

## **OFFICER DELEGATED DECISION 26 NOVEMBER 2019**

**Report title:** Robotic Process Automation

**Wards:** All

**Portfolio:** Councillor Andrew Wilson, Cabinet Member for Finance and Performance

**Report Authorised by:** Bayo Dosunmu: Strategic Director of Resident Services

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### **Report summary**

The Benefits Team have been exploring the opportunity to deploy robotic process automation (RPA) to improve service delivery. A successful proof of concept (POC) has delivered an automated process for processing the verification of earnings and pensions (VEP) file from the Department for Work and Pensions (DWP). This file contains notification of changes in income for recipients of Housing Benefit (HB) and Council Tax Support (CTS) which must be processed to ensure residents are receiving the correct support. The POC process using a virtual worker is quicker, more accurate and cheaper than deploying officers locally.

This paper is seeking approval to award a contract to Delta4Services (D4S) to undertake robotic process automation for processing the Council's verification of pensions and earnings file from the DWP to ensure residents receive the correct financial support.

### **Finance summary**

VEP work is funded by the DWP through a new burdens grant. Our new burdens funding for 2019/20 is £269,000. The annual costs of the VEP process is set at 58% of the new burdens grant or £158,000 in year one. There is a balance of new burdens funding which can be deployed elsewhere as it is not ring fenced. VEP RPA will process 95% of all VEP alerts Lambeth will receive so we will automatically satisfy DWP criteria in terms of expected completed volumes.

The costs for the VEP process is based on a percentage of our new burdens funding. We therefore are protected against fluctuation or cessations of funding.

### **Recommendations**

1. Approve award to Delta4 Services (D4S) from the GCloud framework for an initial two year duration from 01.12.2019 to 30.11.2021 at a cost of £316,000 with the option to extend for an additional twelve month duration to 30. 11. 2022 at a cost of £158,000 and a total contract cost of £474,000.

## **Reasons for Exemption from disclosure**

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

3. Information relating to the financial or business affairs of a particular person (including the authority holding that information).

## **1. CONTEXT**

- 1.1 RPA replicates the actions of humans to complete rules-based tasks by accessing line of business systems through the human interface rather than direct to system databases through Application Program Interfaces. The virtual worker is configured to follow the same steps a human would were they performing the task. This approach to process automation can be used effectively in the Housing Benefit environment as elements of our workload are a great fit for this approach.
- 1.2 Therefore the Housing Benefits team have completed a proof of concept deploying RPA to process VEP files received from the DWP. This was undertaken by D4S at a cost of £90,000. D4S were the selected as they were the only supplier prepared to undertake the development piece. Other suppliers were interested in focusing on other aspects of HB administration to automate. This successful piece of work has shown RPA can be deployed to process benefits tasks in the live environment at an attractive cost compared to an officer.
- 1.3 The next step is to move from POC to business as usual (BAU) by procuring the service to process VEP by RPA moving forward. This will deliver an enhanced process and better customer experience at reduced cost.
- 1.4 This work supports elements of the Borough Plan especially in:
  - Reducing inequality by supporting residents in low paid work who are in receipt of Housing Benefit or Council Tax support by ensuring they receive the right amount of support at the right time. Timely processing of the whole VEP caseload ensure residents do not accrue overpayment if their earnings go up and crucially get their benefits increased when earnings decrease.
- 1.5 This work also supports key government objectives around reducing fraud and error in the Housing Benefit caseload.
- 1.6 This is a Gateway 3 Procurement Report

