

STRATEGIC BUSINESS REVIEW OF THE SOCIAL SECURITY AGENCY

Background

The Strategic Business Review (SBR) is taking place during a period when the Budget 2004 settlement requires the Social Security Agency ('the Agency') to reduce its running costs by £24 million, including the shedding of 674 posts by early 2008. This represents approximately a seventh of its workforce and the Agency claims to be on target to achieve this¹. In addition is the Comprehensive Spending Review 2007² (CSR 2007); a long-term and fundamental review of government expenditure throughout the UK covering departmental allocations for 2008-09, 2009-10 and 2010-11. As a result of CSR 2007 the Agency is expected to make a year on year cut leading to the equivalent of a funding reduction in 2010-11 of £28 million, or approximately 1,300 posts.

The thrust of Budget 2004, covering the spending period April 2005 – March 2008, was to direct resources to front-line services. Five key priorities were identified to protect customer services:

- ❑ delivering better customer services;
- ❑ promoting the 'take up' of benefits;
- ❑ reducing fraud and error;
- ❑ debt management; and
- ❑ modernisation.

The Agency claims that '*by re-focusing all our efforts on front line services, we have substantially improved our performance, including significant losses through fraud and error, and a complex programme to deliver other key objectives is on track for achievement.*'³

Overall the Agency claims to have improved performance against all targets, and by reducing or stopping all non-vital work has delivered staff headcount reductions that exceed the target. However, any further reduction beyond the April 2008 headcount target, it claims, would have an adverse impact on front line services.

¹ www.dsdni.gov.uk/sbr.htm

² www.hm-treasury.gov.uk/spending_review/spend_csr07/spend_csr07_index.cfm

³ Social Security Agency: Strategic Business Review Summary Conclusions.

The Strategic Business Review

Approval was given by the Minister at the end of 2005 for the Agency to conduct a review of its services. The SBR is being conducted in three key phases:

- Phase 1 determined a baseline position and assessed the extent to which the Agency was currently 'Fit for purpose'* at corporate and unit/office level. A 'Change Impact Assessment' model was designed to 'determine future changes and their potential individual and cumulative impact on the baseline position'⁴;
- Phase 2 is currently developing a list of options for future service delivery, resulting from assessment and analysis of the current and future positions.⁵
- Phase 3 will develop a business case for further development and implementation.

*fit for purpose has been defined as:

'The ability and capacity to deliver core business in a manner which is effective, efficient and has the capacity to absorb change'.⁶

Changes the SSA is facing over the next 3-5 years include:

- Comprehensive Spending Review (CSR) 2007;
- Medical Support Services (MSS) Restructuring;
- Northern Ireland Civil Service (NICS) Reform Programme;
- Pathways to Work Rollout;
- Department for Work and Pensions (DWP) Modernisation Programme;
- Debt Transformation;
- Jobs and Benefits Rollout;
- Pensions Transformation; and
- Employment Support Allowance (ESA).

Two key questions the SBR is addressing are:

1. Does the Agency have the capacity to cope with this volume of change?
2. What service delivery options can the Agency implement to increase its capacity to cope?

The first stage of the review was to assess the Agency's baseline position using a self-assessment tool approved by the Agency Management Board and Assistant Directors. The baseline established by the self-assessment phase of the SBR was then used to determine the individual and cumulative effect the changes being introduced will have on the baseline position of the Agency.

Phase 1 began in January 2006 and involved extensive research, including the analysis of data covering the period 2003-2006, office visits, questionnaires, interviews and reports.

Prior to the SBR being carried out, some assumptions were made by the Agency. These were:

⁴ Social Security Agency, Strategic Business Review: Overview of the Future Look Report, Section 3A (Nov. 2006)

⁵ *ibid*

⁶ *ibid*

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- 'That the Agency will retain parity with DWP⁷, in terms of social security policy, legislation, benefits and where possible on IT systems;
- That the network of 35 front offices will be required in the future to deliver customer service in line with Welfare to Work reform provisions. Therefore the front offices will not be in scope at this stage; and
- The Operations functions within the Agency which deliver its core business, excluding the Belfast benefit Centre (BBC) will initially provide the main focus for the Review. It is noted that other key areas of the Agency (Finance, Personnel and Business Development) will be subject to change arising from the NICS⁸ Reform Agenda. Therefore they will not be fully impacted by this stage of the Review.⁹

Key Findings

Analysis of the baseline position of the Agency found that *'despite the Agency's current position of being exceptionally fit for purpose overall this assessment concludes that some vulnerabilities exist at business level. This raises the question as to the degree of change that can be absorbed across the Agency without a negative impact on business performance'*¹⁰

At local office level there were too many significant stresses and maintaining services would be difficult in future. This was found to be more severe in some smaller local offices. Reasons given for the difficulties facing local offices were:

- 'back office' staffing had been reduced due to a fall in unemployed registers and the introduction of Pension Credit;
- absenteeism due to sickness, family friendly work patterns and seasonal peaks in annual leave had also led to reduced staffing levels.

