

REVENUES & BENEFITS SERVICE UPDATE

Finance Advisory Committee - 6 June 2017

Report of Chief Finance Officer

Status For consideration

Key Decision No

Executive Summary:

This is an informative report aimed at giving Members an update on the following matters:

- Sevenoaks' collection and speed of processing performance
 - Partnership's financial position
 - Key highlights over the past 12 months, and
 - Major priorities over the next 12 months
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Portfolio Holder Cllr. John Scholey

Contact Officer Nick Scott, Ext. 7397

Recommendation to Finance Advisory Committee: That the report be noted.

Introduction and Background

- 1 The Revenues and Benefits Partnership between Dartford and Sevenoaks is primarily responsible for the collection of £143.5m in Council Tax, £127.7m in Business Rates, and the payment of £54.1m in Housing Benefit and £10.5m in Council Tax Reduction.

Performance

- 2 Key facts on collection for Sevenoaks in 2016/17
 - Council tax collection is down 0.1% compared to 2015/16
 - Compared to 2012/13, the collectable debit for Council Tax has increased by £10.6m
 - Business Rates collection is up 0.1% compared to 2015/16 and collection has continued to improve year-on-year over the past 3 years

Council Tax	2016/17	2015/16	2014/15	2013/14	2012/13
In-year collection rate	98.6%	98.7%	98.4%	98.5%	98.5%
Collectable debit	£80.9m	£77.1m	£74.8m	£72.1m	£70.3m
Total collection rate	98.7%	99.2%	99.3%	99.5%	99.6%

Business Rates	2016/17	2015/16	2014/15	2013/14	2012/13
In-year collection rate	98.2%	98.1%	96.6%	97.2%	97.5%
Collectable debit	£37.1m	£36.8m	£36.2m	£35.6m	£35.3m
Total collection rate	98.6%	99.3%	98.8%	99.4%	99.7%

3 Key facts on Housing Benefit speed of processing (calendar days) for Sevenoaks in 2016/17

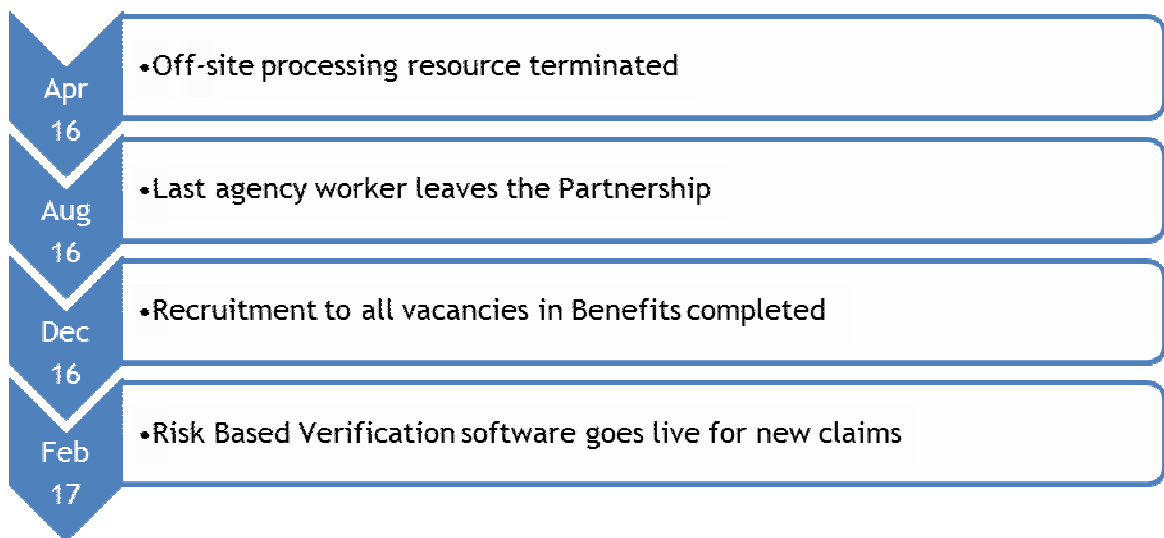
- Compared to 2015/16, the average time taken to process a new claim has deteriorated by 5 days
- Average time taken to process a change in circumstances is down by 1 day but overall, the average speed of processing has remained consistent over the past 4 years
- Compared to 2012/13, the volume of changes processed has increased significantly by 77%. This is primarily due to the increased number of changes reported through the Department for Work and Pensions' data matching process, known as the Automated Transfer to Local Authority Systems (ATLAS)

New claims	April 17	2016/17	2015/16	2014/15	2013/14	2012/13
Average speed	24.6 days	29 days	24 days	26 days	28 days	40 days
No. processed	133	1,154	1,108	1,121	1,191	1,306

Changes	April 17	2016/17	2015/16	2014/15	2013/14	2012/13
Average speed	12.4 days	10 days	9 days	10 days	10 days	20 days
No. processed	1,279	13,361	13,726	13,478	13,002	7,564

4 The volume of new claims and changes in circumstances received is always much higher in April than in later months so, as year progresses it is anticipated that performance will continue to improve and therefore result in a much better position at the end of 2017/18.