## **2. PROPOSAL AND REASONS**

- 2.1 Lambeth is required to process VEP alerts provided by the DWP as part of their drive to reduce fraud and error within the benefits system. We expect to receive approximately 1,800 alerts each month. These alerts can be processed by an officer or the processing can be automated using virtual workers otherwise known as RPA. In order to make efficiencies in the processing of VEP alerts the Council has worked with Delta4Services, a leader in local government RPA and Blue Prism affiliate, to develop an entirely new process for the automation of VEP alerts.
- 2.2 As RPA is an entirely new approach for the Council and the VEP process a new process for D4S we agreed a proof of concept only as we did not know if we would be successful in terms of quality, exceptions, and integration with line of business systems. The biggest issue has proven to be integration due to the line of business system being cloud based and this being a new challenge for both Capita and D4S. A breakthrough in August 2019 has enable successful testing to be completed and the solution to be tested in our live systems.
- 2.3 At the end of POC the robotic process is able to process 95% of VEP caseload with up to 100% accuracy. Current accuracy rate is 93%, however ongoing refinement will quickly improve this percentage moving forward. Exceptions which cannot be processed are expected to improve slightly

from 95% and will need to be processed manually. These exceptions are broadly due to other issues with data in the line of business system and would require effort to resolve in any event.

#### 2.4 The move to RPA processing of VEP will deliver:

1. Cost reduction compared to local processing;
2. Greater volumes of work processed quicker and with greater accuracy reducing the Council's stock of overpaid housing benefit (HB) and therefore reducing the cost to recover and the amount of overpayment written off in future years; and,
3. Improved accuracy within our caseload bringing residents more certainty with regard to the amount of support they are receiving and less chance of overpayment.

This report recommends the award of a RPA contract for VEP processing.

#### 2.5 Officers are confident VEP will remain a work stream within HB administration moving forward but are cognisant of the government's desire to press on with Universal Credit and the impact this could have on the HB caseload. This is why a two year contract with the option for a one year extension is recommended. This provides certainty in terms of service provision but does give flexibility to maximise benefits from a developing automation market place moving forward.

#### 2.6 D4S is currently the only provider who have a VEP RPA offer. Searching in GCloud as VEP RPA or any other iteration of this delivers D4S as the only result. The offer is also built to Lambeth's specification due to the POC. For this reason the recommendation to award a contract to D4S through GCloud is made. Using another supplier would mean development of a process again at additional cost (estimated at approximately £90,000) and with delays in deployment compared to D4S. In addition the Council has a working integration with the D4S offer as well compliance in terms of information governance, security and business rules which means the process could be deployed with pace.

#### 2.7 This proposal will deliver a full VEP processing service at substantially below the value of the DWP new burdens funding, it is also substantially better value than deploying local officers on the work. In terms of D4S it has demonstrated a high quality of work in the POC, deploying resource as required to achieve a result under sometimes difficult circumstances. Partnership working with the Council in developing a solution has been exemplary especially in delivering a product which meets our specific process and is bespoke. In taking time to understanding our systems and processes and to go above and beyond our POC agreement to overcome the line of business integration issues they have shown they are a great fit for the council for this work.

### 3. FINANCE

#### 3.1 VEP processing is funded via DWP new burdens funding. This is awarded annually and is to support the DWP's drive to reduce fraud and error. Funding is not ring fenced, however the DWP reserves the right to seek return of funding where insufficient VEP alerts have been processed. The funding received for 2019/20 is £269,000 and is broadly the same as 2018/19 funding. It is therefore reasonable to assume broadly similar levels of funding moving forward. DWP have informally confirmed the focus on this work will continue via a recent Q and A Housing Benefits Managers forum hosted by London Councils and attended by Lambeth.

#### 3.2 D4S VEP RPA process costs 58% of the Council's new burdens funding. For this year that equates to £158,000. Comparative costs for local processing are shown in the table below:

<b>Delivery vehicle</b>	<b>Volume caseload annually</b>	<b>Cost</b>
Local officer	21,600	£248,000
RPA	21,600	£158,000

There is a clear £90,000 benefit of deploying RPA when compared to deploying local resource on VEP processing. However savings cannot be assumed from the VEP piece as the requirement to undertake this work could be terminated by the DWP in future. This would mean any saving applied to only partial use of VEP funding would evaporate as a result. The current funding which supports VEP does present an excellent opportunity to develop additional processes which will deliver savings at no additional cost to Lambeth. This will be the subject of an additional decision in the future.

