

EAST HERTS COUNCILCOMMITTEE – DATE 13 October 2014East Herts Council and Stevenage Borough Council Joint Revenues and Benefits CommitteeREPORT BY Head of Revenues and Benefits Shared ServiceREPORT TITLE : Quarterly updateWARD(S) AFFECTED: ALL**Purpose/Summary of Report**

- To report to committee the current position in the following areas.
 - Performance reporting
 - Other challenges

<u>RECOMMENDATIONS FOR East Herts Council and Stevenage Borough Council Joint Revenues and Benefits Committee</u>
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That:

(A)	The report be received.
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1.0 Background

1.1 Since the last report to committee (June 2014) the service has produced a re-sizing report which reviews the changes in demand on the service and the available resources since the shared service was scoped.

1.2 The re-sizing report will be submitted through each councils reporting process for consideration. Once the report has been considered by the respective Council's senior management boards, a special meeting of this committee will be arranged to take members through the key proposals prior to consideration by each Council's Executive"

1.3 This report includes an over view of performance and future challenges.

2.0 Report

2.1 **Performance reporting – Benefits Workload**

2.1.1 The workload received by the Benefits Service up to the end of 13/14 was 54.7% higher than when the shared service was scoped.

2.1.2 During 14/15 the Benefit workload is fluctuating with changes in the level of ATLAS referrals from the DWP.

2.1.3 In September 2014 the DWP are commencing a major project based on a bulk data matching exercise using real time information from HRMC.

2.1.4 We are to expect a significant number of referrals to investigate, and reassess, and an increase in the level of customer error overpayments which will need to be recovered.

2.1.5 RTI is HM Revenue & Customs (HMRC) new system for collecting Pay As You Earn (PAYE) information from employers and pension providers who are now required to provide HMRC with income details immediately after each payment they make.

2.1.6 DWP is planning to carry out an exercise matching HMRC RTI against data held on six social security benefits, including HB; to identify cases where claimants have either failed to declare or have under declared earnings and/or non-state pension.

2.1.7 The project is expected to run between September 2014 and the end of the financial year; and will result in referrals being issued to LAs where DWP has information that earnings or non-state pension have not been correctly declared for HB purposes.

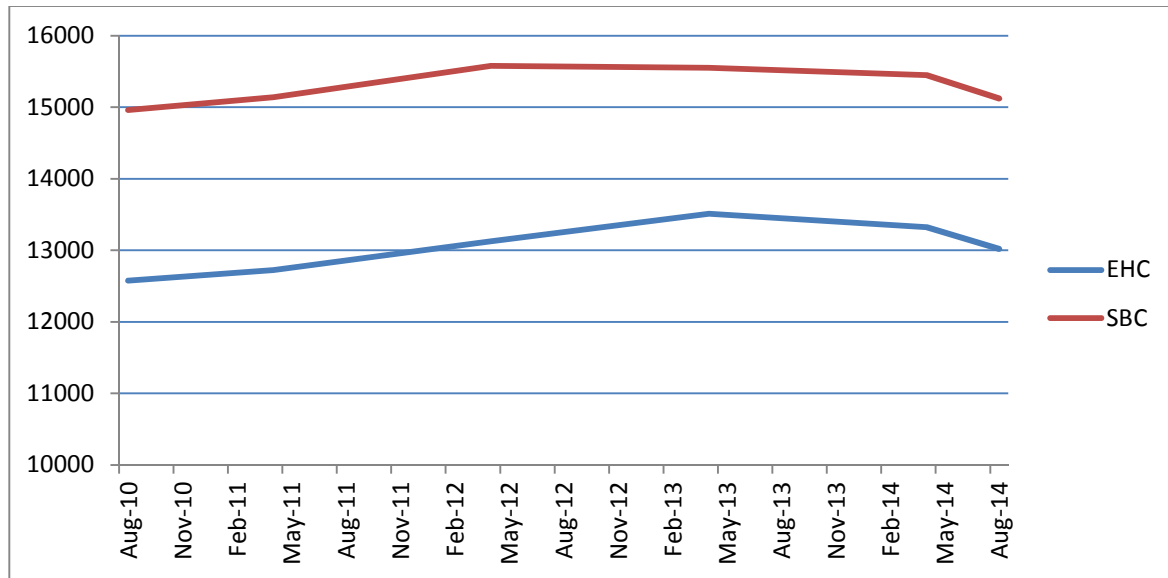
2.1.8 The DWP advise “*We do appreciate that you are already busy dealing with a number of competing priorities, but want to stress*

that this is a high profile initiative that was included in the Autumn Statement announcement made in December 2013”