- 5 On 7th February, the degradation in overall performance was discussed at Scrutiny Committee where the primary reasons for the downward trend were explained and discussed.
- 6 For the majority of 2016, the Revenues & Benefits service underwent a major transition to reduce the expenses associated to expensive temporary resources in order to bring the establishment costs back within the ongoing budget without relying on the various grant funding received that was not guaranteed for future years.
- 7 The timeline below details the key milestones involved in this transition and whilst a slight degradation in performance for a short period was anticipated, the level of staff absence in quarter 3 due to illness could not be foreseen.



- 8 Compared to the first two quarters of the year where the Benefits service lost a total of 88 days due to staff illness, the service experienced a loss of 133 days in quarter 3 alone. Consequently, it was a combination of this and a number of new staff joining the service in this quarter which resulted in a more severe impact on performance than expected.
- 9 There are, however, encouraging signs of improvement as we begin the new financial year. All new staff are now settled and established and with the introduction of Risk Based Verification (RBV) software **the average speed of processing a new claim for April is already down to 24.6 days**. As the analysis below shows, the volume of new claims outstanding at the time of writing this report are also well under control.

Number of claims received but awaiting further information from the customer	56
Number of claims with all information provided waiting to be processed	21
Number of claims waiting to undergo initial review	6

Partnership financial position

- 10 Following the drive to reduce the cost of employing agency workers and off-site processors, the Partnership's overall financial position has improved significantly over the past 12 months.
- 11 Members can see from the summaries below, the reduced expenditure in the Partnership and also the full cost of providing the three service areas at this council.

Partnership Total Spend by Service

Service Area	2015/16 £000	2016/17 £000
Revenues	1,636	1,635
Benefits	2,014	1,950
*Fraud	196	78
Total	3,846	3,663

*Joined the R&B Partnership in February 2016

Sevenoaks DC Net Spend by Service

Service Area	2015/16			2016/17		
	Budget £000	Actual £000	Variance (fav)/unfav £000	Budget £000	Actual £000	Variance (fav)/unfav £000
Revenues	90	115	25	44	147	103
Benefits	791	876	85	787	708	(79)
Fraud				92	30	(62)
Total	881	991	110	923	885	(38)

- 12 In respect of grants received in-year, the following summarises the end-of-year position for Sevenoaks DC only:

Grants	£000
DWP grants (SDC specific)	29
DWP grants (Partnership related)	54
Total	83
Total of grant carried forward to 2017/18	28

Key highlights over the past 12-months

- 13 Successful business cases to Kent County Council, the Police and the Fire Authority have resulted in additional funding for the Partnership totalling £125,000 per annum (3-year agreement, subject to agreed targets being achieved). Of this amount, £93,000 is aimed at subsidising staff resources to help prevent and detect fraud and error in the Rates Base and Tax Base, with the remaining £34,000 going towards the purchase of RBV software and Credit Reference Agency (CRA) data intelligence software, again to help prevent fraud and error and increase the Tax Base.
- 14 The Fraud & Compliance team joined the Revenues and Benefits Partnership back in February 2016 and their presence and achievements over the past year deserves much praise and recognition. The team have adapted and settled in very well and they have helped to identify actual and projected Tax Base savings totalling £327,000 for the Partnership, of which £131,000 relates to Sevenoaks.
- 15 The introduction of RBV in February 2017 has not only helped to improve speed of processing times, it has also been the catalyst for improving our administrative procedures as well as giving a large number of our customers a better experience of using our service, mainly thanks to the more streamlined, risk-based approach to evidence gathering.

In addition, the CRA data intelligence software we have purchased has also helped to deliver major administrative improvements. For example, we now have technology in place that monitors residency status on accounts where a Single Person Discount (SPD) is present so that when the credit bureau registers a change in occupancy, we receive a real-time alert to indicate that the SPD needs to be reviewed. This facility negates the need to carry out an annual paper-based review of all SPDs and it is helping to deliver the £8,500 saving identified in SCIA 26 (17/18).

