

REVENUES, BENEFITS, AUDIT AND ANTI-FRAUD PARTNERSHIP UPDATE

Services Select Committee - 1 November 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Information

Key Decision: No

Executive Summary: This report provides an update on the partnership between Sevenoaks District Council and Dartford Borough Council for the delivery of Revenues, Benefits, Audit and Anti-Fraud Services.

The report also sets out the current and future challenges facing the service, and the action being taken to address these.

This report supports the Key Aim of effective management of Council resources.

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager – Financial Services – Adrian Rowbotham

Recommendation to Services Select Committee: that the contents of this report be noted.

Background and Introduction

- 1 On 20 July 2010 Members approved the implementation of joint working with Dartford Borough Council (DBC) for the following services:
 - Benefits (Housing and Council Tax Benefits),
 - Revenues (Council Tax and Business Rates collection),
 - Internal Audit,
 - Anti-fraud.
- 2 The proposal approved by Members can be summarised as:
 - SDC and DBC to have a joint Internal Audit and Anti-Fraud team, based at the DBC offices;
 - DSC and DBC to have a joint Revenues and Benefits team, based at the SDC offices;

- Existing customer face-to-face access to remain, with the enhancement that DBC customers to be able to access the above services via SDC facilities and vice-versa; and
 - IT systems, working practices and policies to be aligned, to deliver efficiencies in service delivery.
- 3 As a result of these proposals it was estimated that SDC and DBC would achieve savings of £500,000 a year split between the two authorities, with shared implementation costs of £834,000, resulting in a payback period of under two years.
- 4 The Audit and Anti-Fraud combined team was in place at DBC from September 2010 and the Revenues and Benefits teams were in place at SDC on 13 December 2010.

Staffing

- 5 The staff within the partnership have built a 'one team' culture resulting in it being difficult to tell whether an individual is employed by SDC or DBC as all staff complete work relating to both authorities.
- 6 Staff have adjusted extremely well to the change with the advantage of having staff from both authorities working together to find the best working practices that can be used consistently across both authorities.

Performance

- 7 The performance results below for SDC, show the two full years prior to the partnership (2008/09 and 2009/10), the year in which the partnership commenced (2010/11) and the first full year of the partnership 2011/12.

Revenues performance results

Indicator		
Percentage of council tax collected in year	08/09	98.6%
	09/10	98.3%
	10/11	98.6%
	11/12	98.6%
Percentage of NNDR collected in year	08/09	98.5%
	09/10	97.7%
	10/11	98.4%
	11/12	98.2%
Percentage of council tax payers on direct debit	08/09	66.9%
	09/10	67.2%

	10/11	68.8%
	11/12	77.2%

Internal Audit performance results

Indicator		
% of audit plan completed	08/09	82%
	09/10	88%
	10/11	90%
	11/12	100%
Efficiency of the audit service - % of audits achieved in the allocated days	08/09	82%
	09/10	92%
	10/11	90%
	11/12	100%
Client satisfaction with audits carried out	08/09	99%
	09/10	99%
	10/11	100%
	11/12	99%

Anti-Fraud performance results

Indicator		
Amount of overpaid HB and CTB discovered through fraud investigations	08/09	n/a
	09/10	n/a
	10/11	191,857
	11/12	323,985
Number of benefit sanctions issued	08/09	28
	09/10	33
	10/11	24
	11/12	34
Number of successful benefit fraud prosecutions	08/09	9
	09/10	12
	10/11	7
	11/12	11

Benefits performance results

Indicator		
Average number of days to process new claims	08/09	26
	09/10	21
	10/11	27
	11/12	42
Average number of days to process change events	08/09	10
	09/10	7
	10/11	8
	11/12	17

