

EAST HERTS COUNCIL

COMMITTEE – DATE      30 June 2014

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.
  - Performance reporting
  - Budget out turn 13/14
  - Other challenges

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

1.1      Since the last report to committee (January 2014) the Autumn statement announcements for Business Rates have begun to impact on our residents and businesses, combined with the introduction of flood relief for both Council Tax & Business properties.

1.2      A review of the shared service capacity has been commenced which will enable a review of the resource needs and demands on the service since it was initially scoped in 2010/11.

1.3 This report provides an over view of 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 54.7% higher than when the service was scoped..

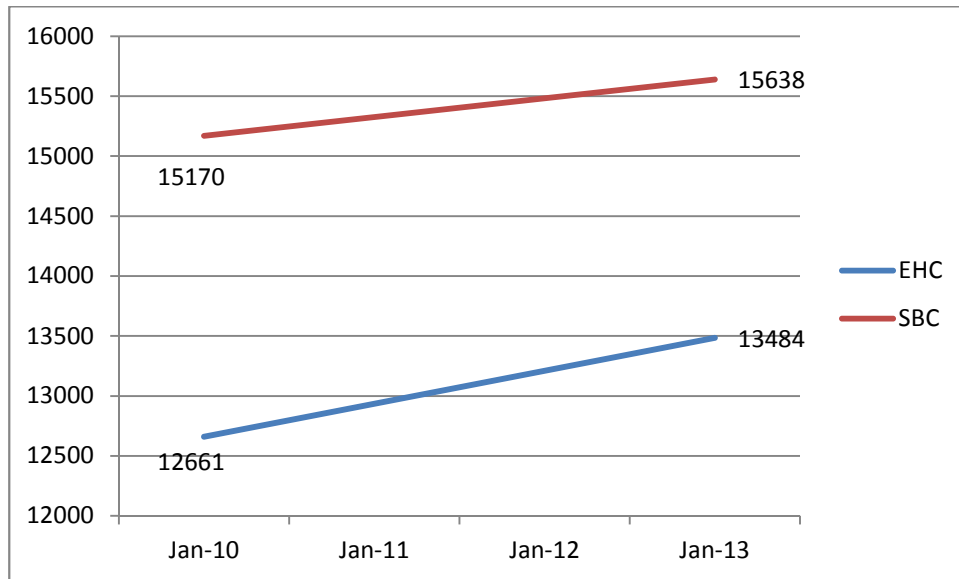
Workload	EHC	SBC	Total	% Year on year increase	Total % increase
<b>2010/11</b>	32097	39377	71474		
<b>2011/12</b>	34770	43773	78543	109.9	
<b>2012/13</b>	48681	53124	101805	129.6	
<b>2013/14</b>	52625	57949	110574	108.6	154.7

*“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.*

*E.g.: 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.*

**2.1.4** Caseload has in contrast remained relatively stable in the last year, although CTS caseloads have reduced slightly.

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.

	EHC	SBC
<b>Changes circumstances/ caseload 2010/11</b>	5.72	5.68
<b>Changes circumstances/ caseload 2013/14</b>	8.26	7.71

### 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.

Applications for DHP	EHC	SBC
<b>2013/14</b>	485	668
<b>April 2014</b>	130	244

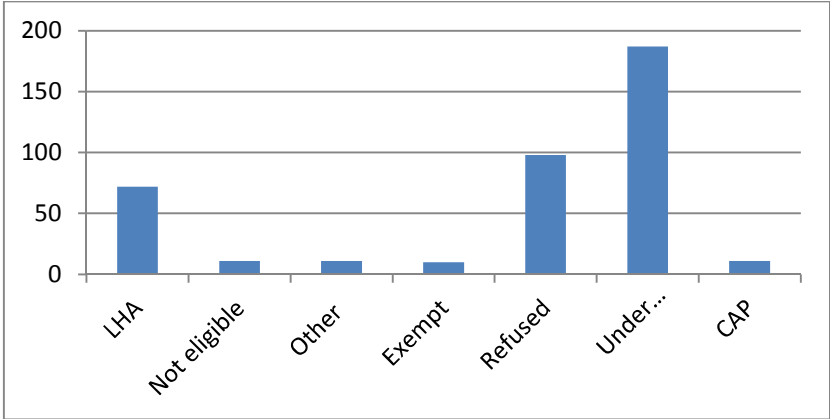
2.2.2 Applications received in just April 2014 represent 32% of the total applications received in 2013/14 (27% EHC & 36% SBC)

2.2.3 No record was kept in 2010/11 of the number of DHP applications received, but for context, only 136 awards were made in the whole of 2010/11 (88 for EHC & 48 for SBC).

