

# Composite case studies

## CHOICE IN LOCAL GOVERNMENT SERVICES

*This note contains composite case studies for each of the three services covered by the Frontier report. For each service there is an example of a 'composite council' that has been successful and one that has faced challenges.*

## CUSTOMER ACCESS CENTRES

### A successful council

Two years ago the council carried out a Best Value Review of all its customer service functions. The review looked in detail at the cost of each department's front office and at the number of enquiries it dealt with every month. The Review revealed that time and accommodation resources were spread inefficiently across multiple departmental receptions.

The authority faced the problem of simultaneously improving the quality and consistency of its front office whilst also lowering the average cost of serving a customer.

### BEST PRACTICE

The council drew on the evidence collected during the Review to come up with a business plan for investing in customer access. This plan contained:

- a clear set of priorities for improving customer access;
- a set of performance indicators to benchmark progress against those priorities; and
- projections of expected efficiency savings from the centre.

The business plan was reviewed by an external auditor to confirm the accuracy of the proposed costs and benefits of a customer access centre.

Quantifying the benefits of corporate customer access in a business plan made it clear that telephone contact was a first priority: 80% of the council's enquiries were dealt with over the telephone and a large number of those related to a few simple processes. Addressing the council's priorities meant:

- establishing a corporate call centre to act the first point of telephone contact;
- training customer service advisors to handle all the most common simple enquiries; and
- a customer relationship management (CRM) system to track performance.

By dealing collectively with the simple enquiries from each department, the call centre achieved economies of scale which meant it could handle the same front

office functions faster, better and cheaper. Meanwhile, telephones rang far less often in the back office – freeing up the time of professional staff.

### **PROMOTING EFFICIENCY**

The operating costs of the call centre are divided up and charged to the council's departments, encouraging department heads to make use of the centre to reduce their own costs.

Individual departments are responsible for balancing their budgets, and so they are required to fund their contribution to customer access from efficiency savings. This way, the efficiency benefits of the centre are not lost in the ether.

### **A challenging council**

The idea of improving the quality of customer access has been around the council for some years and this had led to some piecemeal investments. The most significant of these being the renovation of the main reception area in the civic centre and setting up a call centre to handle environmental services.

It is partly the success of these initiatives that made clear the need for improvements across the whole council. This meant combining the existing models in a single corporate customer access centre which could handle all the council's front-office functions.

### **PLANNING INVESTMENTS**

Pilot schemes can be useful for understanding the likely success of a larger project. However, it may not always be correct to assume that success will carry over to the wider project. A thorough evaluation of the evidence will seek to establish:

- what features of the pilot scheme drove its success;
- whether those features could be replicated in a wider scheme; and if so
- whether the costs of doing so will still be commensurate with the likely benefits

As well as setting out these costs and benefits, the resulting business plan should highlight which factors will be critical to the project's success.

The belief that 'if it ain't broke, don't fix it' meant that the environmental services department were unwilling to participate in the corporate strategy, and so a scaled down customer access centre was opened in parallel to cover all the remaining departments. A year after opening, the new access centre was still struggling with a number of problems:

- productivity and performance were lower than expected;
- operating costs remained high and the centre was seen as poor value for money; and

- departments were seen as generally reluctant to transfer processes or staff from their back office to the access centre.

The centre struggled because it failed to replicate the success factors of earlier customer service initiatives. Without the call volumes associated with environmental services, the new centre could not achieve an efficient use of resources. Instead, customer service advisors were handling small numbers of enquiries on a wide range of services – explaining, at least in part, low levels of productivity. A poor reputation early on made it difficult for the centre to improve performance through expansion: departments were not clear that the centre could improve their level of service or lead to efficiency savings in the long run.

#### **GET 'BUY-IN' OR BACK OUT**

The most problematic projects are those which go ahead without the full support of managers and staff. In this case, the customer access centre suffered both from the unwillingness of staff to transfer to the centre and the reluctance of managers to move processes into the front office. As a result, the centre became an additional cost rather than a saving – putting more resources in the front office did not translate into fewer resources in the back office.

Setting out in advance the critical factors for success make clear where the risks are and where internal communications should focus their efforts. Good communications rely on the ability to demonstrate clear benefits – and the project should not proceed without both.