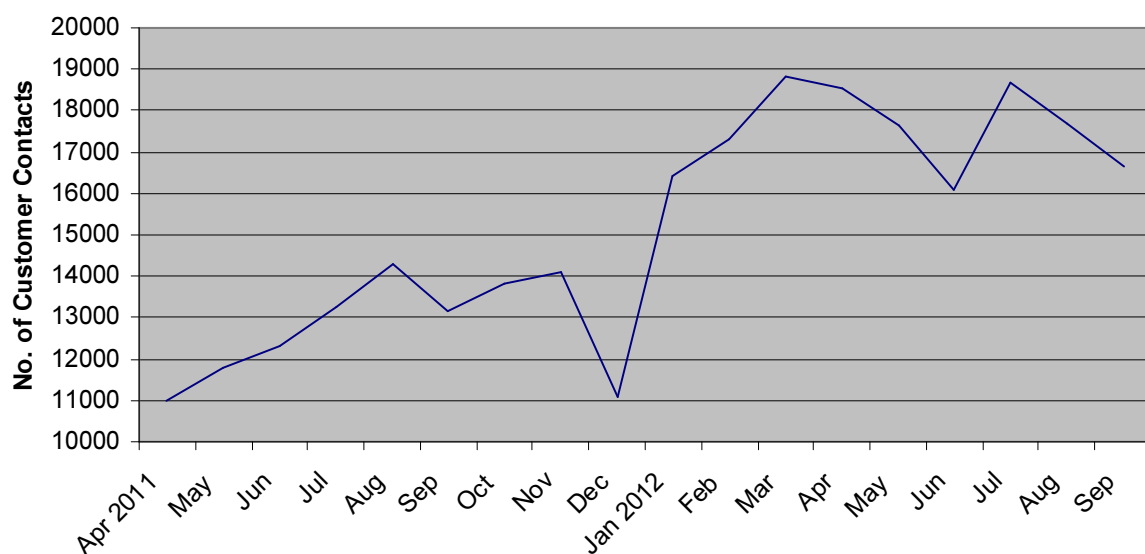
- 8 These results show that there continues to be high performance except for the Benefits Service due to external factors such as the effect of the economic climate on benefit claimants and the difficulty in recruiting suitable staff. These are discussed further in the next section of this report.

Current and Future Challenges

Benefits Workload

- 9 As reported to the Services select Committee on 25 September 2012, demands on the Benefits section have significantly increased due to the economic climate. The graph below shows that the number of customer contacts for the Benefits Partnership increased by 70% between April 2011 and April 2012.

Benefits Activity Levels



- 10 The current economic situation has had a major impact on the lives of benefit claimants resulting in a higher number of changes to their personal circumstances that have an effect on the benefits they are entitled to. This can be when people change address or change their working arrangements, e.g. reduced hours, short contracts, redundancy.
- 11 In July 2011, the DWP started to automatically transfer details of any changes of circumstances which they had been made aware of to local authorities (about 3,000 items per month). Each of these changes have to be checked to ensure that our records are correct.
- 12 The Benefits performance results above show that performance worsened in 2011/12. The activity levels are the major reason for this but there are also several other factors including the following;
- the loss of a number of staff and the difficulty in recruiting assessors in an environment where people are changing careers due to the uncertainty caused by Universal Credit for Benefits professionals;
 - staff spending time preparing for the forthcoming welfare reform changes;
 - the uncertainties and complexities of other benefits are causing staff to spend more time with people who are contacting the service.
- 13 We have taken a number of actions to address these issues which has resulted in performance starting to improve over the past two months. These actions include:
- recruited additional temporary staff in a competitive market;
 - the development of the apprentices who started with the service two years ago;
 - using an external agency to process some new claims on a unit cost basis;
 - redirected some calls to the DBC Contact Centre;
 - re-engineered some processes.
- 14 Both authorities have allocated extra resources to fund this approach.
- 15 With the dedicated staff we have in place it is expected that there will continue to be a steady sustainable improvement over the coming months.

