
Meeting: Corporate Resources Overview and Scrutiny Committee
Date: 19 June 2012
Subject: Revenues & Benefits Service Performance
Report of: Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources
Summary: The report summarises the performance of processing Housing Benefit Claims, incoming work items and outstanding work items relating to Housing Benefit claims and Council Tax changes in liability.

Advising Officer: Charles Warboys, Chief Financial Officer
Contact Officer: Gary Muskett, Head of Revenues & Benefits
Public/Exempt: Public
Wards Affected: All
Function of:

CORPORATE IMPLICATIONS

Council Priorities:

1. The accurate and timely assessment of Housing and Council Tax Benefit claims indirectly supports and contributes to the following Council priorities:
 - Supporting and caring for an ageing population
 - Educating, protecting and providing opportunities for children and young people

Financial:

2. The time taken to process benefits claims and changes in customers' circumstances has a strong financial link to the subsidy that the Department of Works and Pensions pays the authority for the Housing and Council Tax benefit that has been awarded. The timely billing for Council Tax liabilities has an impact on Council tax collection rates.
3. Direct costs of employing agency workers places a burden on service budgets. The relative costs of alternative resources are addressed in the report below.

Legal:

4. None

Risk Management:

5. Underperformance is a risk to both service delivery and the reputation of the Council.

Staffing (including Trades Unions):

6. None

Equalities/Human Rights:

7. None

Public Health

8. None

Community Safety:

9. None.

Sustainability:

10. None

Procurement:

11. None

RECOMMENDATION(S):

The Committee is asked to review and comment on the contents of the report, which is provided to give awareness of the performance of the Revenues & Benefits Service, the future development of the service and how Welfare Reform may affect the performance of the service.

12. Overview of the Revenues & Benefits Service

The Revenues and Benefits service has 83 full time posts and the core functions of the service are shown below.

Council Tax and Benefit Administration

- Processing of Benefit Applications
- Paying benefit direct to claimants and landlords and crediting rent and Council Tax accounts
- Processing claims for Discretionary Housing Payments and promoting take up of benefits
- Responding in writing, over the phone and by e-mail to benefit related enquiries, appeals and complaints
- Liaising with interested parties on individual claims and Benefit administration in general
- The billing of Council Tax

Fraud and Visiting Team

- Investigating cases of alleged benefit fraud from whistle blowing, data matching or case referral
- Undertaking interviews under caution as appropriate
- Liaising with interested parties on individual claims and fraud investigation in general
- Providing financial and statistical information for Central Government

- Providing a home visiting service to vulnerable and elderly customers
- Undertaking intervention visits

Revenues Team

- The recovery of council tax
- The billing and recovery of business rates
- The recovery of invoiced Housing Benefit Overpayments
- Receiving and responding to council tax and business rate related enquiries via phone, letter, personal visit, email and fax
- Advising the Valuation Office Agency of domestic and non domestic properties which either require banding, rating or reassessment
- Processing schedules of alterations to domestic and non domestic properties received from the Valuation Office Agency
- Liaising with the Councils bailiffs, debt collection agencies and the Magistrates Court
- Inspecting new, empty and altered domestic and non domestic properties
- Providing financial and statistical information for Central Government

Systems and Controls Team

- Administration of the revenues and benefits Civica software system
- Administration of refunds of Council Tax, Business Rates
- Reconciliations of the Civica system to the main Financial System (SAP)

Administration of the Councils Mortgages

Responding to FOI requests.

Providing financial and statistical information for Central Government

13. The Revenues and Benefits service is based in Dunstable and was formed from the legacy services of the 2 District Councils.
14. Following the integration of the 2 legacy authority Revenues and Benefits software systems the service has faced significant challenges in recruiting staff, improving performance and coping with the increasing level of demand from customers as a result of the economic down turn.

Workload and Performance Graphs

15. **Incoming Work (Council Tax and Benefits items of correspondence)**
Throughout 2011/12 there was a much higher volume of incoming work than was experienced in 2010/11. Overall this amounted to an increase of approximately 29% and includes an 18% increase in the number of new claims for benefit received each week (123) and a 68% increase in the number of benefit changes in circumstance received each week (545). This is displayed graphically in Appendix A. As can be seen, the volume of work at the start of 2012/13 has increased further as the economic downturn is prolonged. The impact has been especially great in relation to benefit claims. The resource requirements of the Service

need to be viewed in the context of this increasing workload.

