

**Bolsover District Council**

**Executive**

**4<sup>th</sup> January 2016**

**Proposed Upgrade to Revenues and Benefits System**

**Report of Joint Assistant Director – Finance, Revenues and Benefits**

This report is public

**Purpose of the Report**

- The purpose of the report is to present to Executive for approval proposed upgrades to the Academy system utilised by the Revenues and Benefits team in order to secure improvements in the flexibility and accessibility of the service provided to local residents, together with cashable savings from reducing overpayments, preventing fraud and securing service efficiencies.

**1 Report Details**

**Upgrade of Academy Revenue and Benefits Software:**

- 1.1 There are two items for consideration within this report the first of which requires an upgrade to the Capita Academy system. While the current system is functional it is essentially a paper based system under which residents complete paper based forms which are then submitted to the Council for input into our IT systems for the processing of information (new residents, change of circumstances), or benefits claims. Given the reality that customers are increasingly seeking to both access and change data online the Council needs to give consideration as to whether we need to enhance the availability of our systems for self service. Against a background where residents increasingly expect a self service option while self service is generally more cost effective the reality is that at some stage in the near future the Council will need to upgrade its systems in line with the proposals set out within this report. Executive will be aware that the Government is planning to transfer a range of current benefits administration onto Universal Credit over the period of the current Parliament. Given that Universal Credit will be based upon internet and on the self service, providing current systems on a similar basis will help this process of transition and put the Council in a better position to negotiate a continued role in the provision of the benefit service.
- 1.2 The Council's supplier Capital has provided the following quotations to cover the cost of upgrading the system:

<b>Description</b>	<b>Implementation Cost £'s</b>	<b>Annual Charge £'s</b>
Business Rates Connect Platform	5,000	1,000
Council Tax Connect Platform	12,000	2,400
Housing Benefits Connect Platform	9,000	1,800
Council Tax Change of Address	7,500	750
Direct Debit via Web – (Council Tax and NNDR)	7,500	0
E Billing Enable String	7,500	0
E Claim Form	3,000	1,000
eNotification	2,500	250
Landlord Access	5,000	500
Online Connect Authentication	3,500	350
On Line SPD	4,000	0
Self Service Change in Circumstances	4,000	1,200
Mobile Rendering	3,500	350
Fixed Cost Project Management and Implementation Services	12,375	0
<u>Less Discount</u>	(20,075)	(2,200)
<b>Total</b>	<b>66,300</b>	<b>7,400</b>

The specific services which will be delivered by the proposed upgrade to the system are as follows:

- Ability to process change of address, or other change of circumstances on line.
- Ability to send bills electronically and to make payments on line for both Council Tax and Benefit overpayments.
- Ability to set up direct debits on the internet.
- Complete benefit claim form on line.
- Landlord able to view housing benefit payments, etc on line.
- Ability to claim Single Person Discount.
- Secure connections with appropriate data protection controls maintained by Capita, including the ability to access the system through mobile devices.

In overall terms the above functionality will enable residents to process either benefit claims or Council Tax changes on line. That provides a significant improvement in access and convenience for local residents, facilitates more timely payments, and in respect of those of working age helps build skills that are increasingly required in the modern workplace. For the Council there are significant efficiencies which include the fact that the information provided in an electronic format goes directly into back office systems without requiring further manual input (although an element of verification and quality checking is likely to be required), while paper communication would be reduced.

- 1.3 The second item for consideration concerns an opportunity to join a Derbyshire Wide consortium of authorities in implementing a software package which is aimed at identifying fraud, or high risk cases requiring further evaluation. The Consortium has emerged from a group of Councils including Erewash, Chesterfield and Derbyshire Dales and effectively has now been expanded to include all the District Councils in Derbyshire. At this point in time Bolsover, High Peak and North East Derbyshire are all in the process of evaluating the software concerned and considering whether the Business Case for acquisition is sufficiently robust to proceed.

