

EAST HERTS COUNCIL

EAST HERTS COUNCIL AND STEVENAGE BOROUGH COUNCIL
JOINT REVENUES AND BENEFITS COMMITTEE – 28 JANUARY 2014

REPORT BY THE HEAD OF REVENUES AND BENEFITS SHARED
SERVICE

5. QUARTERLY UPDATE

WARD(S) AFFECTED: ALL

Purpose/Summary of Report:

- To report to Committee the current position in the following areas
- Performance reporting
- Budget 14/15
- Service Plans for 14/15
- Performance Targets 14/15
- Future challenges

**RECOMMENDATION FOR EAST HERTS COUNCIL AND
STEVENAGE BOROUGH COUNCIL JOINT REVENUES AND
BENEFITS COMMITTEE: That**

(A)	The report be received.
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1.0 Background

1.1 Since the last report to Committee (October 2013) the Autumn statement has announced various changes to be introduced from April impacting on Business Rates, more information has been received in respect of the role out of Universal Credit (UC) and changes to Council Tax have been outlined.

1.2 Stevenage Borough Council (SBC) have also received approval from the Department for Communities and Local Government (DCLG) to join the Hertfordshire Business Rates pool.

1.3 The report details these with the current position and future challenges facing the service.

2.0 Report

2.1 Performance reporting

Workload

- 2.1.1 The workload received by the Benefits Service continues to increase and is currently 10.61 % higher [East Herts 13.19% Stevenage Borough 8.53%] than that for the same period last year.

Work received April to December	EHC	SBC	Total
2012	35381	40009	75390
2013	40049	43342	83391
% increase	13.19%	8.53%	10.61%

The rate of increase in workload appears to be slowing down during the third quarter.

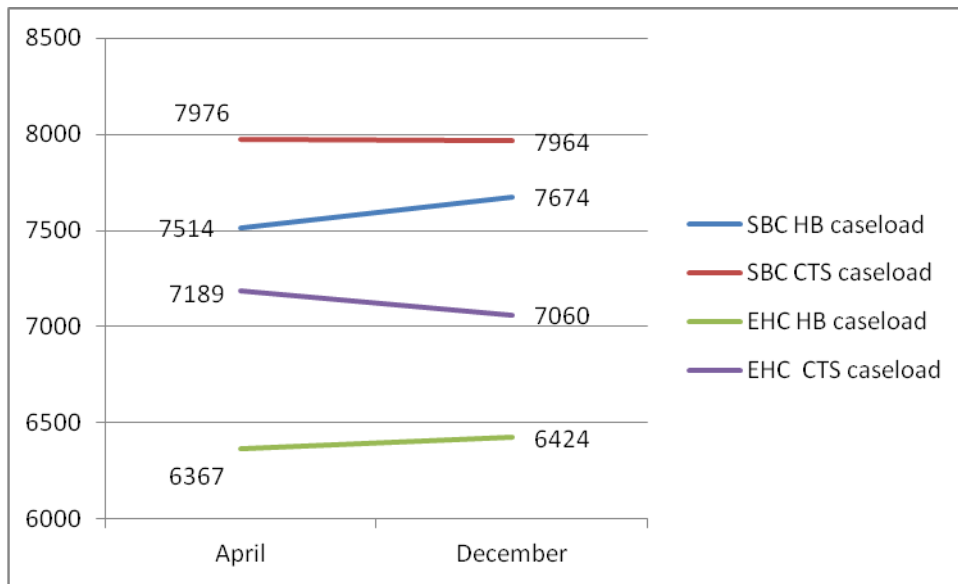
“Workload” relates to the number of case level items of correspondence received The main sources are; 1. From the customer/landlord or other representative in the post or hand delivered to the offices. 2. From the DWP via ATLAS, 3. from the DWP via ETD, 4. From any party via email or other electronic source.

For example: If a claim form is received in the post with 10 supporting documents this is counted as 1 item because it relates to one claim.