16. **Benefits Processing times**
Appendix B shows graphically the processing times for new benefit claims and changes of circumstance, and the overall combined performance level. It demonstrates that very significant progress was made during 2011/12, with an overall improvement of 12 days (28%) in the combined (NI181) figure. As can be seen, the improved speed of processing has been continued into the early months of 2012/13.
17. This performance improvement was achieved through a review of processes, supported by inputs from the Audit Commission and analysis of the customer "journey". Some of the processing work was also externalised to a third party company, Liberata. This innovative approach to tackling the backlog of claims has proved especially cost effective. It is based on paying a set fee per item of work and analysis has shown that the cost equates very closely to the cost of employing permanent staff. The added benefit is that the resource is more flexible and can be used to address peaks in the workload, whilst permanent staff address the underlying levels of work. It has proved much cheaper than employing external agency staff. However, due to the problems encountered in recruiting permanent staff, and capacity issues with Liberata, there has been a need to retain some agency workers in order to maintain sufficient capacity to handle the volume of work.
18. **Outstanding Work (Council Tax and Benefits items of correspondence)**
The volume of outstanding work (the backlog) is shown at Appendix C. It can be seen that this has been substantially reduced during 2011/12 and that the improvements have been continued into 2012/13. It should be noted that the peak in changes of circumstance in the middle part of 2011/12 was due to a change in the notification of changes by the Department for Work and Pensions (DWP). DWP introduced a new system called Automatic Transfer to Local Authorities System (ATLAS) so that we are now advised of far more changes than was previously the case. All of these require assessment, even though the majority do not result in any change to benefit entitlement. Investigation is being made into whether ATLAS changes can be batch processed, which would be a more efficient way of handling them.
19. **Staffing levels for Council Tax and Benefit Processing Officers**
Appendix D gives details of the mix of staff between permanent, agency and Liberata. The initial dependence on high cost agency staff to maintain the service has been significantly reduced. Agency staff typically cost 50% more than permanent staff. Agency staff numbers are down from a peak of 12 to the current level of just 6. This has been accomplished partly through the use of Liberata as a cheaper and more efficient alternative to managing the peak workload and renewed success in recruiting to permanent positions. This is substantially reducing the pressures on the service budget and has been achieved alongside much higher performance levels, so that the cost / benefit has been considerable.

The graph also demonstrates the intention to reduce agency staffing still further and to expand the volume of work processed through an off site third party. The contract for this work is currently out to tender and additional suppliers appear interested. This should enable a cost effective solution to be achieved. See paragraph 23 below for the reason why it is important to maintain the flexibility of this external resource as opposed to delivering the service entirely through permanent staff resources.

Future Developments in the Revenues and Benefits service

20. Risk Based verification of New Claims for Benefit

Risk Based Verification (RBV) is a method of applying different levels of checks to different circumstances depending on a complex mathematical risk profile given to each customer. The associated risk matrix is based on many years of experience and statistical information about what type of claim represents what type of risk. The higher the deemed risk, the higher amount of resources will be used to establish that the claim is genuine.

The pilot studies carried out in other authorities have demonstrated that this type of approach is very effective in both identifying higher levels of fraud and error and reducing the overall cost of verifying claims. It has had an immediate impact on work processes; resources are able to be better targeted. Overall timescales for processing new claims have improved dramatically in the pilots including for those deemed to be higher risk. DWP intend to use a similar RBV process when Universal Credit is introduced in 2013.

RBV also allows the Council more flexibility to take into account local issues and build in checks and balances. Improving the time taken to process claims should help those moving from benefits to work whilst reducing the level of overpayments.

It is hoped that RBV will be operational by the end of September and that the time for processing new claims for benefit will reduce by approximately 30% for those claims received from October onwards. Initially RBV will apply only to new claims but software companies are developing the tool so that it can be applied to changes of circumstance also.

21. Customer First Project

The Revenues and Benefits service will be in one of the first waves of Council services that benefit from the electronic forms that will be introduced later this year as part of the project. It is anticipated that customers will have access to a library of our application forms, including an on-line benefits form, which will help to speed up benefit application processing times as customer data is captured and uploaded into the Civica back office system without the need to re-key the data.

22. **Council Tax Support scheme**

The existing Council Tax Benefit scheme will be abolished on 31 March 2013 and replaced by a localised Council Tax Support (CTS) scheme. The transition from the existing national scheme to the locally defined scheme is going to place a significant strain on the existing resources of the benefits service. Details on the localised CTS scheme will be provided in a report to the Executive in July.

23. **Universal Credit**

Universal Credit (UC) is being introduced in October 2013. It will be administered centrally by DWP and delivered through their agencies. This has a significant impact on local authority benefit staff, who will now be faced with several years of uncertainty. Staff numbers employed directly by the Council will be reduced and the DWP has indicated that TUPE transfer rules will not apply. One added benefit of continuing to employ an externalised resource for benefits processing is that we can flex this downwards as UC comes in, without immediately impacting on Council employees.

Existing claims for Housing benefit will continue to be administered locally until they are either migrated across to Universal Credit or there is a change in the customers' circumstance that allows the transfer to UC. This will begin in 2014 and will directly affect the benefits processing staff.

Appendices:

Appendix A – Incoming Work (Council Tax and Benefits items of correspondence)

Appendix B – Benefits Processing times

Appendix C – Outstanding Work (Council Tax and Benefits items of correspondence)

Appendix D – Staffing levels for Council Tax and Benefit Processing Officers

Background papers and their location: (open to public inspection)