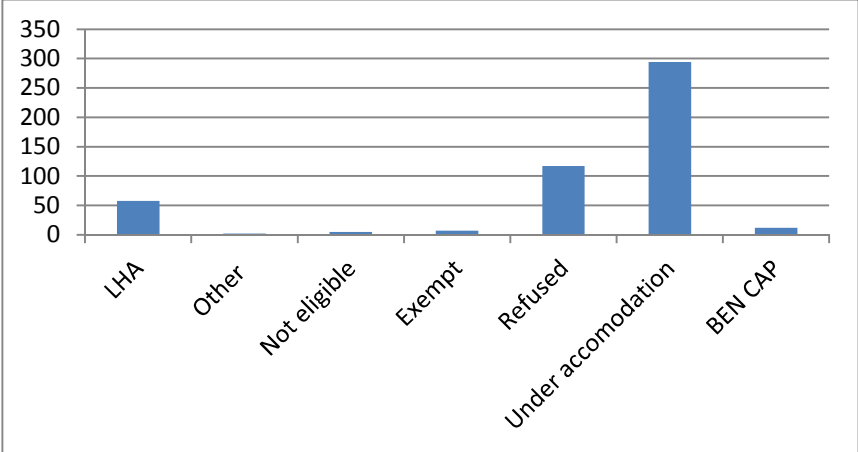
2.2.4 Awards are made for three or six months on average, which encourages customers to explore longer term solutions to the impact of the welfare reforms. Customers are free to reapply for a further award, but there is an expectation that they will provide evidence of their activity in resolving the situation.

2.2.5 The graphs below shows where the DHP was spent in relation to cause of request during 13/14.

East Herts:



Stevenage



2.26 The level of funding being made available for DHP's is also indicative of the increased workload.

DHP year	East Herts	Stevenage
2010	£ 33,233	£ 28,823
2011	£ 40,380	£ 23,941
2012	£ 63,214	£ 46,850
2013	£ 162,055	£ 163,535
2014	£ 156,347	£ 183,788

### 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 same date.*

2.3.2. New claims performance indicators for this year show the following disparity.

New Claims	East Herts	Stevenage
	Days	Days
April	19.4	23.16
May	26.94	26.8

	Cumulative average time to process new claims & changes in circumstances for Housing Benefit.
East Herts	7.4 (2 data cuts)
Stevenage	10.31days (2 data cuts)

## 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 at any one time remains small. (33 Stevenage, 28 East Herts).

## 2.5 Council Tax & Business Rates

- 2.5.1 The Revenues service have also been affected by the impact of welfare reforms and the autumn statement .

### Council Tax Support

- 2.5.2 From the collection perspective the introduction of Council Tax support has meant that the service had 6550 (EHC 2614 & SBC 3936) new customers to collect Council Tax from, some for the very first time in 2013/14. These customers had previously had all their Council Tax liability paid by benefits, and were unaccustomed to the budgeting requirements and recovery actions that the service is required to follow in the absence of payment.
- 2.5.3 Whilst the overall in year collection rate for council rate payers was 98.1% (EHC) and 95.6% (SBC) respectively in 2013/14, the collection rate for those working age customers in receipt of Council Tax support was only 59% for SBC and 68% for EHC. It should be noted that customers may be affected by not just this change but by one or more other changes from the welfare reforms.

## Council Tax Discounts

2.5.4 There has also been an impact from the changes in Council Tax discounts since 1.4.13 when Councils could determine the level of relief given to properties that were unfurnished and empty, and those that were uninhabitable. The table below demonstrated the pre and post situation for each council. Whilst these discounts have generated a combined saving in excess of £650k, this is also additional liability which needs to be collected.

	East Herts	Stevenage
<b>Empty and unfurnished 100% for up to 6 months</b>	50%	10%
<b>Uninhabitable 100% up to 12 months</b>	50%	10%

2.5.5 These changes require Council Tax to be collected for periods previously eligible for 100% relief.

## Localisation of Business Rates

2.5.6 Since April 13 Business Rates directly affects the income that the Council receives. The Government completely changed the way local government is funded and in simple terms if Business Rates income is not maximised, income collected, including extensive recovery activity (Bankruptcy and liquidations), avoidance investigated and minimised and fraud prevented, the level of income to the Council falls.

2.5.7 The Council may suffer a budget deficit should it not collect all of the rates due, and in a two tier authority this affects both us and the County (to a lesser extent.)

2.5.8 The localisation of Business Rates also leaves the Council vulnerable to mandatory reliefs over which it has no control and appeals against rateable values which are submitted to the Valuation Office.

2.5.9 Businesses are understandably keen to reduce their rates liability and due to the complexities and onus of the current legislation this requires Councils to be proactive in identifying changes in rateable values (new owners, changes of use,

extensions, use of empty buildings etc), otherwise income will be forgone.

