

Runnymede Borough Council

CORPORATE MANAGEMENT COMMITTEE

Thursday 3 March 2005 at 7.30pm

SUPPLEMENTARY AGENDA

9. BACK SCANNING OF BENEFITS FILES (DF)

(Ref: Minutes of Corporate Management Committee, February 2005, page 667, para. 509)

1. Purpose of Report

1.1 **The purpose of this report is to present the detailed case for the back scanning of benefits data onto the Vignette IDM document management system.**

2. Background Information

2.1 At the meeting of this Committee in February 2005 a report on the case for back scanning of benefits files was presented for approval. Members deferred their decision pending the submission of a further report with an enhanced business case to this meeting.

2.2 As previously reported, the Benefits Service is taking part in Phase 3 of the implementation of the corporate electronic document management and workflow system, known as IDM, provided by Vignette Europe Ltd.

2.3 There are significant advantages for the Benefits Service in the use of IDM. IDM will help overcome the problems the service currently experiences with file retrieval and storage space. However, it is believed that for IDM to help effectively, the current data on existing benefits files needs to be scanned onto the system.

2.4 Benefits files containing highly sensitive customer information are held in different locations around the Council. Current files are kept in the Benefits Office whilst archived files are in a building at the Depot. This carries security and data protection risks for the information held on family and financial circumstances. IDM will significantly reduce those risks and substantially improve the speed of retrieval of information.

2.5 Paper files are currently prepared in the Benefits Office by an Administrative Assistant. The linking of any incoming documents is then the responsibility of Assessment Officers as is the consequent filing of the completed files. Implementation of IDM will remove this task from Assessment Officers leaving them more time to focus on improvements in general performance and BVPIs.

2.6 Benefits files are currently held in cabinets on three sides of the Benefits Office and take up a great deal of space. They are unlikely to complement the style of the new Civic Offices or be desirable for their space requirement. Scanning current data provides an opportunity to see filing phased out and the cabinets removed. Without this scanning the current filing system will be in use for many more years and will have to be moved to the new building.

3. Proposal and Business Case

3.1 It is proposed to scan the last application form and all supporting documents for each file and to store the remaining papers on the files at the depot for a limited period of time (each file will differ but may be up to two years). This limits the scanning volumes required, does not involve the scanning of older historical data and ensures that new incoming information can be linked through IDM to the most recent and pertinent data. Documents and forms were thinned out in preparation for scanning. Most of the older documents have already been removed to storage at the depot and it is not proposed that these should be scanned.

- 3.2 Benefit claims are not static. Changes occur frequently and customers are required to inform the Council when they have a change in financial or household circumstances, e.g. a pay rise or if someone moves into or out of their home. These changes can affect their benefit entitlements. In addition, the Benefits Service is required to check the details held on 40% of the total caseload each year (50% from 1 April 2005). These checks are known as "interventions". Approximately 12,000 changes of circumstance and interventions are dealt with each year (likely to be around 12,400 from April). For changes in circumstances and for interventions, Benefits staff are required to compare the new information received to the information provided previously by the customer which is held on the paper files and on the main benefits processing application (Sx3 iWorld). They have to ensure that they have entered the original details correctly and that customers have provided information consistent with that previously held. This process is required to detect fraud and error.
- 3.3 As stated in the previous report to this Committee, the alternative to back scanning is to use a combination of IDM data for current information and paper files for previous information. This would lead to a serious deterioration in customer service and assessment performance in addition to an increase in stress on staff. Staff would be frustrated having to use two different filing systems. Handling paper files, IDM data and the main benefits processing computer system provided by Sx3 would be very difficult and would have a serious impact on the speed with which claims are processed and callers are handled. It would inevitably lead to delays in assessing claims and errors in the comparison of data necessary for the assessment and re-assessment of claims. This would then result in incorrect benefits being paid, loss of Government subsidy due to official errors and adverse affects on the Best Value Performance Indicators.
- 3.4 It is firmly believed that the advantages of IDM will be manifested in better customer service and improved performance. Staff will be able to deal more effectively with incoming work and with personal callers. For example, without back scanning, in a case where someone rings about progress on a change of circumstance, the Assessment Officer would firstly check the Sx3 system to see if the change had been completed. If not they would then have to check IDM and, if not on IDM, check the hardcopy filing system. If not in the latter it could be somewhere else around the office, e.g. waiting to be filed. In this example the use of the IDM system actually places additional work on staff by the provision of one more place to look for information/documents and would inevitably slow down the assessment process. In some cases data would end up split between IDM and the original files (i.e. on both), e.g. new information received would be scanned onto IDM but the existing application may be in paper form. This new information would then be "floating" on IDM with no main application form to which it can be referenced. It would be impossible to determine whether new information received should be scanned or placed on the paper file without setting up manual procedures to determine where it should go. Also, in that scenario, IDM would only be used for part of the caseload and would continue to be for some years to come. This would defeat the purpose of IDM, would be unnecessary and would be costly to administer.