- 2.1.9 This initiative will identify an estimated 300,000 overpayments nationally and out of that figure approximately 223,000 will relate to HB only cases. The referrals generated as a result of the data matching activity will be staggered over a number of monthly tranches.
- 2.1.10 This has required software changes and it is unclear if these costs will be met by new burdens funding.
- 2.1.11 The issue of the impact on subsidy has also yet to be determined. When a ‘customer generated’ overpayment is identified the subsidy claimable from the DWP reduces from 100% to only 40%. The ‘incentive’ is for councils to recover the overpayment from the customer to ensure that income is not lost. This in itself costs money, which is why 40% subsidy rather than zero subsidy is paid in the first instance. If the overpayment cannot be recovered the council loses both the costs of collection and the value of the debt.
- 2.1.12 New burden funding will be paid, based on the number of referrals we receive . The DWP advise that this will be £15.13 per referral; this includes £10.13 for dealing with the referral, plus an additional £5.00 to cover the cost of debt recovery action.
- 2.1.13 Council’s have only four weeks to process the RTI information before the error is treated as “Local Authority Error and/or Administrative Delay” . This means that to protect each Council from a substantial subsidy loss, this work must take priority over all other activity.
- 2.1.14 Benefits and Council Tax Support Caseload has reduced slightly in the first 5 months of 14/15 for both pensioners and working age caseloads.
- 2.1.15 At a recent national conference attended by the DWP it was acknowledged that services are impacted most significantly by the number of changes requiring processing for each claim.

2.1.16 This was attributed to a number of factors including; tax credits, zero hour contracts, and the high proportion of claimants in multiple low paid part time work.

2.1.17 The graph below demonstrates the long term trend in caseload.



2.2 Performance reporting – Revenues Workload

2.2.1 The workload of the Revenues teams continues to increase as demonstrated in the level of recovery action being taken. The table below demonstrates the number of **Council Tax** reminders, final reminders, and arrangement reminders issued.

Stevenage	.12/13	13/14	% increase	14/15 to 31.8.14
Reminders	10679	16797	57.29	
Finals	2645	3475	31.38	
Arrangement	1607	3360	109.09	
	14931	23632	58.27	15006

East Herts	.12/13	13/14	% increase	14/15 to 31.8.14
Reminders	14591	17276	18.40	
Finals	3933	4149	5.49	
Arrangement	2231	2385	6.90	
	20755	23810	14.72	14516

2.2.2 These are indicative of workload increases in all areas of the Revenues service. Customer contacts are very high and often repeated due to failure demand.

2.2.3 The full scope of the challenges are detailed in the resizing report, but in the short term efforts are being made to address routine customer contacts.

2.3 Discretionary Housing Payments

2.3.1 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.

2.3.2 However the approach adopted this year, to award for longer periods for those with the most complex needs appears to be having a positive impact on the number of separate applications.

Applications for DHP	EHC	SBC
2013/14	485	668
August 2014	236	460

2.3.3 At the end of August the following DHP grant had been spent &/or committed. Any unspent money has to be returned to the DWP at the end of the financial year.

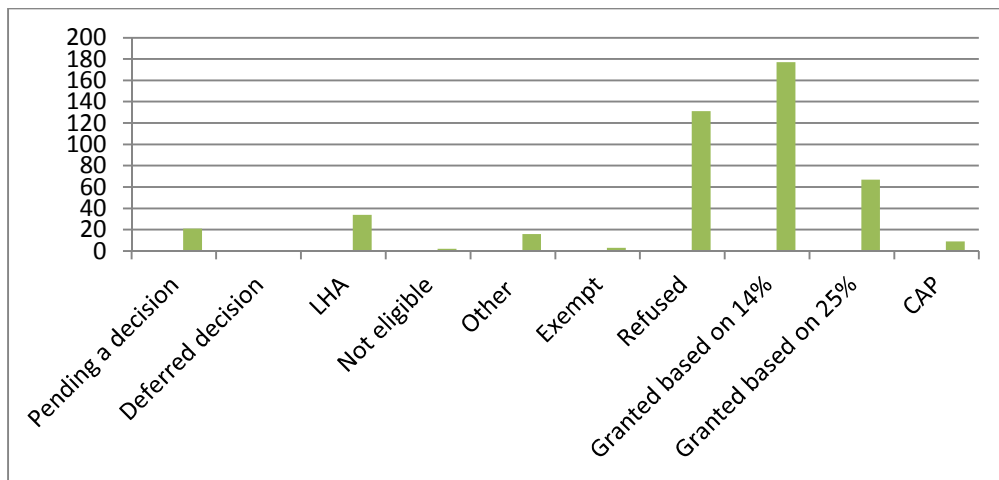
DHP	SBC	EHC
Grant	£ 183,788.00	£ 156,347.00
Spent/committed	£ 143,586.34	£ 113,903.16
%	78%	73%