## CHOICE BASED LETTINGS

### A successful council

This council has nomination rights over around twenty thousand social housing units, of which around fifteen thousand are owned by the authority. Around 10% of this stock comes vacant every year, meaning that on average the council re-lets about forty properties each week. Despite an increasing number of families on the housing register, the council has struggled against poor void turnaround times and a large number of hard to let properties. A survey of housing applicants confirmed the widely held belief that the points system was too complex and that the allocations process was opaque.

The council faced the challenge of improving the efficiency and effectiveness of its housing allocations system. Choice Based Lettings was seen as the vehicle to deliver a system which was both more efficient and more transparent.

### SHARE AND SAVE

The set up costs for an efficient and effective CBL scheme can be considerable. A sophisticated web-based tool was required to keep a weekly system turning over. This one-off investment in improving housing allocations was reduced substantially when the council found other authorities with which to jointly procure the system.

When installing the necessary technology, the council decided to operate a choice based lettings system with the following characteristics:

- available properties are advertised on the web and in a newsletter each week;
- bids on those properties are accepted over the web, in person, by telephone or by post;
- shortlists of applicants are drawn up on the basis of their points, with viewings taking place towards the end of the week;
- properties are offered to the applicants in order of their priority, with each property being allocated to the first person on the shortlist to accept.

Because advertising and allocation take place on a weekly cycle, void times have fallen dramatically. The shortlist represents all high priority applicants who have expressed an interest in a particular property, so the problem of refusals and appeals was largely eliminated. Void turnaround times have also fallen because fewer properties are now considered hard-to-let: exposing the allocation system to choice revealed that there was an unrealised demand for these units.

A crucial part of maintaining the transparency and efficiency of the system has been publishing the results of every letting – informing applicants how many points are usually needed to bid successfully for each type of property. Applicants have realistic expectations about their prospects for social housing and as a result, the allocations system operates more effectively.

### **LOW COST, HIGH IMPACT**

The main on-going cost of running CBL is the weekly cost of advertising all the available properties. Initially the council used a full page spread in the local newspaper to list the forty or so available units, but this was proving an expensive way of reaching a relatively small audience. This commercial advertising was replaced by a printed newsletter which is available for collection at council buildings. This proved to be just as effective because:

- as in the private market, applicants were active in looking for housing and were prepared to collect the newsletter;
- the majority of bids were received over web, indicating that most applicants were able to review online property listings; and
- the IT system made it possible to identify any patterns of non-bidding.

With the resources saved from commercial advertising, the council was able to target vulnerable groups, and any other high priority applicants who were identified as not bidding, by direct mail and phone calls.

### **A challenging council**

This council has a stock of around three thousand properties spread across a semi-rural district. Whilst some areas are in demand more than others, the stock is mostly made up of family sized Victorian housing with a low turnover and a significant number of older people's sheltered accommodation units which typically prove hard to let.

When choice based lettings became a requirement for councils by 2010, a conversation began at the county level between housing departments interested in implementing a joint scheme. Plans for county-wide choice based lettings scheme eventually collapsed because some authorities felt that it would be impossible to reconcile their allocations policies with a uniform lettings system. Having made a commitment to introduce CBL, the council was faced with the challenge of making a smaller scheme economical.

## MANAGING A JOINT SCHEME

Critical to the collapse of the county scheme was the inability to agree on a common allocations policy. However, a common CBL system would have been compatible with a variety of different allocations systems. Regardless of how individual councils award points (or priority bands) to their applications, the process of collecting bids and constructing shortlists in order of priority is the same for all schemes. Where allocations policies differ, councils can still cooperate to:

- procure the technology for CBL;
- advertise available properties;
- operate the collating and short-listing of bids; and
- allow applicants to move between authorities.

With only a handful of properties coming available each week, a fortnightly bidding cycle was selected to make the scheme viable. Operating fortnightly ensured that some editions of the newsletter contained up to a dozen new properties, although some featured only five or six. Because demand for most of the stock is high and turnover is low, void times were historically low. Having a fortnight from advertisement to allocation has been a costly delay to the council. Whilst this could have been offset by a positive impact on hard to let properties, CBL proved to have little effect on sheltered accommodation which continued to attract limited interest.

