

EAST HERTS COUNCIL

COMMITTEE – DATE            19 July 2012

East Herts Council and Stevenage Borough Council Joint Revenues and Benefits Committee

REPORT BY Head of Revenues and Benefits Shared Service

REPORT TITLE : Quarterly update

WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report**

- To report to committee the current position in the following areas.
  - 1 Implementation
  - 2 Performance reporting
  - 3 Budget monitoring
  - 4 Future challenges

**Reason for Urgency**

It is necessary for Members to consider potential issues and the impact on current performance of the Local Council Tax Support Scheme before this goes to out for consultation following consideration by the Stevenage Executive on 31 July 2012. Furthermore the workload of both sets of Councillors involved in the Partnership would make it difficult for another Joint Executive meeting to be arranged before the report on the Local Council Tax Support Scheme must be finalised.

**RECOMMENDATIONS FOR East Herts Council and Stevenage Borough Council Joint Revenues and Benefits Committee**

**That:**

<b>(A)</b>	<b>The report be received.</b>
<b>(B)</b>	<b>That the proposal to provide an additional £80,000 to deal with the increased workload be supported.</b>

## 1.0 Background

- 1.1 Since the last report to committee (24 January 2012) considerable progress has been made in the establishment of the shared service. This has not been without its challenges and the report details these with the current position and future challenges facing the service.

## 2.0 Report

### 2.1 Implementation update

- 2.1.1 The shared service continues to develop as each stage of the implementation progresses.
- 2.1.2 The annual billing process proceeded as planned and all staff were successfully relocated out of Daneshill house. Home-working continues to be a popular option for staff and some have already increased the proportion of time working from home.
- 2.1.3 The Stevenage data base was successfully moved to Hertford in May, following extensive testing to ensure interfaces to the Stevenage corporate systems continued to function.
- 2.1.4 The conversion of all electronically stored data from Stevenage into the East Herts document management system was completed simultaneously, although residual issues continue to be worked through. All staff are now trained and working out of one document system.
- 2.1.5 The next phases include converting East Herts data base on to a windows platform and the installation of a 'shared desk top' for the Capita system. This will enable staff to use one 'front end' rather than loading separate systems for each council.
- 2.1.6 The roll out of further Capita products to each Council can then be continued.

- 2.1.7 Joint branding of leaflets and claim forms continues and has been taken as an opportunity to improve communication opportunities.
- 2.1.8 Staff continue to receive training and support in their new roles and are developing well in their new teams. This is a considerable and necessary investment in staff, but also contributes to reduced productivity whether attending organised courses or being taught internally by the officer previously responsible for that area of work.
- 2.1.9 As expected no change of this magnitude is achieved without challenges.

## 2.2 Performance reporting

- 2.2.1 2010/11 was the base year for budgets and performance for the shared service. It is therefore important to recognise the increased level of changes in circumstances that are being processed by the Benefits service since that date.

### Changes in circumstances processed

	2010/11	2011/12	2012/13	Increase
EHC	19697	24033		22%
SBC	24319	28584		18%
		April-June	April-June	
EHC		4041	5095	26%

- 2.2.2 These increases can be attributed to both the introduction of ATLAS by the Department of Work and Pensions (DWP), which is a means of sending notifications of changes in other state benefits to local authorities, combined with more frequent fluctuations in customers circumstances resulting from the economic climate.
- 2.2.3 The caseload also continues to rise and will invariably create an increase in changes proportionate with its growth.

- 2.2.4 These changes in Benefits, in turn impact on the Revenues Service by generating new bills and new collection profiles etc.
- 2.2.5 In April -June this year the service has already processed an additional 26% of changes in circumstances compared to the same period last year.
- 2.2.6 The DWP hope to further increase the number of changes in circumstances that are notified to local authorities through ATLAS over the coming months. These including changes in disability benefits. However it is hoped that these will not include the number of errors and duplicates that local councils have had to deal with in recent months resulting from system errors at the DWP.
- 2.2.7 As such the service has faced significant demands and pressures in recent months.
- 2.2.8 The service has lost significant processing time due to both essential IT systems work directly related to the shared service IT infrastructure, but also through network issues at both Councils. This loss combined with staffing of Elections, extended bank holidays and staff learning new ways of working has contributed to performance below the planned levels.