Table 1: Key findings of the current assessment analysis

Unit within Agency	Fitness for Purpose Assessment
Corporate (Agency) Level	Overall Agency performance is currently well in excess of the minimum standard indicating that it has significant capacity to manage and absorb change.
Disability and Carers and Incapacity Benefit Branch	Currently fit for purpose overall.
Pension Service	Currently fit for purpose but with stresses in particular areas.
Jobs and Benefits / Social Security Offices	All network offices are currently fit for purpose overall, but with indications that some pressure areas exist and a significant risk that change could not be absorbed.

Source: Current Assessment Analysis Report – Baseline Position (Nov. 2006)

⁷ Department of Work and Pensions.

⁸ Northern Ireland Civil Service.

⁹ Strategic Business Review: SSA Overview of the Baseline Position Report, Section 1A (November 2006).

¹⁰ Strategic Business Review: Change Impact Assessment, Section 4A (Nov. 2006)

Jobs and Benefits Office network

Social Security Agency (SSA) staff took the highest number of sick days last year; 18.3 days off in 2005/06 compared to the Northern Ireland Civil Service (NICS) average of 13.4 days.¹¹ It was in the area of front-line services where the problem of absenteeism was most acutely felt. In some of the smaller local offices it was found that there were times when, due to a lack of staff, it was not possible to have interviews with clients in the afternoons. This put pressure on Department for Education and Learning (DEL) staff as they were required to meet interview targets. Reasons given for an inability to provide a full service were sick leave and flexible working arrangements (including term-time working) coinciding with peak times for Annual Leave. Sickness levels within the Agency are significantly higher at 6.9% compared to the NICS average of 4.8%.

Partnership with Department for Employment and Learning

Areas of existing weakness identified during the self-assessment exercise were mainly found in the local offices delivering front-line services to clients. Delivering the Government's 'Welfare to Work' Policy has involved DEL and SSA combining their customer facing benefit and work-based interview processes.

Delivering the two aspects in one environment was expected to lead to an improvement in service. With entitlement and payment of benefits processed, the focus could then be on work-based interviews with DEL staff.

However, some issues were highlighted during the pilot for DEL's 'Pathways to Work' (Pathways) initiative. These included the different interpretations of customer service priorities between DEL and SSA staff, pressures of delivering a demand based service and the need for joint ownership and responsibility for some key targets.¹²

Operation Difficulties: Fraud and Error

In 2005/06 the level of fraud and error was estimated at £137 million, or 4% of total benefit expenditure. The Comptroller General found that error rates were highest for centrally administered non-contributory benefits such as Disability Living Allowance, Carer's Allowance and Pension Credits. It is not possible to audit financial accuracy of Job Seekers Allowance and Income Support at local office levels as the numbers are too small to be statistically robust. However, an Improvement Plan has been implemented to improve accuracy levels and allow monitoring at local office level.¹³

Change Impact Assessment

Changes outside the control of the Agency will have an impact on all areas of its services to a greater or lesser degree. A Change Impact Assessment¹⁴ model was developed to determine the impact of proposed changes over a specified period (2007 Quarter 1 – 2010 Quarter 4). This was based on the Agency's baseline fit for purpose assessment in order to answer the central question:

*'Will the cumulative impact of projected future changes result in an alteration to the assessment of the SSA¹⁵, at corporate or disaggregated level as being Fit for purpose?'*¹⁶

¹¹ 'Sick days in social security above average', Irish News Tuesday June 5th, 2007.

¹² Strategic Business Review: SSA Overview of the Baseline Position Report, Section 1A (November 2006)

¹³ *ibid.*

¹⁴ Strategic Business Review: Change Impact Assessment, Section 4A (Nov. 2006)

¹⁵ Given the assumption that the SSA's service delivery model does not change.