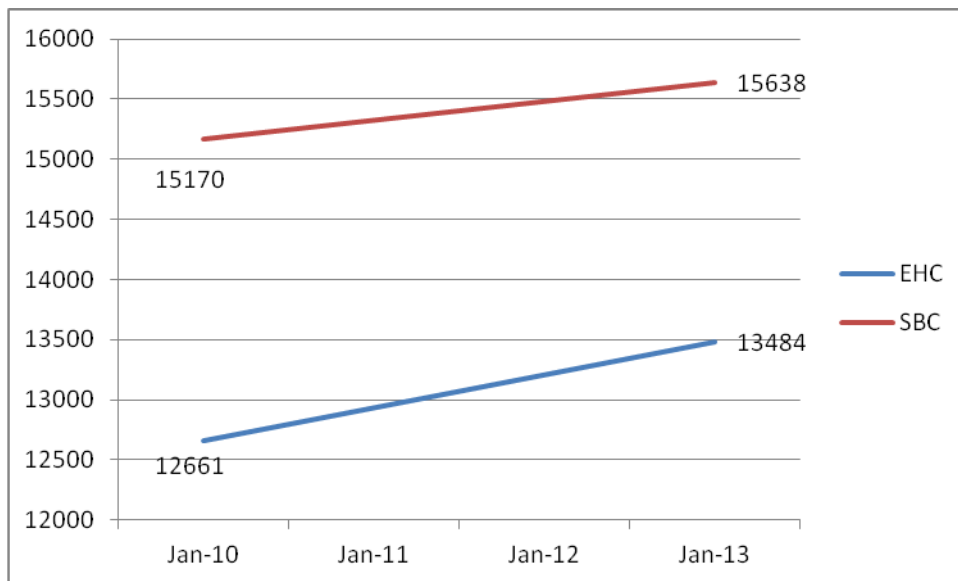
- 2.1.3 To put these figures into context, the following table demonstrates the increased benefits workload since the shared service was scoped.

	East Herts	Stevenage	Total
Workload received April-December 2010/11	23085	28447	51532
Workload received April to December 2013/14	40049	43342	83391
% Increase	73.48%	52.36%	61.82%

2.1.4 Caseload has in contrast remained relatively stable this year, although CTS caseloads have reduced.



2.1.5 In contrast the caseload since the scoping of the shared service has increased more significantly.



2.1.6 In conjunction with the increased caseload the transactions per claim have increased. Anecdotally this is attributed to changes in tax credits.

Based on 9 months workload	East Herts	Stevenage
Transactions per HB caseload at December 2010	4.01	3.93
Transactions per HB caseload at December 2013	6.23	5.64
% Increase	55.34%	43.54%

Discretionary Housing Payments

- 2.2.1 The demand for Discretionary Housing payments arising from the changes in the welfare reforms has also risen significantly, and has proven to be a very resource intensive work stream.

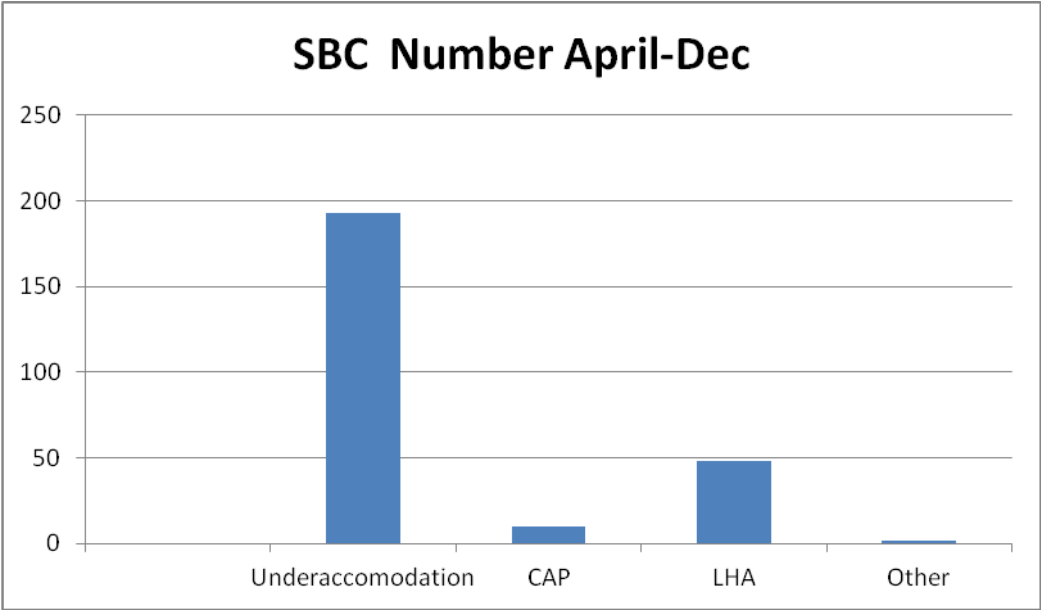
	DHP claims awarded <u>in all</u> of 12/13	DHP requests received April to December 2013
East Herts Budget £162 055	161	329
Stevenage Budget £163 535	110	375