Systems downtimes	EHC Systems	SBC systems
April	2.15 hours	3 hours
May		43.3 hours
June	13:26 hours	14:00 hours

- 2.2.7 As we move to a more stable operating environment then further progress can be made to improve this situation.

### 2.3. Budget Monitoring

- 2.3.1 The current salaries budget for the shared service, after adjustment for a turnover factor is £2,189, 200.

Additional funding has been approved by Directors at each Council to provide Agency staff to support the service and

avoid increasing backlogs of work. This currently stands at a contribution of 39k each. Representing an additional 3.5%.

It is proposed to identify a further £80,000 (£40k from each Council) to support the current workload, and to review any ongoing change in staff numbers once a more stable workload is experienced.

- 2.3.2. All other budgets remain on target.
- 2.3.3 The salaries budget reflects an estimated outturn £26,240. The turn over factor built into the budgets is £69725.
- 2.3.4 Retained costs: Stevenage Councils retained costs in the 2012/13 budget are currently £382,266. East Herts contributes 54% to these costs in accordance with the costs sharing model.

Cost area	Value	Strategy for reduction
Human Resources ( & payroll at SBC)	£44,500	Wider shared service agenda
Internal Printing overheads	£12,279	Wider shared service agenda
I T Services- excluding licence costs	£114,934	Wider shared service agenda
Strategic Direction	£10,650	Wider shared service agenda
Media & Communication	£3,380	Wider shared service agenda
Finance functions (creditors, procurement, debtors)	£11,100	Wider shared service agenda
Post Room Recharge	£20,108	Wider shared service agenda
External Customer Services (CSC)-calls element	£83,424	Wider shared service agenda
Desk Top Publishing (Graphic Design)	£1,280	Wider shared service agenda
Central Offices Apportioned	£74,560	Wider shared service agenda
Employee insurance	£720	Wider shared service

		agenda
Misc & Third Party Insurance	£5,330	Wider shared service agenda
Total	<b>£382,265</b>	

## 2.4 Future Challenges

2.4.1 The replacement for Council Tax Benefit will have a significant impact on the service. It is not yet known if both Councils will adopt the same Council Tax support scheme.

2.4.2 There is expected to be a significant increase in customer contact to both Benefits and Council Tax recovery teams.

2.4.3 Any variation between the existing Council Tax Benefits scheme and the replacement schemes will have an impact on the administration of the 'support scheme' and collection of the council tax.

2.4.4 If two different support schemes are adopted, there will be further administrative implications.

2.4.5 The DCLG have made some funding available to Councils to help with the introduction of these changes. This is likely to be absorbed by software changes, consultation and transitional set up arrangements.

2.4.6 Other welfare benefit changes to be introduced in 2013 will also increase pressure on the service as well as colleagues in other areas. These include the cap on benefit income paid to working age families, and the bedroom 'tax' on social sector housing. Both of these will involve considerable administrative and processing work.

2.4.7 The localisation of business rates, which shifts the risks and benefits from central to local government, may have little impact on the delivery of the service, unless the pressures on local government funding in this area come under specific pressure.

- 2.4.8 Changes in discounts for empty homes may also generate increases in customer contact and issues for collection.
- 2.4.9 The DWP's intention to introduce a single fraud investigation service using local authority staff is also due to commence in 2013. Details of how this will operate are still pending, but there is a perception that Local Authorities will retain the risks and costs of employing fraud staff, which will work almost exclusively at the direction of the DWP. Contingency planning about sustainability and efficiency are being considered.

### 3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

#### Background Papers

Minutes of meeting of the committee 24 January 2012

Contact Member: Joan Lloyd (Chairman) & M Tindale(Vice-Chairman)

Contact Officer: Name – Su Tarran

Contact Tel No 01279 502075