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The Change Impact Assessment Model is to provide an 'early warning system' of the impact of future change in relation to the Agency's continued ability to remain 'fit for purpose'. The assessment period for all the changes was the period of the CSR 07 from 2008 – 2010 based on a 2% reduction in resources in all of the SSA's offices. The variable of managerial interventions to minimise the effects of change are not taken into account and the assessment focuses on delivery of Jobseekers Allowance and Income Support as being central to the Agency's core delivery operations.

The Model considered the Agency in terms of the following organisational dimensions:

- People;
- Process;
- Technology; and
- Structure (e.g. organisational structural hierarchy).

The Change projects being considered will have an impact (positive or negative) on one or more of these dimensions. Their impact will be individual or cumulative and felt at corporate and/or disaggregated level.

A set of fit for purpose indicators were developed relating to four headings:

Business Performance

- Financial Accuracy;
- Clearance Times; and
- Head of Work.

Financial Performance

- Financial Management; and
- Delivering Efficiency.

Risks

- Audit and Assurance;
- Continuity and Security of Service;
- Resilience Due to Size; and
- Business Continuity Planning.

Agility

- Capacity for Change;
- Flexibility and Responsiveness; and
- Capability.

The rating score for each of the 'Fitness for Purpose' indicators is designed to 'have a unique specific dependency on the impact, resulting from future change, to one or more of the defined organisational dimensions'¹⁷ within the Agency.

The three major programmes the 'Change Impact Assessment' considered in assessing 'Fitness for Purpose' were the:

- Comprehensive Spending Review 2007;
- Employment Support Allowance; and

¹⁶ As measured by the defined set of twelve Fit for purpose indicators.

¹⁷ Strategic Business Review: Change Impact Assessment (November 2006) (p2).

- Pensions and Transformation Programme.

The Comprehensive Spending Review 2007 (CSR 07)

CSR 07 will affect all Departments in the NICS. As previously stated, the Agency has exceeded its target on a reduction in headcount in response to Budget 2004, but initial indications point to further reductions in administration across all Departments demanded by CSR 07. The impact of CSR 07 on the 'people dimension' will be a reduction in staff dealing with Job Seekers Allowance and Income Support. No impact was expected on Process, Technology or Structure.

Employment Support Allowance (ESA)

ESA is driven by legislation and is a vital part of the *Welfare Reforms and Modernisation Programme*. Its introduction in October 2008 will replace Incapacity Benefit and Income Support based on incapacity. At the time of the Change Impact Assessment it was assumed, given the supporting technology and operating model being devised by the Department for Work and Pensions (DWP), that ESA will be delivered from one or more centralised office(s). This will be in addition to the current network of offices and centralised benefit branches. From October 2008 all new claims will be processed through the new centre(s).

Partnership working between SSA and DEL is already in place in the delivery of the DEL Pathways to Work initiative in 25 of the 35 benefit offices across Northern Ireland. ESA is intended to bring employment to the fore in the benefit system. Therefore, it is with some urgency that Pathways as an integral part of the process needs to have been implemented across the 35 local Jobs and Benefits Offices before October 2008.

The existing compliment of 340 staff delivering Incapacity Benefit from a centralised office and approximately 335 staff administering Income Support/Incapacity Benefit from the network of 35 local offices will not be able to support the delivery of ESA. Therefore a new service delivery model will have to be designed.

'Overall 'the implementation of ESA (centralisation option) is projected to have significant negative impacts across the Agency with the majority of offices (24 offices from an overall total of 40) projected to become not 'fit for purpose' and the overall Agency status to also become not 'fit for purpose'.¹⁸

ESA is likely to impact on all four of the organisational dimensions¹⁹ in each of the offices being assessed. The staffing compliment in Incapacity Benefit Branch is likely to be reduced as ESA is rolled out. The reduced requirement for staff will be achieved through a '*range of factors including enhanced working practices, improved technology and economies of scale*'.²⁰ There will also be an additional requirement for training of existing and new staff with an initial negative impact on Process, Technology and Structure during implementation of ESA, reducing effectiveness and efficiency. However, it is anticipated that this will no longer be the case after the implementation period, but this is outside the timescale of the impact assessment.

¹⁸ Strategic Business Review: Change Impact Assessment (November 2006) (p16)

¹⁹ People, Process, Technology and Structure.