- 1.4 The software that is on offer consists of two packages the first of which links to call credit and can help identify high risk cases and those where Single Person Discount may be being incorrectly claimed. The focus on high risk cases should help ensure that they face a more rigorous verification process and therefore will help prevent erroneous claims from getting into the system thus minimising risks such as housing benefits overpayments which are time consuming and often result in the Council making payments which it is not able to recover. Secondly, the identification of cases where Single Person Discount is being claimed in error will maximise Council Tax revenues to the Authority. For every individual incorrectly claiming Single Person Discount there is a loss of revenue in a Band A property of some £250. Identifying 100 people incorrectly claiming Single Person Discount would save £25,000 p.a. even on the basis of the lowest Council Tax band, and this increased income would fund the annual running costs.
- 1.5 Given that some 70% of this benefit would flow to Derbyshire County Council officers are currently discussing the option of developing a Business Case on a Derbyshire wide basis in order to seek to secure Transformation Funding (in partnership with DCC) to cover at least part of these costs.
- 1.6 At this stage Officers are in the process of undertaking an evaluation of the software and in particular the benefits that it would secure if adopted. Issues such as price are still at a negotiating stage and any cost to this Council may be offset by Transformation Funding secured from Derbyshire County Council.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 This report is recommending an upgrade to the Council's Revenue and Benefits system which entails installation costs of £66,300 with additional running costs of £7,400 p.a. While the existing system remains functional the upgrades concerned will allow the service to be accessible to residents through the internet, providing what for many residents will be a more flexible means of communication with the Council, whilst securing the cost reductions arising from moving contact from face to face or the phone to self service. In addition the Council is working as part of a wider consortium of Derbyshire Authorities in order to evaluate whether to acquire some stand alone software which would facilitate improved verification of Benefits Claims and claims for Single Person discount. Given that we are currently only at the stage of initial evaluation a further report back to Executive would be required before we proceeded to implementation.

## **3 Consultation and Equality Impact**

- 3.1 There are no direct consultation or equality impact implications arising from this report.

## **4 Alternative Options and Reasons for Rejection**

- 4.1 The main alternative option is that the Council decides against implementing the recommendations outlined within this report. While that is a reasonable approach it needs to be understood that the Council would be unable to move away from what is essentially a paper based system to one which allows customer access and self service by means of the internet.

## **5 Implications**

### **5.1 Finance and Risk Implications**

- 5.1.1 On the basis that the recommendations are agreed, the initial costs to the Council of installing the system would be funded from the Transformation Reserve. The increase in annual servicing costs would need to be incorporated into base budgets with effect from the 2016/17 financial year. While the financial savings that will be achieved from this project will largely depend upon how many residents utilise the option to move to self service, officers are of the view that this is likely to prove to be an Invest to Save option and the generation of savings will be monitored through the Council's Transformation Programme. Within the Transformation Programme Officers will be seeking to secure a payback period of 4 years which implies annual savings of some £25,000 will be secured. These savings will be secured from a combination of reduced staffing costs (including temporary cover arrangements), reduced transaction costs eg increased use of direct debits and from reduced postage and printing.
- 5.1.2 Given that Capita is the Council's existing supplier it is considered that the services to be supplied constitute an extension to an existing contract, and there is in no alternative supplier available in respect of the goods concerned. Whilst the Council would have the alternative of undertaking a retendering exercise for the entire Revenues and Benefits system, this is not considered likely to secure any significant ongoing savings and were we to switch to an alternative supplier there would be significant costs of implementation.

### **5.2 Legal Implications including Data Protection**

- 5.2.1 Legal issues are covered in the report. In relation to the need to tender, this contract falls under the exemption in 4.8.4 (c) of the Procurement Rules in the Constitution which states as follows:-

"The work to be executed or the goods or services to be supplied constitute an extension to an existing contract and it is the view of the Senior Officer that it would not be in the interests of the service or the Council to tender the contract. The Senior Officer must ensure that a record of the decision is made on the project file"

- 5.2.2 Data Protection issues are covered in the relevant sections of the report. .

### **5.3 Human Resources Implications**

- 5.3.1 There are no HR implications arising directly from this report. However, over time, the workload and type of work is likely to evolve to reflect the greater use of online options.

## **6 Recommendations**

- 6.1 That approval is given for the upgrade of the Council's Revenues and Benefits system as outlined within this report at an initial cost of £66,300 with an increase in annual costs of £7,400p.a. The initial cost will be met from the Transformation Reserve, with the increase annual costs included within base budgets.

- 6.2 That the project is set a target payback period of four years with progress against that target to be monitored through the Transformation Programme.
- 6.3 That it should be noted that as take-up levels by local residents for the self service option are outside of the Council's control this means that there are risks which may prevent the required level of financial savings from being secured.

**7 Decision Information**

<b>Is the decision a Key Decision?</b> (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
<b>District Wards Affected</b>	All.
<b>Links to Corporate Plan priorities or Policy Framework</b>	Providing Our <b>Customers</b> with Excellent Service  Transforming Our <b>Organisation</b>

**8 Document Information**

<b>Appendix No</b>	<b>Title</b>
None	
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report to SAMT 18 <sup>th</sup> September 2015	
<b>Report Author</b>	<b>Contact Number</b>
Assistant Director Finance, Revenues and Benefits	01246 242214