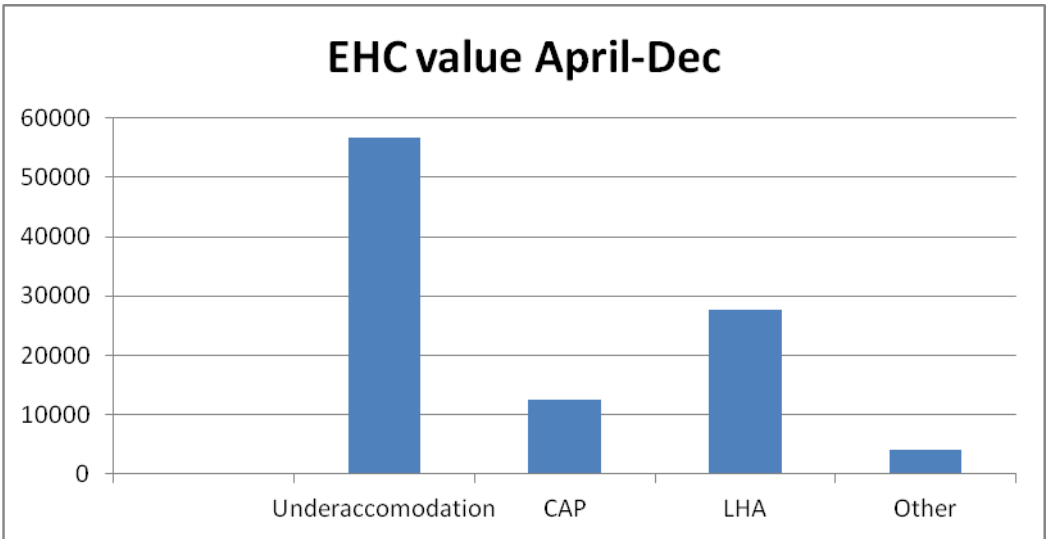
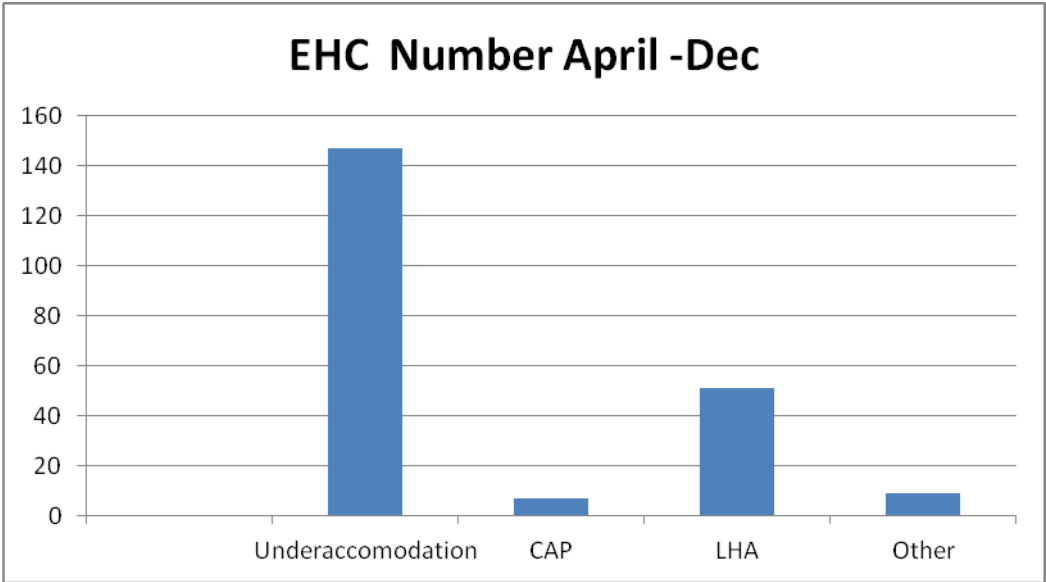
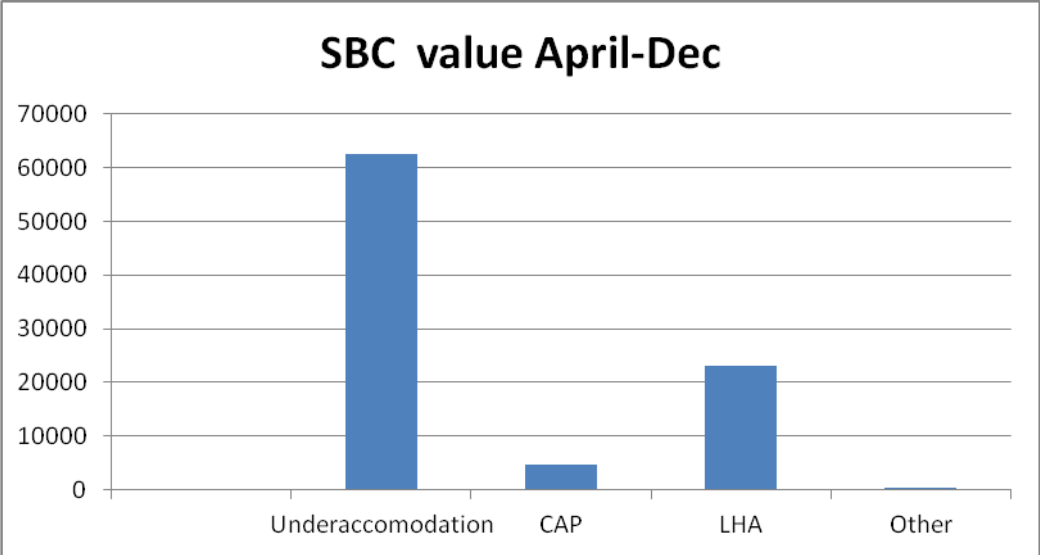
- 2.2.2 Most awards are made for three month periods, which encourages customers to explore longer term solutions to the impact of the welfare reforms. Customers are free to reapply for a further award, but there is an expectation that they will provide evidence of their activity in resolving the situation.
- 2.2.3 The Department for Work and Pensions (DWP) issued revised instructions in November following a court decision, that narrowed the definition of a child that could qualify for a separate bedroom due to disability. The service has contacted all those households which would be worse off by this ruling and advised them of the availability of Discretionary Housing Payments to support the transition.

