



## AGENDA ITEM: 9

### SUMMARY

<b>Report for:</b>	<b>Finance and Resources Overview &amp; Scrutiny</b>
<b>Date of meeting:</b>	<b>20<sup>th</sup> March 2012</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Revenues &amp; Benefits Service Update</b>
Contact:	Councillor Nicholas Tiley, Portfolio Holder for Finance and Resources  Author/Responsible Officer:  Nicola Ellis Group Manager (Revenues, Benefits and Fraud)
Purpose of report:	1. To provide an update on performance of the Revenues & Benefit Service  2. To outline performance targets for 2012/13
Recommendations	1. To note actions taken to improve performance in the Revenues and Benefits Service  2. To note performance targets for 2012/13
Corporate objectives:	Dacorum Delivers – improvements in the service will continue to support the ‘Dacorum Delivers’ corporate objective by improving the level of service to customers and delivering better value for money for all residents.  Affordable Housing – prompt payment of benefits will also help to prevent homelessness and lead to an increased availability of affordable housing.  Building Community Capacity – ensuring our customers are receiving the correct benefit in a timely fashion will increase the household income of some of our most deprived residents.  Regeneration – ensuring that local residents are supported and receiving their benefit entitlement supports the local economy. Ensuring timely and accurate billing and collection of

	National Non Domestic Rates supports local businesses.
Implications:	<p><u>Financial</u></p> <p>The Service improvements outlined will, in the main, be sourced from existing budgets and staffing resources. However, there may be occasions where further representations need to be made to members to maximise the benefits of actions within the Service Improvement Plan.</p> <p><u>Value for Money</u></p> <p>Correctly paid benefit is refunded at the rate of 100% by the Department of Work and Pensions therefore there should not be a direct impact. The report highlights actions to be taken to maximise collection and to identify efficiencies all of which contribute to improved value for money.</p>
Risk Implications	Risk Assessment reviewed and risk associated are addressed by actions planned for the future or highlighted in this report.
Equalities Implications	Equality Impact Assessment reviewed. Action taken to improve performance and resilience will minimise the impact on most vulnerable residents in terms of processing delays.
Health And Safety Implications	There are no health and safety implications arising from this report
Consultees:	None
Background papers:	None

