

EAST HERTS COUNCIL

COMMITTEE – DATE            23 October 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

**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

<b><u>RECOMMENDATIONS FOR East Herts Council and Stevenage Borough Council Joint Revenues and Benefits Committee</u></b>	
<b>That:</b>	
<b>(A)</b>	<b>The report be received.</b>

1.0    Background

1.1    Since the last report to committee ( July 2012) progress has been made in the establishment of the shared service. This continues to have 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 next phases include converting East Herts data base on to a windows platform (23-26<sup>th</sup> November) and the installation of a 'shared desk top' for the Capita system (end of December). This will enable staff to use one 'front end' rather than loading separate systems for each council.
- 2.1.3 Work has commenced on the annual billing process. Adjustments to this process may be necessary to reflect the launch of the Local Council Tax Support Scheme.
- 2.1.4 The roll out of further Capita products to each Council can then be continued.
- 2.1.5 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. The need for training is increasing as the changes to the welfare reform bill approach.

## 2.2 **Performance reporting**

- 2.2.1 Performance has suffered considerably this year due to the increase in workload.
- 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 slowly 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 As the DWP hope to further increase the number of changes in circumstances that are notified to local authorities through ATLAS over the coming months, we are investigating what proportion of these could be automated. The DWP consider that most ATLAS files should be automatically updated. However there is concern that the frequency of DWP errors and corrections could lead to increased customer confusion if these were not manually handled.
- 2.2.6 Capita, our software supplier is developing tools to enable some items to be automated, although these tools are not yet available.
- 2.2.7 As such the service has faced significant demands and pressures in recent months.
- 2.2.8 The service has lost over 36 hours processing time due to various IT systems changes and problems. Not all the down time affects all users. This loss combined with increased demand and staff learning new ways of working has contributed to performance below the planned levels.

Systems downtimes	
July	26.33 hours
Aug	2.48 hours
Sep	7.25 hours

- 2.2.9 As we move to a more stable operating environment then further progress can be made to improve this situation.
- 2.2.10 Contracts with two off-site processing centres are being entered into whilst a tender is drawn up. This should provide both an increase in capacity in the short term to deal with the backlog, and then ongoing support as demand dictates.
- 2.2.11 Off site-processing capacity may also be useful as and when the roll out of universal credit impacts. We may lose staff more quickly than caseload, and rather than train new staff and risk redundancy costs, the off-site processing resource could provide the needed support.

2.2.12 Until additional resources are available the focus is on targeting new claims and aligning the performance dates for each Council.

### 2.3. **Budget Monitoring**

2.3.1 The current salaries budget for the shared service, after adjustment for a turnover factor (£ 69 759) is £2,189, 200.

Additional funding has been approved by each Council to provide Agency staff to support the service and avoid increasing backlogs of work. This currently stands at a contribution of £120k each. Representing an additional 10.9% of the net salary budget.

2.3.2. All other budgets remain on target.

2.3.3 The salaries budget reflects an estimated overspend of £17 360.

### 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. Consultation is due to close shortly.

2.4.2 New regulations have been drafted to support the new schemes and these will be subject to Council approval. There are however still decisions to be made in respect of some areas of activity, currently this is in relation to the treatment of Universal Credit as an income.

2.4.3. Customers who have never paid Council Tax before will need considerable help in adjusting to this new responsibility and it is intended that we write to all those affected in December & January and encourage payment by direct debit.

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

- 2.4.5 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.
- 2.4.6 If two different support schemes are adopted, there will be further administrative implications.
- 2.4.7 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.
- 2.4.8 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;

- (i) The cap on benefit income paid to working age families, which is anticipated to be at a national average of £93 per week. The Department of Work & Pensions (DWP) have already written to those customers who will be affected by the cap based on their current income and are now writing to those who they believe will be affected after the up-rating of benefits etc in April. It is anticipated that 56 000 claimants will be affected nationwide. We are anticipating up to 200 households to be affected locally.
- (ii) The bedroom 'tax' on social sector housing. Which cuts eligible Housing Benefit by 14% for one excess bedroom and 25% for two or more excess bedrooms. The DWP assess that this will affect 31% of social sector working age claimants.

We are currently in discussion with social landlords to collect the data on their tenancies so that we can upload this information into the systems to identify who and by how much existing claimants will be affected.

We will then need to notify all those affected by the changes.

Both of these will involve considerable administrative and processing work. It is anticipated that the DWP will make some funds available to support this extra work.

- 2.4.9 The localisation of business rates, which shifts the risks and benefits from central to local government, may impact on the cost of granting both mandatory and discretionary relief. If this is the case, a review of the discretionary rate relief policies will need to be carried out to ensure that the current schemes are affordable.
- 2.4.10 Changes in discounts for empty properties will generate increases in customer contact and issues for collection.
- 2.4.11 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.
- 2.4.12 The DWP intend to substantially increase the awards of Discretionary Housing Payments (DHP) to Local Authorities.
- These were trebled for 2012/13 (£60m nationally), and are due to increase to £165m for 2013/14. This is intended to enable the Benefit Service to target help to those most affected by the cuts detailed above. This will inevitably increase the number of applications for DHP that will need to be processed by the service, and demand is likely to exceed the funds available. New processes for dealing with appeals internally will also need to be determined.
- 2.4.13 These changes follow on from substantial change experienced since April 11. The year in which the Local Housing Allowance (LHA) was restricted to 4 bedrooms, and the £15.00 excess awards were removed. The size criteria for a non resident carer were amended, and claimants experienced a significant increase in deductions for non dependants. The LHA rates

were set at the 30<sup>th</sup> percentile, instead of the median of rents, and those claimants under 35 (previously those under 25) were restricted to a shared accommodation rate.

- 2.4.14 Other reforms due to take place in 2013 include the reassessment of disability living allowance (DLA) for personal independence payments (PIP). Those claims subject to changes will have to be reassessed by the service.
- 2.4.15 Universal Credit (UC) is due to go live in October 2013. Decisions have already been made to exclude supported housing from UC, and consideration is being given to excluding temporary accommodation. It is not yet clear if the intention is to leave these to be administered in some form by the local Authorities, but changes to the funding of temporary accommodation are expected from April as a pre cursor to the introduction of UC.
- 2.4.16 Overpayment recovery. Local authorities will remain responsible for recovering Housing Benefit overpayments once universal credit goes live, and we will be able to seek recovery from this benefit. It should be anticipated that this will not be as efficient or effective as the current attachment to ongoing Housing Benefit, and a greater bad debt provision may need to be considered.
- 2.4.17 The DWP advise that they will be requiring each Council to produce a Business Change Impact Analysis this autumn, and they are currently developing a regional plan to collect this information.

### 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 19 July 12

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### **ESSENTIAL REFERENCE PAPER 'A'**

#### **IMPLICATIONS/CONSULTATIONS**

Contribution to the Council's Corporate Priorities/ Objectives	<b><i>People</i></b> This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.
Consultation:	N/A
Legal:	N/A
Financial:	N/A
Human Resource:	N/A
Risk Management:	N/A