2.2.4 The DWP issued revised instructions in January 2014 in relation to customers who may be exempt from the under occupation rule if they have been continuous tenants in receipt of an unbroken award of Housing Benefit entitlement since 1996. They advise that they intend to amend legislation to remove this exemption shortly. In the meantime landlords will be asked to identify any of their tenants that fit the qualifying conditions. Evidencing this qualification may not be possible as records are not required to be retained for this period. DHP's may have to be used to support customers where on the balance of probability they would otherwise qualify for this temporary exemption.

2.2.5 During December the service reviewed all expired awards where a DHP was awarded on grounds of disability, and contacted the customer to encourage a re-application. Customers not responding are being telephoned to encourage take up.

2.2.6 The graphs below show where the DHP has been spent in relation to cause of request.





2.2.7 It is unlikely that the 14/15 DHP budget will be announced by the DWP until March.

N181 performance

2.3.1 The current performance for Benefits N181 shows a disparity, between Councils. However as the outstanding workload continues to be at the same date* for each Council, other factors may need to be considered for the cause.

**Work is processed in date order. Aligning each work stream means for example that both Councils Atlas files have been processed up to the 18 September 2013.*

2.3.2 Initial investigations indicate that some differences may be attributed to customer behaviour. Consideration will be given as to how best to address these customer behaviours to improve service delivery.

2.3.3. New claims performance indicators for this year show the following disparity and more recent convergence.

New Claims	East Herts Days	Stevenage Days
April	22.65	43.05
May	27.42	48.36
June	29.03	39.62
July	32.41	37.02
August	24.86	30.06
September	23.12	31.05
October	21.34	29.76
November	21.99	27.20
December	20.17	20.84

2.3.4 As previously discussed, the SBC new claims caseload required tidying up at the beginning of the year, producing higher timelines. This was because if a claim becomes defective but is

not manually closed down by an officer, the performance indicator clock keeps ticking.

	Cumulative average time to process new claims and changes in circumstances for Housing Benefit.	Most recent average time to process new claims and changes in circumstances for Housing Benefit
East Herts	13.72 days (9 data cuts)	10.26 days
Stevenage	20.71 days (9 data cuts)	8.9 days

2.3.5 Performance has been increasing steadily in recent months.

2.4 Benefits CAP

2.4.1 The Benefit cap is now running as a 'regular' feature of the Benefits scheme. Customers are affected by the CAP for various periods of time, but the number affected remains small (approximately 35 per authority).

2.5 Council Tax and Business Rates

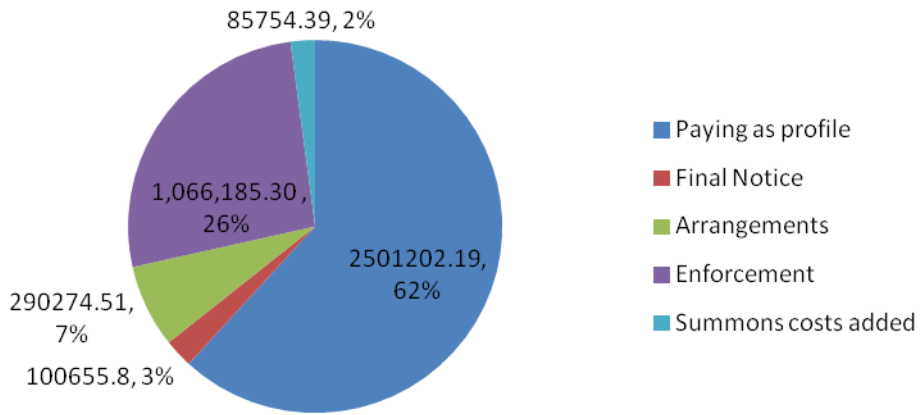
2.5.1 The Revenues service have also been affected by the impact of welfare reforms.

2.5.2 One indicator of this impact is demonstrated by the increase in reminders issued to Council Tax payers.

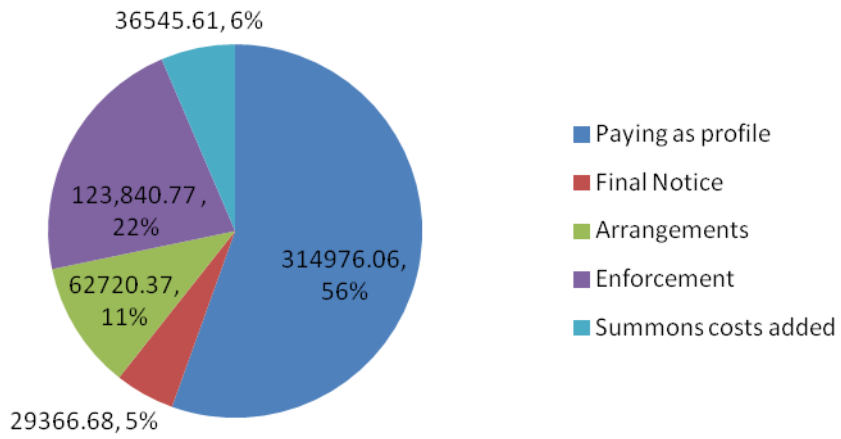
	Reminders issued 2012 April-December	Reminders issued April-December 2013-14	Average value of reminder in 2013-14	% change
East Herts	12172	15089	£111.99	24%
Stevenage	8585	14234	£108.97	65.8%