Future Legislative Changes

- 16 The Welfare Reform Act received Royal Assent on 8 March 2012 and includes a number of changes that will have a major impact on services within the partnership. Officers have been pulled away from the day to day work to interpret these changes and amend working practices to ensure that the requirements are met. When these changes are implemented, there will be major differences to staffing requirements and the work that the services will need to complete.

- 17 Localisation of Council Tax Support will replace Council Tax Benefit on 1 April 2013, this was reported to the Services Select Committee on 19 June 2012. Each billing authority (SDC and DBC) will be required to devise a local scheme and Government funding will be 10% less than under the Council Tax Benefit scheme. This will result in claimants who previously received up to 100% benefit now having to pay a proportion of their Council Tax (pensioners are exempt) which will mean that the Revenues Service will be attempting to recover small amounts of Council Tax from claimants who are not used to paying. The Government is continuing to release additional information which may affect the final scheme.
- 18 Officers have been working on a scheme in conjunction with the major preceptors (Kent County Council, Fire, Police) and the initial proposal was for a standard deduction of 18.5% for all non pensioner claimants, this is continuing to be reviewed.
- 19 Technical Reforms of Council Tax give authorities the opportunity to change certain discounts currently included in the Council Tax scheme including second homes and empty properties.
- 20 The change to Universal Credit which is due to be implemented in a staged approach between 2013 and 2017 is expected to significantly reduce the amount of Housing Benefit work completed by the Benefits Service. A Member Scrutiny Board has carried out an in-depth investigation into Universal Credit and presented their findings to the Services Select Committee on 25 September 2012.
- 21 Housing Benefit reforms including property size related regulations in the social rented sector and benefit cap regulations. These changes will result in additional information being required by the Benefits Service to calculate the new benefit entitlements.
- 22 The Department for Works and Pensions (DWP) has proposed to have a single fraud investigations team from 1 April 2013. The Single Fraud Investigation Service (SFIS) will bring together the combined expertise of the Welfare Benefit Fraud investigation work undertaken by the DWP, local authority Fraud Investigators and Her Majesty's Revenue & Customs (HMRC) officers dealing with Tax Credits into a single service. The detail of this has not yet been finalised resulting in an uncertain future for SDC and DBC Anti-Fraud Service staff.

Key Implications

Financial

- 23 The cost of the additional resources required to address the increased Benefits workload has been split between the two partner authorities.

Community Impact and Outcomes

- 24 The provision of face-to-face and other customer facing services is a key part of the current service provision. Achieving significant savings whilst protecting service standards is of clear benefit to residents of Sevenoaks and Dartford.

Legal, Human Rights etc.

25 None.

Equality Impacts

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Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	The equalities impacts of the Welfare Reform changes have been included in the earlier specific reports.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Conclusions

- 27 The partnership has now been operating for nearly two years and the four services are running effectively with the advantage of having larger combined teams consisting of staff from both SDC and DBC. Processes have been improved by changing to a consistent approach by devising best practice from the expertise gained from working at different authorities.
- 28 In this period significant savings have been made by both partners and the teams have had to deal with the impact of the difficult economic situation whilst at the same time being faced with a period of unprecedented change.
- 29 The future legislative changes explained above will continue to have a major impact on the teams as the services evolve to take on board the new requirements whilst aiming to provide an improving service to the residents of both authorities.

Risk Assessment Statement

- 30 Risks are covered above under 'Current and future challenges'.

Appendices none

Background Papers: Report to Cabinet 8 July 2010 – Item 6 – Revenues and Benefits Joint Working

Report to Services Select Committee 21 July 2011 –
Item 9 – Revenues and Benefits Partnership Update

Report to Services Select Committee 8 November
2011 – Item 7 – Benefits Performance Update

Report to Services Select Committee 25 September
2012 – Item 8 – Benefits Performance Update

Contact Officer(s): Adrian Rowbotham Ext. 7153

Dr. Pav Ramewal
Deputy Chief Executive and Director of Corporate Resources