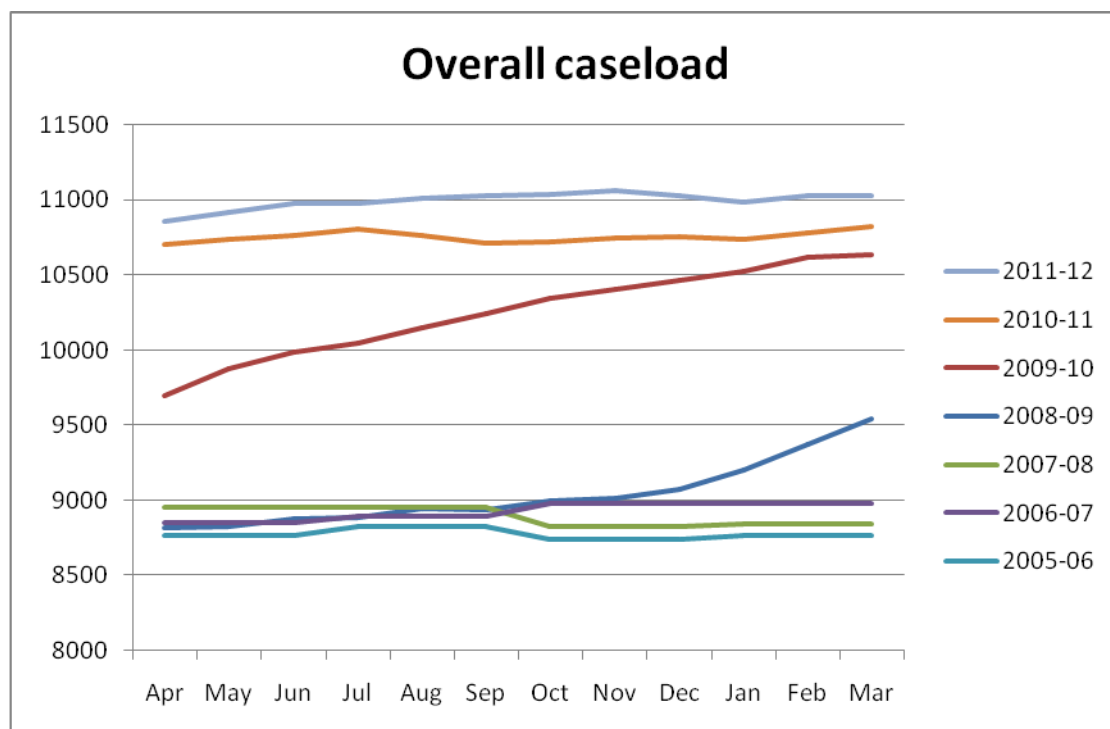
## Introduction

1. The purpose of this report is to report on performance of the Revenues, Benefits and Fraud Service and to highlight some of the initiatives the Service has taken to improve performance during 2011/12. The report also details our proposed targets for 2012/13 and the projects and improvement initiatives that we will be pursuing during that year.

## Benefits Performance

2. Over 2011/12 the Service has continued to experience an increase in caseload. At the end of February 2012 the number of households receiving Housing and/or Council Tax Benefit within the borough stands at 11031. This represents an increase of 2.5% over the past 12 months and is the highest level of cases that the Council has had to deal with. The rise in caseload since 2005/06 is shown in Figure 1.

*Figure 1 – Benefits caseload 2005/06 to 2011/12*



3. During this financial year, the Service has worked hard to maintain improvements in performance. However, i increased workloads, resourcing issues over the summer holiday period 2011, and a short period without a Group Manager in place led to a backlog of correspondence. This had a detrimental effect on the key performance indicators relating to the speed of processing new claims and changes. At 29 February 2012 our year-to- date performance stood at 25.1 days for new claims and 15.9 days for changes against targets of 23.5 days and 13.5 days respectively. Table 1 shows the monthly performance trend.

*Table 1: Benefits processing performance by month 2011/12*

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
<b>New Claims (Target 23.5)</b>	22.7	23.1	24.9	23.6	25.1	27.1	23.9	26.2	26.8	29.4	23.7
<b>Changes (Target 13.5)</b>	12.9	13.6	14.1	10.8	11.9	16.4	17.3	19.8	22.3	17.6	17.1 (14.4 excluding ring fenced backlog)

4. At the end of October 2011, the backlog of outstanding correspondence stood at 3266 items with the oldest item dating back to August. At that point the first phase of a backlog clearance plan was implemented. The Service currently employs additional processing capacity from the established resilience contract with Serco RB Solutions. Two FTEs are used from this contract. This was increased by two further FTEs for a period of three months from November 2011 to January 2012. This began to make significant inroads into the clearing the backlog, but over the month of December the Service resource pressures continued, and there were significant IT issues.
5. During the first week of January 2012 it became apparent that our original clearance plan would not allow us to clear the backlog before annual billing and we therefore introduced further changes. Since that time staff have been working additional hours and overtime and we made a decision to ringfence the backlog of claims from 1st February 2012 and to outsource the work to an offsite processing resource provided by Northgate. The backlog was cleared on 1<sup>st</sup> March 2012.
6. Clearance of the backlog has had and will continue to have a detrimental effect on the performance indicators relating to the speed of processing new claims and changes. Whilst we are clearing older work these claims and changes have taken longer than the target of 23.5 days and 13.5 days. However, we have managed to continue to fulfil our 48 hour pledge for complete new claims and so anticipate that once the backlog has cleared we can stabilise performance and are aiming at completing new claims in an average of 23 days and changes in an average of 13 days in 2012/2013.
7. Once the backlog had been outsourced we focused on managing our incoming workload in a different way. Using resource planning tools we now aim to deal with all work received in a week, by the end of the following week. We are now closely monitoring our resources to match outstanding workload. In addition, we have commissioned Liberata to undertake an analysis of processing activities. This will identify areas of potential efficiencies and improvements in processes.