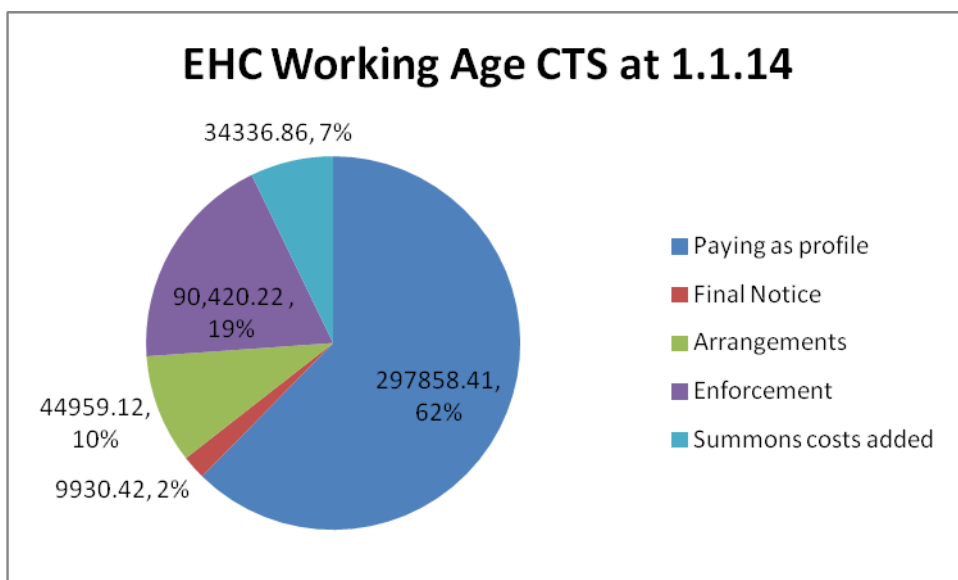
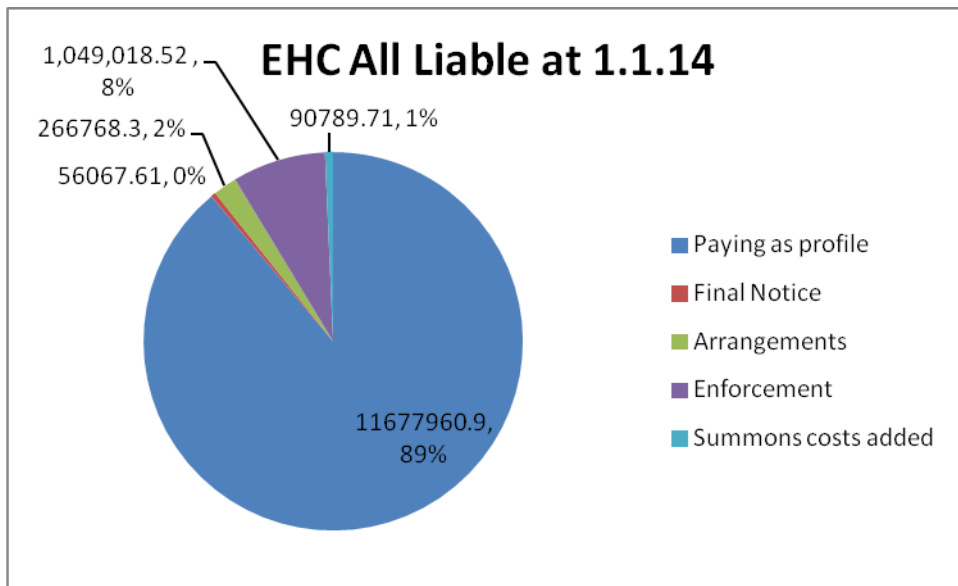
2.5.3 The arrears profile at 1.1.14 for all customers, and for those working age customers in receipt of CTS are detailed below.