4. Back Scanning Solutions

- 4.1 There are approximately 4,200 current benefits files. It is estimated that an average of 60 sheets of paper will be scanned per file. This means that around 252,000 individual sheets will need to be scanned.
- 4.2 The bulk of the thinning out of benefits files has already been completed to ease identification of the papers to be scanned. Files and papers have already been sorted into the correct order for scanning with all staples removed and small documents glued onto A4 sheets. This was done to ensure that the correct papers for scanning were separated from the remainder of the file and to keep the cost of back scanning down, whether in-house or by an external bureau.
- 4.3 In the previous report to this Committee it was reported that there were three possible ways in which back scanning could be achieved. The work could be undertaken by up to 4 temporary staff employed by the Council. It was estimated that this would take approximately 4 months at a cost of £16,240. An additional scanner and 2 workstations would be required together with additional licence fees for the scanning and indexing software. The total cost of this was estimated at a further £50,000.

- 4.4 The second way was by using existing staff working overtime in the evening and at weekends. It was estimated that this would take 4 staff a minimum of 32 weeks at a cost of £24,360 together with the £55,000 for additional equipment/licences in 4.3 above.
- 4.5 The third option was to outsource the work to a bureau at an estimated cost of £57,000, including in-house first level indexing and sample quality checking. This work would take approximately 8 weeks to complete.
- 4.6 Option 2 was dismissed in the previous report as not being viable because of the need for staff to consistently work overtime. This would not always be possible and would inevitably impact on the timescales for completion. It is also the most expensive solution.
- 4.7 After further investigation into the advantages and disadvantages of options 1 and 3 it has been determined that option 3 is the better way forward. Due to the nature of the task and the time constraints involved it was not possible to follow the normal procedures set down in Contract Standing Orders for the invitation of tenders (through advertisement or the use of Constructionline, GCat) if Officers were to determine quickly which companies provide this type of service. Three quotations, based on scanning 250,000 sheets, have been received from bureaux for £12,867, £16,232 and £38,975. All the bureaux gave satisfactory guarantees on turnaround times and the quality of imaging and it is believed that each could undertake the work equally well. They have also included first level indexing in their prices which it had been thought would have to be completed in-house. Two of the bureaux gave satisfactory assurances on security of the files. However, the middle price company stated that it would outsource the work to another company which meant that file security would face an additional risk. In addition to the cost of scanning there will be costs incurred in-house for the preparation of the files to be sent for scanning, their recording out and back, archiving upon return and a percentage validation check of the work completed. This is estimated to be a further £3,000.
- 4.8 It is recommended that option 3 be adopted as the means for back scanning and that the contract be awarded to the company offering the lowest price, subject to a satisfactory factory visit and good references being obtained from some of its existing customers.