²⁰ Strategic Business Review: Change Impact Assessment (November 2006)

Pensions Transformation Project (PTP)

PTP is a DWP change initiative that will transform the way Retirement Pension and Pension Credits are delivered and will be implemented in Northern Ireland in early 2008. DWP intend to multi-skill their staff in GB to administer both benefits, but Pension Service (NI) has made a business decision to continue the separate staff structures for new claims and multi-skill staff for 'change of circumstance' claims for Retirement Pension and Pension credit. The SBR *Change Impact Assessment* concluded that:

Given the significant nature of this change it is assumed that it will have an impact on all of the Fit for purpose indicators – Business Performance and Financial Performance in RP and PC will be impacted, by the implementation of new processes, technologies and structures, to the same extent as Risks and Agility.

And

The implementation of PTP is projected to have a significant negative impact on both the Retirement Pension and Pension Credit centralised benefits with the latter (due primarily to a relatively low baseline score) becoming not fit for purpose²¹.

PTP will impact on staff mainly in the area of training and will have a significant negative impact on Technology in the implementation stages due to the complex new technology.

Overall, therefore the impact of the three change projects is negative in relation to the organisational dimensions. However, in the cases of ESA and PTP it is thought likely that the negative impact during implementation will lead to improved effectiveness and efficiency. However, the period beyond implementation falls outside the timescale for the Change Impact Assessment and is not factored into calculations.

Conclusion

The conclusion of the SBR Project Team is that the impact of CSR 07, setting the limits for the SSA's financial expenditure until 2010, will leave the Agency 'Just Fit for purpose' by the end of the analysis period. However, despite this they conclude that the Agency will have become unmanageable due to the number of individual offices that would no longer meet minimum threshold of the fit for purpose model. It is projected that by the end of the CSR 07 programme of change, 9 local offices will be 'Fit for Purpose', 13 will be 'Just Fit for Purpose' and a further 17 will be 'Not Fit for Purpose'.

It should be noted that the three main change projects examined in the Change Impact Assessment are not taking place in isolation. Other major changes are facing the SSA. Some are a knock on effect from the changes discussed above, but others form part of major changes taking place in the NICS as a whole (see Appendix). Most of the changes will require initial staff training.

²¹ Strategic Business Review: Change Impact Assessment (November 2006)

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As previously highlighted, the SSA has one of the highest customer facing roles in the NICS. For this reason, reductions in staff and the issue surrounding absenteeism is most likely to impact directly on customer care. While the level of sick leave is an acknowledged problem throughout the NICS, it is most acutely felt where a public office is unable to function during normal office hours due to flexible working hours and term time working. At the same time, the morale of those who work regular hours will be affected if they are unable to have annual leave during holiday peak periods.

Human Resources identified alternative working patterns as an issue, describing them as almost 'personalised hours'. The Agency level of alternative working arrangements is 26%; the highest in the NICS. The average in the remainder of the Departments is 12%, or less than half. This is despite the Agency having a high level of customer facing services occurring during 'normal' working hours.

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Appendix

Additional changes taking place for the SSA include:

At NICS level:

- **Reform of Public Administration (RPA)** conducting an examination of administration in Northern Ireland to address the fact that Northern Ireland is over administered. This will have consequences for SSA.
- **Workplace 2010** is a five-year programme transforming the NICS Office Estate and leading to changes in working environments.
- Initiatives are underway to co-ordinate changes in IT support as part of '**Supplier Transformation Project**' (STP).
- **Account NI** is a business administration programme intended to rationalise and simplify financial support across all NICS Departments. There will be a new, shared centre for tracking financial transactions. For example, staff will complete procurement and Subsistence and Travel on-line. The implications of training requirements for staff will impact on the already stretched front line staff in the Agency. There is also a 'split implementation' for SSA and DEL staff, which will impact on the delivery of services in the Jobs and Benefits Offices.

At Agency level

- SSA will be affected by a revision of the delivery of the **Social Fund** in order to improve efficiency and improve service to the customer while cutting operating costs.
- Replacement of Social Security Offices with **Jobs and Benefit Offices**.
- **Medical Support Services** have an increased workload performing Personal Capability Assessments (PCAs) for Pathways and ESA when it is introduced. The preferred option following a review of its services is to outsource this work as DWP has done.
- **Impact Customer Care Case Management (CCM)** is an IT based framework to assist with decision making for Disability Living Allowance (DLA) claims.