SBC All Liable



SBC Working Age CTS





2.5.10 Both Councils are continuing to address the welfare reform issues corporately and significant joint working is being carried out. Consideration of funding for these initiatives for 14/15 is currently underway.

2.6 Budget Monitoring

2.6.1 The 2014/15 draft budget is attached at ERPB for consideration.

2.6.2 The assumptions for salaries are:

- National Pay Award 1%.
- Vacancies from Turnover 2% (previously 3%)
- Increments and Local award as appropriate.
- Pension contributions of 16.6%.

- The Impact of pension's auto enrolment w.e.f. 1.4.2014 – i.e. assumes those currently not in the pension scheme will join and not opt out.

2.6.3 £200k has been requested for additional resources (£100k from each Council) . This is not currently shown in the budget as it will be considered as a growth item.

3.0 **Service Plans**

3.1 The draft service plan is provided at ERP C

3.2 The main objectives beyond normal operational activity are detailed below.

a) Evaluate the Council Tax Support scheme and make recommendations for a revised scheme if appropriate for 15/16.
b) Evaluate the NNDR valuation list and explore options to maximise the RV.
c) Implement the changes to the Benefits system resulting from welfare reform, continue to work with partners to support customers, and develop the 'Here to Help' agenda, whilst responding proactively to any plans for roll out of Universal Credit.
d) Evaluate and respond to the principals of the audit commissions 'protecting the public purse' as they impact on this service area.

4.0 **Performance targets**

4.1 An extensive list of performance information is collected for the service. Each Council reports a different selection of these indicators, and the proposed targets for these published targets 14/15 are detailed below.

Stevenage Borough Council	Target 2013/14	Target 2014/15
Percentage of council tax collected in the financial year which was due to be paid in that year	96.00%	96.00%
The percentage of non-domestic rates due for the financial year which were received by the authority	96.00%	96.00%

Time taken to process Housing Benefit/Council Tax Benefit new claims and change events (HB only)	20	18
Fraud : Number of referrals received (number of cases that were referred to the section from any source, (staff, HBMS etc) and regardless if they were accepted for investigation or not)	350	420
Fraud: Number of Cases Closed (Number of cases that were investigated and have now been closed - regardless of findings)	153	200
Fraud: Amount of overpayment identified (CTB, HB and JSA/IS) (Value of overpayments of those cases where the investigation has been closed and coded as fraud regardless if a sanction is pursued or not)	135	150
Fraud: Number of Sanctions	55	60
Fraud: Cases Closed and Fraud Proven (Fraud Proven hb6950 - Cases which have been investigated and closed with a decision that fraud was proven regardless if a sanction is pursued or not)	200	200
East Herts District Council	Target 2013/14	Target 2014/15
Time taken to process Housing Benefit/Council Tax Benefit new claims and change events (HB only)	15	15

5.0 Future Challenges

5.1 Universal credit:

5.1.1 Working Age: *Nationally from 2016/17*

The Government has set out plans for the further introduction of Universal Credit (UC). Working age couples will claim UC from summer 2014 and families from autumn 2014 in the ten proposed pathfinder areas.

5.1.2 These revised plans now refer to full implementation nationally from **2016/17**.

5.1.3 This means a delay of three years and moves the introduction to the other side of the next general election. Whether any new Government will continue with these plans or timescales is unknown.

5.1.4 Pensioners: *Not before 2018/19 at the earliest.*

As part of the Budget, the Chancellor announced that the introduction of the new single-tier pension would delay plans to deliver the housing credit element of Pension Credit . Consequently Housing Benefit for pensioners will remain until at least the financial year 2017/18.

5.1.5 Spread of Universal Credit:

Although neither Council is a pilot area for WA UC, if a claimant who is awarded UC moves into our area, they will remain on UC, and we will treat them accordingly for CTS.

5.1.6 If they move into a household as a partner to somebody currently receiving HB and CTS, then the new 'composition of household' will all move onto UC. If they subsequently leave that household, both parties remain on UC.

5.1.7 If they enter a household in our area as a non dependent, then there is no transfer of UC status to the householder/HB claimant.

