UNISON members have reviewed the current and proposed tasks and functions undertaken by the Collection team and have broken each task down into time spent per day by both managers and officers.

Please see attached comparison of estimated process times under the current and proposed structures (see Appendix 4 & 5)

All data used in this analysis have been taken from a wide range of sources which include performance data collected for the last 12 months, incoming work volumes, phone statistics and also an assessment of other management duties.

The following is included in the analysis:

- All tasks currently considered to be back office
- Frequency/volume in relation to each task
- Approximate time taken to complete each task

From this UNISON has arrived at a figure for both manager and officer posts for individual tasks based on an average number of hours per day per task.

The result of this exercise reveals that the current (As Is) structure is **already under resourced** by 1 team leader and 4 officers (despite three agency staff covering vacant posts).

Following on from this we have identified management tasks that would **need to be transferred in full or part to officers** for the **effective delivery** of the service, due to the proposed reduction of team leader posts from 4 to 1.

Whilst calculating the management and officer time in the new structure we have taken into account the change in the volume and complexity of the back office tasks. **Additional tasks** have also been identified due to the removal of senior management posts and also transfer of staff to customer services.

We consider that the proposed new back office structure is **under resourced** by **2.3** team leaders and **5 officers**. This will **adversely** affect future performance of the team and will risk a drop in Collection rate and customer satisfaction.

In order to effectively carry out back office functions with minimal disruption to the service delivery and collection rate, the new structure needs to be amended to incorporate three team leaders, seventeen officers and one assistant.

Inefficiency as a result of fragmentation

Inefficiencies will result from splitting work between front and back office instead of all work being carried out in a single office.

Additional work will be created by the transfer of responsibility for dealing with calls and emails to the contact call centre as it will fragment the current end to end processes. The creation of artificial tier 1 and 2/tier 3 split, hand-offs of calls to the back office, delays in responses, duplication of effort.

This is especially so with emails as there is no means of identifying if emails are tier 1, 2 or 3 without reading them individually. Emails and post need to be taken out of the work going to the contact centre and remain in the back office. The FTE for CSO and back office will need to be recalculated accordingly.

Customer experience will worsen as result of above

Conclusions

The consultant's report makes numerous unsubstantiated claims, whereas we have provided details in this report to confirm the facts (for example collection rate and other boroughs structures comparisons) and have attached them in the Appendixes attached.

Why restructure now when services are already scoped to be outsourced in six months!

Alternative cost saving.

Abandon the restructure and make the saving of three consultants immediately. This would produce a total saving of approx **£2,000** per day or **£10,000** a week or **£250k** in six months, or **£500k** in 12 months.

UNISON is prepared to offer use of an expert consultant **free of charge** to work with the existing senior management team to produce a sustainable alternative structure for this service.