### **Government Reliefs**

- 2.5.10 Under the new localisation of Business Rates legislation councils have the authority to grant discretionary reliefs beyond the traditional discretions granted to support local interest groups for example.
- 2.5.14 The Government are now using this 'facility' in the legislation to achieve policy objectives quickly and without the need to change legislation. This is achieved by a commitment to fund the 'relief' that it wants to grant.
- 2.5.15 Currently these reliefs include the following;
- Flood relief
  - New Empty" Property Relief
  - "Long Term Empty" Property Relief
  - Retail Relief
- 2.5.16 All these require applications and certification of state aid rules compliance. Indicative of the volumes of work, we expect to administer in excess of 900 retail reliefs in just the first few months of 14/15 as well as having to answer a number of queries from customers, and consider any appeals.

#### **2.6.1 Current workload position.**

The level of work and new demands on the service as briefly outlined above continue to impact on the performance of the service. The volumes of work outstanding are growing and repeat contacts from customers are being received. Additional funds are being made available to the service when 'new burdens' grants are allocated by the DWP and or DCLG, but these short term solutions do not adequately address the ongoing core needs of the service.



A report which more fully considers all of the issues is in construction and will identify the resizing needs of the service going forward.

The most up to date workload data will be provided verbally at the meeting.

### 3. **Budget Monitoring**

- 3.1 The 2013/14 budget out turn is attached at ERPB for consideration.

### 4. **Other Challenges**

#### **Universal credit:**

- 4.1 The pilots continue but very small numbers of customers are being processed in this way. There has already been a planned delay of three years before the national roll out commences 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.
- 4.2 There has been no further information in respect of the housing credit solution for Pensioners, since it was announced that it was delayed until 2018/19 at the earliest.
- 4.3 Some experts believe 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.
- 4.4 There is still a need to consider the development of a Working Age Council Tax Support scheme that resembles a discount and not a means tested benefit.

#### **Single Fraud Investigation Service**

- 4.5 The DWP still plan to introducing SFIS. The date given for East Herts & Stevenage is 1 May 2015.
- 4.6 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.

4.7 Consideration is being given to the Councils response to fraud in the light of this development.

5. Implications/Consultations

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

Background Papers None

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**BOARD OUTTURN SUMMARY 2013-14**

		2013/14	2013/14	VARIANCE
		ESTIMATE	ACTUAL	ORIGINAL
Code:	Service	£	£	Estimate
				to Outturn
				£
<b>REVENUES &amp; HOUSING BENEFITS SHARED SERVICE</b>				
<b>EXPENDITURE</b>				
<b>Employees</b>				
0110	Salaries	2,209,330	2,219,246.48	9,916.48
0590	Professional Training	5,000	4,259.00	-741.00
0630	Home Working Allowance	6,910	8,243.05	1,333.05
0651	Long Service Award	350	-1.02	-351.02
0661	Staff Appointment Expenses	0	5,350.58	5,350.58
0670	Retirement Gifts	280	0.00	-280.00
0682	Eye Tests	600	1,143.00	543.00
0693	Childcare Fees	350	374.36	24.36
0810	Agency Staff	200,000	165,942.50	-34,057.50
<b>Transport Related Expenses</b>				
2510	Car Expenses	25,500	27,896.05	2,396.05
2610	Lease Car Costs	3,400	2,945.77	-454.23
2710	Travel Allowance	1,400	892.06	-507.94
<b>Supplies &amp; Services</b>				
3010	Purchase & Maint of Equipment	5,000	9,513.13	4,513.13
3015	DBS Payments	50	0.00	-50.00
3038	BFI Funding	6,000	8,715.40	2,715.40
3110	Protective Clothing & Uniforms	100	0.00	-100.00
3210	General Stationery	24,000	20,269.94	-3,730.06
3220	Printing	40,000	27,577.07	-12,422.93
3230	Photocopying	5,000	4,668.62	-331.38
3250	Books & Publications	1,600	962.37	-637.63
3310	Advertising	6,000	5,896.97	-103.03
3401	Subscriptions	5,000	4,832.50	-167.50
3510	Telephones	7,600	5,014.66	-2,585.34
3572	Postages	140,000	148,165.33	8,165.33
3610	Subsistence Allowance	50	0.00	-50.00
3620	Training & Development	6,000	6,084.00	84.00
3820	Misc & Third Party Insurance	14,930	14,930.00	0.00
3870	Other Expenses	10,000	10,188.45	188.45
Support Services & Divisional Costs		1,016,710	1,017,130.00	420.00
<b>TOTAL EXPENDITURE</b>		<b>3,741,160</b>	<b>3,720,240.27</b>	<b>-20,919.73</b>