5.1.8 A claimant in receipt of UC can however still apply for a DHP from the LA, even if we are not paying them HB.

5.1.9 Conclusions:

This means we will continue to administer Housing Benefit claims for at least the next two years for WA, and four years for

Pensioners, with the exception of a UC claimant moving into the area.

5.1.10 It is rumoured that the DWP may wish to press ahead with the roll out of direct payments to customers in the social sector, ahead of the UC rollout. This will be a significant project for all concerned.

5.1.11 There is still a need to consider the development of a WA CTS scheme that resembles a discount and not a means tested benefit.

5.1.12 Each Council will also need to consider how and when it wishes to get involved with the UC framework which provides a role for Councils in front ending the UC customer interface.

5.2 Autumn Statement: For Revenues

5.2.1 Business Rates

The Chancellor announced a package of business rates measures:

- the Retail Price Index increase in 2014-15 will be capped at 2% instead of 3.2%
- the doubling of the Small Business Rate Relief will be extended for a further 12 months until 31 March 2015;
- ratepayers receiving Small Business Rate Relief that take on an additional property which would currently disqualify them from receiving relief will continue to receive their existing relief for 12 months;
- a discount of £1000 for shops, pubs and restaurants with a rateable value below £50,000 for two years up to the state aid limits, from 1 April 2014;
- A 50 per cent business rates relief for 18 months - between 1 April 2014 and 31 March 2016 - for businesses that move into retail premises that have been empty for a year or more; *This appears to extend the empty property discounts for new builds introduced from October,**
- ratepayers will be allowed to elect to pay bills over 12 instalments instead of ten; and

- 95% of the September 2013 backlog in business rates appeals will be cleared before July 2015.
- 5.2.2 The £1000 discount and reoccupation relief will be delivered through authority local discount powers (under s47 of the Local Government Finance Act 1988). The other measures will require legislative changes.
- 5.2.3 The DCLG advised in December that they will provide further information on implementation of all measures shortly and will be holding meetings with authority software suppliers.
- 5.2.4 This is a concern as some of these changes will involve substantial enhancements to the systems, and if they are only starting to talk to software suppliers now, it may not be possible to have everything in place for billing which takes place in February.
- 5.2.5 The late notification of these changes will put pressure on the year end processes, revised publicity leaflets and promotion of these new schemes will also need to be carried out.
- 5.2.6 Local Authorities will be refunded for the loss in receipts as a result of these measures. Refunds will be made through s31 grants. It will be necessary therefore for the IT systems to identify and account for these 'losses' from day one.

**In October a new temporary measure was introduced which enabled qualifying structures to be exempt from business rates for up to 18 months (up to state aid limits) when it comes into rating between 1.10.13- and 30.9.14*

5.3 Changes to Council Tax

- 5.3.1 The Government propose to introduce a nationwide 50% discount for Annexes occupied by a family member from April 2014.
- 5.3.2 The Valuation Officer (VO) has provided the Department for Central and Local Government (DCLG) with a list of the properties which may be eligible, but are unable to share this with billing authorities. It is believed this may be a result of data protection issues. Representation has been made to the DCLG to overcome this issue so that customers can be advised of their potential entitlement.

5.4 Enforcement

5.4.1 From April the Government are planning to introduce a fixed fee structure for enforcement action. The final figures have yet to be published, although it will be necessary for us to advise customers of both old and new schemes from January.

5.5 Single Fraud Investigation Service

5.5.1 The DWP still plan to introducing SFIS during 14/15. However it is understood that the Treasury (as at 6.12.13) has yet to make a decision on funding. The decision will have an impact on UC roll out as if TUPE is upheld in SFIS cases it will have a bearing on UC.

5.5.2 If this goes ahead all fraud investigation of Housing Benefit etc will have to cease. Staff will transfer to the DWP, admin subsidy will be cut, and there will be no resources to investigate CTS or any other service specific fraud.

5.5.3 The service is currently exploring the powers and sanctions available to investigate Business Rates and Council Tax fraud, in conjunction with the 'protecting the public purse' audit commission report.

6.0 Implications/Consultations

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

Background Papers:

None.

Contact Members:

Councillor J Lloyd, Executive Member for Resources (Stevenage Borough Council).
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