- 16 A 5-year consolidated Capita software maintenance contract was agreed for the Partnership, with Sevenoaks being the lead authority in the new agreement. As a result, this has delivered an overall saving for the duration of the contact amounting to £24,000 per authority.
- 17 With the help of the DWP's Performance Development Team (PDT) and an external consultant with extensive experience in Revenues & Benefits, a number of service areas have worked together with these resources to review current working practices and identify areas for improvement.

Following the work with the PDT, a number of changes and improvements have already been implemented. The work with the external consultant has been more extensive and following a thorough examination of the service we now have a comprehensive report detailing a number of recommendations to help improve the Partnership.

Major priorities over the next 12 months

Partnership restructure

- 18 Strong management is essential in the overall performance of the Partnership and the need for effective strategic management moving forward is a prerequisite if it is to progress and strengthen its ability to grow and embrace new opportunities to generate additional income.
- 19 To help achieve this, a major piece of work is currently being undertaken to look at how we strengthen our existing staffing structure. Overall, any proposal to amend the current structure will ultimately be designed to:
- Provide the strategic direction, leadership, skills and capacity required to deliver on the Partnership's vision
 - Ensure the skills and experience of existing staff in the service can be retained and utilised to their full potential
 - Facilitate developments in the overall efficiency of processes, deliver improvements against key performance indicators and deliver significant enhancements in customer experience
 - Help with the recruitment and retention of high quality, motivated staff by creating opportunities for career progression and rewarding exceptional performance, and
 - Ensure the Partnership is in a strong position to anticipate and shape the future challenges it faces.

Universal Credit (UC) Full Service

20 UC is currently being rolled across the country but in Sevenoaks only the simplest of claims are currently being accepted, mainly due to the limitations of the IT system being used. However, we have been notified by the DWP that a digital system for UC is now in place and that it is able to handle more complex cases. This system now underpins the full service roll-out of the new benefit nationwide and we know that the UC full service for the Sevenoaks district will be rolled out as follows:

February 2018 - for customers who claim at the Gravesham Jobcentre Plus office

August 2018 - for customers who claim at the Tonbridge Jobcentre Plus office

September 2018 - for customers who claim at the Tunbridge Wells Jobcentre Plus office

21 The full UC service will be available to all types of new claims for UC and in addition, it means that anyone in receipt of UC will be expected to have an online account to manage their claim. The expectation is that a claimant must use their account to report changes and send messages to work coaches.

- 22 The full UC service only affects new claims, with the migration of existing Housing Benefit claims to UC still somewhat off.
- 23 Discussions are currently being ramped up with Jobcentre Plus Partnership Managers and stakeholders over the coming weeks and months to ensure we are well prepared to give customers the highest level of support and best possible advice throughout this transition.

Service related improvements planned for 2017/18

- 24 Focusing on implementing recommendations for improvement emanating from the detailed process review, highlighted above
- 25 Delivering the in-house enforcement proposal detailed in SCIA 25 and ensuring the anticipated savings of £104,000 per annum are realised from 1 April 2018
- 26 Improve the flow of information between Business Rate datasets and corporate property datasets to ensure an accurate Rates Base and help maximise Business Rates income
- 27 Increasing the use of automated processes that currently exist within the functionality of our core systems in order to improve accuracy and create additional staff capacity
- 28 Introducing a performance management framework across the Partnership to help deliver lasting improvements
- 29 Engaging with market providers to explore opportunities for reducing costs, increasing staff capacity and mitigating the potential for data protection breaches in relation to printing, mailing and delivering correspondence
- 30 Publishing relevant data sets for Business Rates on the website to reduce the number of Freedom of Information requests received
- 31 Implementing online legislative guidance and procedure manuals for staff to access wherever and whenever
- 32 Delivering an innovative array of ongoing training to staff to help improve accuracy and reduce mistakes

Overall summary

- 33 After a difficult year, largely due to the major undertaking to replace expensive temporary resources, the Partnership has managed to reduce its costs across the board and ensure that it is on a sound financial footing for the future.
- 34 The biggest challenge every year, and something that never changes, is always going to be performance. We have now turned the corner regarding the average time taken to process a new claim for Housing Benefit and as the new year progresses, I am confident that performance in 2017/18 will continue to go from strength-to-strength.

35 The year ahead is going to be both exciting and challenging but above all else, we remain as committed as ever in our focus to provide the best possible service to our customers.

Key Implications

Financial

There are no financial implications

Legal Implications and Risk Assessment Statement

There are no legal implications

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Appendices: None

Background Papers: None

Adrian Rowbotham

Chief Finance Officer