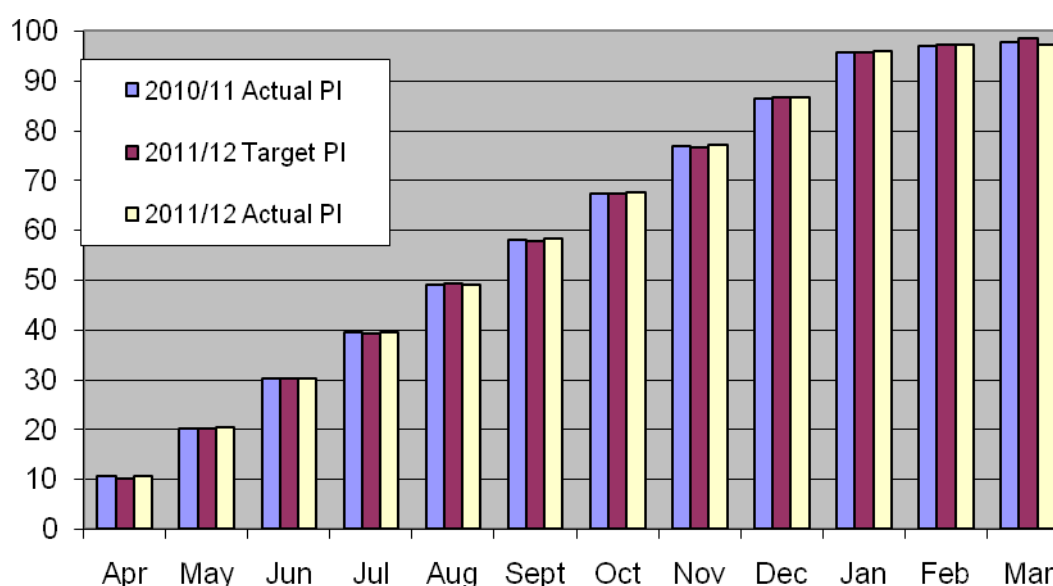
8. At the beginning of February, the Department for Work and Pensions (DWP) commenced phase 2 of the ATLAS project. This involves the automatic transfer of information from HM Revenues & Customs (HMRC) and DWP relating to changes in other benefits, such as tax credits. We implemented phase 1 in July this year and this increased our workload significantly at that time, contributing to our backlog build up. This time we have identified the impact at an early stage and have deployed additional resources with the intention of preventing a further build-up of work.

## Revenues Performance

### **Council Tax**

9. Throughout 2011/12 Council Tax collection has shown a slight improvement on last year. At the end of February 2012 the collection rate stands at 97.3% which is 0.2% ahead of last year. However there is still a big gap between the current collection rate and the target of 98.5% and we envisage that this could be difficult to achieve over the remainder of the financial year. For the remainder of 2011/12 we are carrying out proactive recovery action in order to try and bridge this gap. We will also be reviewing the profiling of future targets.