5. Benefit Case Volumes

- 5.1 In February this year the benefits caseload was 4,176 and rising. This is up from the same month last year when it stood at 3,719. This significant increase of 12% has been absorbed by the existing staffing resources. Also, the number of interventions required will rise from 1,450 for 2004/05 to 1,820 for 2005/06. Again, it is planned to absorb this 25% increase within existing staffing resources.
- 5.2 In addition to the above, as part of the annual billing of Council Tax in March this year people of pensionable age will be encouraged to apply for Council Tax Benefit. This exercise is also being undertaken by the Department of Work and Pensions. These take-up campaigns will increase the caseload further. Added to that, Surrey County Council is conducting an "Invest to Save" campaign on people of pension age and the number of Pension Credit applications is rising. These are also likely to impact on the current caseload. There is a concern that this rising caseload will not be easy to handle without the eventual help of IDM.
- 5.3 Officers could have made a soundly based case for additional resources for each of these significant developments citing both volume growth and added complexity. However, this has not been the culture of the organisation, particularly when facing a challenging financial environment generally and the specific corporate requirement to achieve £2 million worth of revenue reductions.

6. Savings

- 6.1 Through the use of IDM there will be some annual revenue savings on stationery and consumables and on occupied storage space at the depot. In addition, there would be a capital saving on the floor space required in the new Civic Offices to house the filing cabinets.

- 6.2 In a report to the Policy and Resources Committee in February 1999, it was reported that the Consultants that were employed to give an overview of electronic document management recognised that Runnymede staffing levels were constrained and concluded that time savings of, at most, 15% could realistically be achieved. That situation has not changed. It was hoped that the implementation of IDM, with back scanning, would help the Benefits Service cope with the additional workload it is currently experiencing. The potential 15% savings will be negated by the additional administration of the increasing caseload. For this reason, no additional savings can be found from existing staffing resources at this time.
- 6.3 The Consultants employed in 1998 to give the Council an overview of electronic document management recognised that Runnymede staffing levels were already constrained. That situation has not changed and it was hoped that the implementation of IDM, with back scanning, would help the benefits service cope with the additional workload it is currently experiencing. For this reason, no additional savings can be found from existing staffing resources at this time. Members may be assured that should savings be identified once the new processes are successfully bedded in they will be taken and reported accordingly. The track record of managers in this regard has always been good.

- 6.4 Table 1 – Potential annual revenue savings identified:

Stationery and consumables	£1,350
Depot storage space (from 2007)	£1,200
Total per annum from 2007	£2,550

- 6.5 In addition, the potential capital saving for the new Civic Offices is approximately 16 square metres at £1,300 per square metre = £20,800. The cost of back scanning can, therefore, be represented as being recovered over a period of between 5 and 8 years depending on how much of the contingency is used.

7. Resource Implications

- 7.1 The 2005/06 Estimates, reported to this Committee in January 2005, identified an under spend of £67,000 brought forward from 2003/04. This was a provision for the implementation of Phase 5 of the DMS which had been removed from the Financial Forecast as it was thought it would not be required in 2004/05. However, it was reported that it is now required in the current year for the back scanning of the Benefits data.
- 7.2 As can be seen from 4.7 above, the preferred bureau solution will cost £12,867 based on the estimated number of sheets of paper that need to be scanned. However, there is no certainty that this is the actual number of sheets to be scanned and it could vary either way. For this reason a contingency of £10,000 is requested to cover the eventuality of a larger number of sheets being scanned. These two costs, together with the £3,000 of in-house costs, would bring the project total to £25,867.

8. Conclusion

- 8.1 Members are asked to consider the above information and approve the scanning of current benefits file data. Scanning current benefits information will make files more easily accessible, will cut down on paper and will remove the necessity of a large manual filing system. The Benefits service has one of the biggest paper based systems and it is ideally suited to the principles and practical application of IDM. Retention of the current filing system alongside IDM would certainly negate any benefits of IDM and would create additional work and generate more problems. To make IDM effective in the Benefits service will require the scanning of the existing data detailed in this report.

OFFICERS' RECOMMENDATION that -

- i) Contract Standing Orders be waived insofar as they relate to the method of inviting tenders due to the time constraints of the procurement exercise;**

- ii) **the scanning of existing benefits data onto the Vignette IDM system by the company offering the lowest price be approved; and**
- iii) **the costs of up to £25,867 be met from the identified DMS Phase 5 underspend.**

(TO RESOLVE)

Background Papers

None stated