2.3.4 The graphs below shows where the DHP is being spent in relation to cause of request during 14/15.

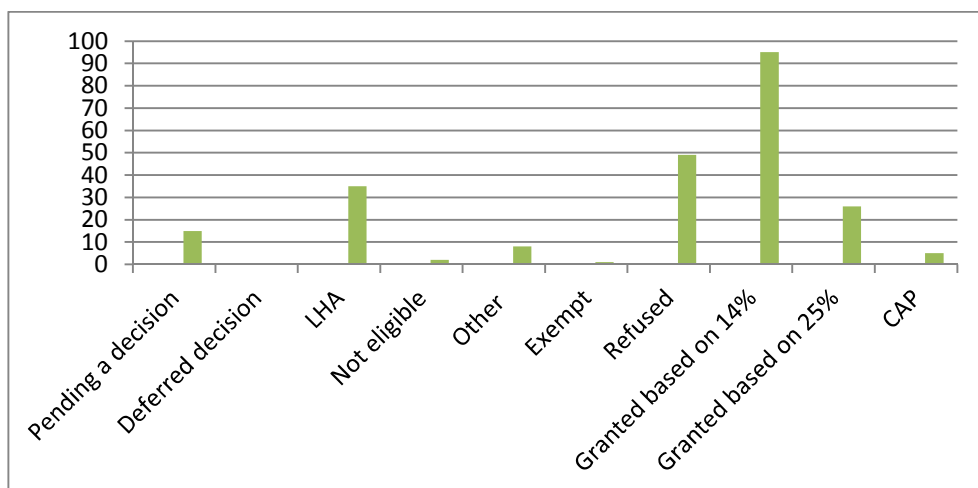
2.3.5 The most significant area continues to be in relation to the spare room subsidy.

2.3.6 There are a number of legal cases progressing through the courts, which attempt to challenge the regulations. These include issues in relation to room size, separated families (shared custody of children), and issues of discrimination on the grounds of disability (need for extra bedrooms) etc.

Stevenage



East Herts



2.4 N181 performance

2.4.1 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. This is caused by variations in the volumes of transactions at different periods during the year.

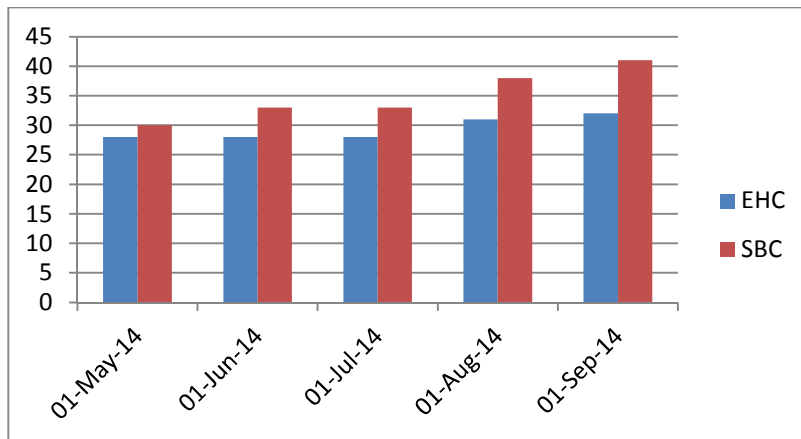
** Work is processed in date order. Aligning each work stream means for example that both Councils Atlas files have been processed up to the same date.*

2.4.2. Processing indicators for this year show the following alignment.

No. of days	East Herts	Stevenage
Data period	5.8.14 -9.9.14	30.7.14 -3.9.14
New Claims	32.63	32.61
Changes in circumstances	24.66	22.36
N181(cumulative)	13.40	16.32

2.5 Benefits CAP

2.5.1 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, although increasing.



3. Other Challenges

Universal credit:

- 3.1 The pilots continue but very small numbers of customers are being processed in this way. It is unclear what impact the 2015 general election will have on this project.
- 3.2 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.
- 3.3 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. There has been no further information about this in recent months.
- 3.4 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

- 3.5 The DWP still plan to introducing SFIS. The date given for East Herts & Stevenage is 1 May 2015.
- 3.6 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.

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

Funding

- 4.1 The service continues to rely on ad hoc funding to support the workload. This is addressed in the re-sizing report and as such is not discussed at length here.

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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