*Figure 2 – Council Tax collection rate 2011/12*

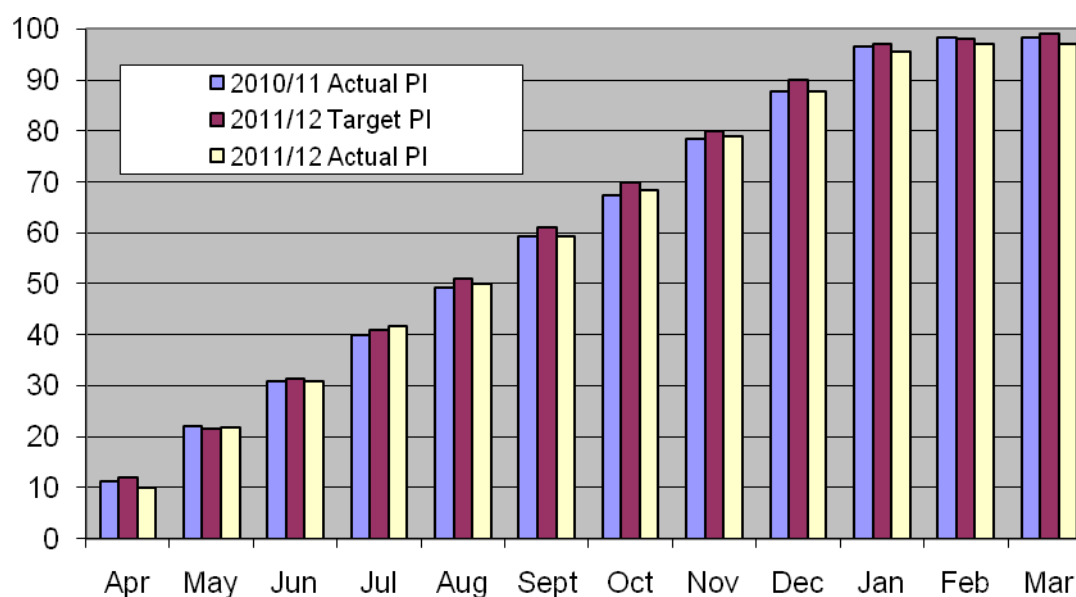


10. We regularly benchmark our performance against other Herts authorities and as at the end of January 2012, our collection rate was the third best reported, at 95.9% and we were only 0.2% behind the best authority who had a collection rate of 96.1%.
11. During the year there has also been a focus on reducing arrears from previous years. At the beginning of 2012/13 arrears stood at £6.1 million (£1.9 million relating to 2010/11). As at the end of February arrears for previous years stand at £4.3 million (£373k relating to 2010/11). This represents a 42% reduction in arrears during the year.

## Business Rates

12. During 2011/12 we succeeded in achieving our monthly target for business rates in two individual months. In the period from June until November we matched or slightly exceed the equivalent monthly performance for 2010/11. However, in December 2012, we experienced a drop in collection and this has continued since that time. Feedback from Herts Revenues Group indicates that this trend has been reflected across Hertfordshire and is thought to be due to the current economic climate.

Figure 3 – Business rates collection rate 2011/12



13. Benchmarking against other Herts authorities has shown that as at the end of January our collection rate was the third best reported at 95.6%. The best authority had a collection rate of 97.3%.
14. Throughout the year there has also been a focus on reducing previous year's arrears. At the beginning of 2012/13 arrears stood at £2.6 million (£1.01 million relating to 2010/11). At the end of February arrears for previous years stands at £692K (£328k relating to 2010/11). This represents a 73% reduction in arrears.
15. In light of performance to date and the current economic climate the service intends to keep performance targets at the 2011/12 level for collection of both Council Tax and Business Rates. Reaching those targets is challenging in the current climate but we will be carrying out improvement work with the aim being to improve collection and recovery.

## Corporate Anti-Fraud Team (CAFT) Performance

16. CAFT have been working towards a target of achieving 50% positive outcomes from investigations. As at the end of February 2012 the team has exceeded this target and has concluded 61.3% of investigations with a positive outcome in the year to date. Performance for 2010/2011 was 45%. Performance for the month of February stood at 72.7%.

17. We continue to raise awareness of fraud across the Council and have completed 13 Fraud Awareness Training sessions for staff. This is an increase on the 5 courses that were delivered throughout the whole of 2011/12. We have also commissioned our Internal Auditors Deloitte to undertake a range of counter fraud assessments in collaboration with the CAFT. This has included a staff fraud-awareness survey, the results of which were reported to the Audit Committee in September 2011. The survey highlighted that staff in Dacorum have a high awareness of fraud issues and a strong understanding of actions that they can take to address those issues. Further work will include a data matching exercise and a fraud risk review.
18. We have completed 8 successful prosecutions, 4 administration penalties have been accepted and 14 cautions have been issued.
19. A number of proactive joint enforcement operations have been completed, including a successful and well-publicised Blue Badge investigation and further operations are planned.