- 3.3 Ongoing costs for VEP processing will be based on a percentage basis of DWP funding. If funding is nil then the costs to be met in respect of VEP RPA will also be nil. This protects Lambeth should the DWP decide to end the VEP requirement without notice or with limited notice.
- 3.4 The overall cost for a two year agreement with the option for a one year extension is expected to be £474,000 based on 2019/20 new burdens grant levels. It is assumed the new burdens level will remain broadly stable or reduce slightly. It is unlikely we will expect an increase as DWP's view is that now the VEP alerts are established processing efficiencies should be achievable.

#### **4. LEGAL AND DEMOCRACY**

- 4.1 The authority to approve the recommendation in this report is delegated to the Strategic Director for Resident Services.
- 4.2 The Public Contracts Regulations 2015 apply to the proposed award, and the Council is obliged to publish a contract notice in the Official Journal of the European Union (OJEU) if the value of the services exceeds £181,302. However, there is no requirement to publish a notice when awarding a contract through a mini-competition from a properly procured framework which has been procured in compliance with the Regulations provided the Council is named, or is part of an identifiable group cited, in the OJEU notice published in respect of the framework.
- 4.3 Provided the requirements for accessing another procuring body's framework are met, accessing it from a framework will be compliant with the requirements of both the council's Contract Standing Orders and the Regulations. The council must adhere to the provisions of the framework in awarding contracts accessing the framework, and the contract must be tailored within these bounds. Direct awards to a framework supplier are permitted in certain circumstances.
- 4.4 The Council's Constitution requires that all key decisions, decisions which involve resources between the sums of £100,000 and £500,000, and important or sensitive issues, must be published on the website for five clear days before the decision is approved by the Director or Cabinet Member concerned. Any representations received during this period must be considered by the decision-maker before the decision is taken.

#### **5. CONSULTATION AND CO-PRODUCTION**

- 5.1 Consultation has not been undertaken as the process is between DWP and Lambeth only. The impact on residents is positive only for reason of certainty, debt reduction, and overpayment reduction mentioned previously. There may however be opportunities for coproduction of new RPA processes with other Local Authorities moving forward.

## **6. RISK MANAGEMENT**

6.1 The risks associated with this activity are relatively low as the difficult work of integration, process compliance, GDPR, and testing have already been completed and agreed. The most pertinent risks are outlined below:

- Line of business system upgrades could disrupt the RPA integration. This has been mitigated by negotiation of dedicated service support to deliver the line of business system upgrades in the cloud based instance used for VEP processing.
- Risk of automation being challenged by a service user. This is highly unlikely as there will be no discernable change in service provision to service users other than faster processing. That said there is a possibility of challenge and we will need to establish a methodology to exclude that service users claim from automation. To date we have received no challenge against other service automation however RPA adds decision making in to the automation mix.

## **7. EQUALITIES IMPACT ASSESSMENT**

7.1 EQIA has been completed for this change. It has been established the resident should expect to see no negative change from this process. The process doesn't involve the resident currently nor will it in future other than as the end recipient of a notification that a change has been processed. If a VEP alert is not able to be processed by the virtual worker it will be flagged as an exception and dealt with by an officer accordingly. We would have no indication as to which cases may reject as exceptions but the resident won't need to do anything if the VEP is rejected. The officer dealing with the exceptions will support the process by picking up the rejected VEP alert and processing it manually. This means our most vulnerable residents are more likely to have their HB paid at the correct rate as we are being directly informed of changes which, due to the nature of vulnerability they may otherwise not have told us about.