On average CBL was adding around £250 to the cost of letting each property, and the speed of the allocations system had slightly fallen.

## OPERATING A SMALL SCHEME

Operating CBL when there are only a few properties available each week requires a different approach to that of standard schemes. In particular it is important to:

- stay simple – purchasing technology to automate the bidding and short-listing process will be unnecessarily expensive;
- keep advertising costs down – the target audience for a given property is likely to be easy to identify; and
- run a weekly cycle – if void performance is already good, a fortnightly cycle will damage allocations performance.

## ADULTS' SOCIAL CARE

### A successful council

This council administers about three thousand domiciliary care packages, the majority of which are contracted through block contracts at rates ranging from £12 to £15 per hour of care. The council itself only runs a small care service which specialises in intensive six week re-enablement packages. When direct payments became a legislative requirement a small number of physical disability clients were pro-active in switching away from traditional care packages but otherwise take-up was relatively low.

The council's challenge was to promote and support the use of direct payments more effectively and, as result, to improve its performance against the Government's Best Value Indicator for direct payments.

### WINNING HEARTS AND MINDS

Experience taught the council that the greatest obstacle to direct payments take-up were the misgivings of care managers rather than the recipients of care. Social workers typically felt that a direct payment would be difficult for their clients to manage and that the standards of care would drop.

The council began an intensive program of direct payments training, dispelling several myths about how the scheme operated. Once care managers understood the potential benefits, they were much more effective in presenting direct payments as a realistic option during an assessment.

It was felt that improving take-up required a coordinated approach which would improve the offer to direct payments users. The council opted to set up an arms-length direct payments unit which brought together staff from social services, and independent disability support agencies to offer a variety of services:

- support to care managers either through information or jointly attending care assessments;
- advice and information to users considering direct payments;
- help in advertising for and recruiting personal assistants, and a payroll service for users who decide to become employers.

Educating both care managers and clients about the potential benefits of direct payments proved to be the key factor in driving take-up. Many individuals had ruled out a direct payment simply because they did not understand what was involved in setting one up. Offering users ongoing support services such as payroll made the pool of potential direct payments users wider by including some groups who would not otherwise feel able to manage the administrative burden.

## FAIR CARE

Transferring the control of care to users not only gives them the freedom to customise their package, but also has potential to reduce the cost to the council of arranging that care. The council found it was able to set an hourly rate for direct payments of £10, a few pounds cheaper than the average cost of contracted care.

This saving could then be used to fund the advice and support services which were crucial to the success of direct payments. Overall, the council was still spending around the same per head on direct payments as on contracted care.

## A challenging council

This urban authority operates in a care market where agencies typically struggle to recruit and retain carers and the price of contracted care is relatively high. This perceived lack of capacity in the private sector is one reason why the council operated care service still delivers 40% of domiciliary care packages.

The council's desire to promote direct payments was partly driven by the view that encouraging the use of more personal assistants would help to ease a tight care market and therefore reduce the role of the council as a provider of last resort.

## AGENCIES AND DIRECT PAYMENTS

In an authority where agencies can effectively get their hands on as many hours of contract care as they want, it was not surprising that they were reluctant to take on any direct payments users at an hourly rate any less than the standard rate for an hour of care in the block contracts.

Because the number of direct payments packages remained small relative to traditional care packages, agencies did not need to rely on these customers and were largely happy to ignore direct payments altogether.

With a social services budget that was already relatively stretched, it was important for the council to approach direct payments in manner which, at the very least, would be cost neutral. This proved to be very difficult for several reasons:

- advice and support services were expensive because it was difficult to find much competition for the contract;
- some direct payments users found it hard to recruit personal assistants at the set hourly rate which meant they could not compete with agencies;
- the council needed to create a post of direct payments coordinator to ensure that targets for increased take-up could be achieved.

### **MONITORING THE MARKET IMPACT**

Some local care markets are more favourable to the success of direct payments than others. The crucial factor for success is the extent to which direct payments can be used to tap in to alternative sources of care provision. Councils should bear this in mind when monitoring the rate for direct payments, taking the approach of:

- initial caution – setting a high rate at first to ensure that direct payments users do not fail find a provider;
- gradual adjustment and monitoring – lowering the rate where it is clear that there has been no adverse impact on the quality of care and where there are no supply constraints.

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