#### Performance Improvement Work

20. Throughout the past year we have implemented various initiatives to improve performance and to increase our capacity to cope with the incoming work.
21. As noted above, we are currently commencing a programme of work with Liberata. This work will identify whether there is potential to improve capacity through using their work planning and performance management model. The project is currently in the investigative stages and Liberata hope to have a completed business case identifying potential benefits in early 2012/13.
22. We have recently recruited a Training Officer as part of our training partnership with Chiltern District Council. The aim is to build on previous collaborations between the two Councils by using a jointly funded post to meet the training needs of both Chiltern and Dacorum and also to extend training to other organisations. Over time the post will generate sufficient income to offset the costs of the post and ultimately to generate a profit. The person will be in post from 2<sup>nd</sup> April and their initial tasks will include developing our joint training plan and developing a marketing strategy.
23. In January we implemented automated direct debits (Auddis) this enables us to transfer direct debit instructions and amendments through an automated process thus reducing a reliance on paperwork. The second phase of this project will be to implement paperless direct debit instructions so that customers are able to set up instructions over the phone. We also introduced variable direct debit dates in 2011/12 to enable customers more flexibility if they choose to pay by direct debit.
24. At the beginning of the year we reviewed recovery processes and this resulted in changes such as issuing reminders earlier in the process. We will be carrying out a further review of our recovery strategy this year in order to make sure we are maximising all opportunities to collect and recover outstanding Council Tax and Business Rates.

25. During 2012/13 we will also be going live with software that will enable us to match benefit notification letters to council tax bills so that these can be issued together. This will obviously be more efficient and will also simplify things for our customers.
26. In order to improve the Service's contribution to wider corporate objectives we have explored opportunities where we can work jointly with other departments. In Business Rates we have been working with the Dacorum Business Partnership to identify how we can help offer advice to local businesses. We are commencing a monthly surgery at Maylands Business Centre from April where we can offer advice on issues relating to Business Rates. We are also developing a contribution to the business directory to raise awareness of Small Business Rate Relief. We intend to have regular liaison meetings with the project coordinator so that we are able to keep each other up to date with pertinent issues. Throughout the year we have worked to support small businesses by being flexible in the arrangements that we have made to collect Business Rates. This includes collecting over 12 months rather than the statutory 10 months.
27. To contribute to the Council's priority to improve the provision of affordable housing to residents. We have been in contact with officers responsible for empty homes initiatives and are exploring how we can contribute to getting empty homes back into use. We are currently in discussion with Housing on exploring options for tackling tenancy fraud and have worked on a joint data matching project to identify potential fraud.
28. We continue to improve the joint working between Revenues and Benefits and have developed generic working between the teams and within Revenues billing and recovery. We have implemented a programme of joint meetings and recently held a half day service planning meeting where the whole team were involved in developing next year's service plan. The meeting was extremely productive and a number of initiatives for improvement were identified to be explored in the future.

#### Targets for 2012/13

29. New Targets for the 2012/13 financial year have been set to challenge the service to improve further during the current year. The targets are;-
  - New claims processed in an average of 23 days
  - Change of Circumstances processed in an average of 13 days
  - Business Rates current year collection rate of 99.0%
  - Council Tax current year collection rate of 98.5%
  - Percentage of positive outcomes resulting from fraud investigations 55%



30. We are also looking at introducing two new targets. These are:

- Accuracy (defined as percentage error rates in terms of number of errors) at or above agreed target levels – target to be set.
- Efficiency (defined by value of local authority errors) at or above agreed targets – target to be set

31. The Service Improvement Plan will support these ongoing improvements. This will be reviewed regularly by management and reviewed with all staff at least quarterly.

#### Future Changes

32. The Revenues, Benefits and Fraud Service face a year of significant change. We are planning for the changes in Welfare Reform and Local Government Finance such as the introduction of Universal Credit, localised Council Tax Support and local retention of Business Rates. We are working very closely with other Herts Authorities to manage the changes and to share ideas and best practice.