## **8. COMMUNITY SAFETY**

8.1 Not applicable.

## **9. ORGANISATIONAL IMPLICATIONS**

### **Environmental**

9.1 None

### **Staffing and accommodation**

9.2 None. Processing of VEP alerts is being undertaken by resilience services provided through our contract with Capita Local Government Services. This service is scalable as required and can be terminated with minimal notice. This means there is no local staffing impact.

### **Procurement**

9.3 G-Cloud 11 allows UK public sector bodies to choose and buy cloud computing services. Under the framework the total call-off time should not be for more than 48 months (four years). This includes the initial call-off duration plus the two extension options.

9.4 The search criteria used under GCloud Framework are as follows:

- a. Robotic Process Automation VEP; and,
- b. RPA VEP.

The only supplier returned is Delta4 Services.

- 9.5 As there are no additional suppliers able to provide this service direct benchmarking of costs is not possible. Comparison between other services which are broadly similar are contained in the Part 2 report.

#### **Health**

- 9.6 None

### **10. TIMETABLE FOR IMPLEMENTATION**

- 10.1 Implementation timelines:

<b>Activity</b>	<b>Proposed Date</b>
GW3 Procurement Category Board	23 October 2019
Decisions Online	19 November 2019
Decision Approved	26 November 2019
Contract Signed	29 November 2019
Contract Commencement	02 December 2019

- 10.2 It is expected that full processing at maximum capacity will be achieved from 02 January 2020. This will mean all VEP alerts received in any month will be processed in that month using the RPA solution. This is 95% of all alerts at 100% accuracy.

- 10.3 This contract will be managed by the Revenue and Benefit Client team. Uptime, quality of processing, rejection rates and volumes will be reported as a minimum with local assurance work built into team work streams. Performance will be reported through DMT with exceptions also going via this route. Supplier / Lambeth contract meetings will be diarised and managed at least weekly in go live and monthly thereafter unless exceptions require an increased frequency. An active RAID will be managed throughout the contract.

## AUDIT TRAIL

### Consultation

Name/Position	Lambeth directorate / department or partner	Date Sent	Date Received	Comments in paragraph:
Councillor Andrew Wilson	Cabinet Member for Finance and Performance	24.10.19	12.11.19	1
Bayo Dosanmu, Strategic Director	Resident Services	22.10.19	23.10.19	3 and 9
Derek Roopnarine, Group manager, Finance and Property	Resident Services	23.09.19	24.09.19	Throughout
David Thomas, Legal Services	Legal and Governance	21.10.19	23.09.19	4
David Rose, Democratic Services	Legal and Governance	21.10.19	29.10.19	Throughout
Malcolm De Vela, Category Manager, Energy and Corporate	Finance and Investment	23.09.19	23.09.19	Throughout

## REPORT HISTORY

<b>Original discussion with Cabinet Member</b>	24.10.19
<b>Report deadline</b>	N/A
<b>Date final report sent</b>	06.11.19
<b>Part II Exempt from Disclosure/confidential accompanying report?</b>	Yes
<b>Key decision report</b>	No
<b>Date first appeared on forward plan</b>	N/A
<b>Key decision reasons</b>	4. Not applicable
<b>Background information</b>	None.
<b>Appendices</b>	None.

**EITHER (FOR DELEGATED POWER REPORTS):**

Complete this page when report is ready for approval; update details including decision-maker, deleting as is appropriate for your report.

**OR: DELETE THIS PAGE IF THIS IS NOT A DELEGATED DECISION REPORT.**

**APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION**

**(DELETE THE SIGNATURE PARAS. BELOW THAT ARE NOT REQUIRED)**

**I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and taken account of their advice and comments in completing the report for approval:**

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Post:** Tim Hillman-Brown  
Head of Revenue and Benefits

**I approve the above recommendations:**

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Post:** Bayo Dosunmu  
Strategic Director, Resident Services

**Any declarations of interest (or exemptions granted):** None.

**Any conflicts of interest:** None.

**Any dispensations:** None.