

## **REVENUES AND BENEFITS SERVICE REVIEW.**

### **Corporate Plan Delivery**

The Revenue and Benefits Service is responsible for:

The Administration of Council Tax and National Non Domestic Business Rates

The Administration of Council Tax Benefit and Housing Benefit

Conducting Benefit and Council Tax visits.

The collection of Council Tax and Business rates including arrears , the recovery of Sundry debts and the recovery of Housing Benefit overpayments.

Our performance is measured against BVPI's and Benefits is subject to a Comprehensive Performance Assessment which contributes to the overall rating of Services provided by the Local Authority.

By paying the correct benefit on time we ensure financial security for the residents of Copeland on low incomes, contribute to the governments Agenda of reducing fraud and error within the benefits system and maximise the subsidy paid to the Local Authority by DWP.

The efficient and prompt collection of Revenue due to the local Authority ensures there is funding available, as projected within the financial accounts, to provide services, and pay monies due to central government.

### **Number of staff and Roles**

There are a total of 38.5 WTE

Overpayments and recovery 8.6-includes WBA (Welfare Benefits Advisor)

Council Tax 6

HB/CTB Benefits 14.4 –includes accuracy checking and visits

System Support 4-including Scanning

### **Vacancies**

Appeals/Training Officer 1 WTE covering secondment

Senior Financial Controls Officer 1WTE

RBS Manager 1 WTE

2 assessment officers agreed over establishment

0.5 scanner vacancy

**Liaison/interdependency with other departments and organisations.**

In order to undertake our area of business we rely on the services provided internally by HR, IT, Audit, Fraud, LLPG officer, Finance, Copeland direct, Building Control, Cashiers, Legal, Waste ,Environmental Health, Performance Improvement Team, Communications and Elections.

Externally we have our computer services provided by Anite and Academy. We use Locta provided by MAG: NET solutions in order to trace absconders and access DWP main frame Services via the CIS System in order to process benefit claims. Our Bailiff Services are provided by 2 external companies Rossendale's and Jacobs. We are currently looking at taking our first Bankruptcy procedure in partnership with an external company.

We are also currently undertaking a Single Persons Discount Review in partnership with Experian.

We use the magistrates courts to obtain liability orders and for Committal proceedings and the County Court for County Court Judgements

We liaise with the following external partners:

DWP (Department of work and Pensions)  
TLPS (The local Pension Service)  
JCP (Job Centre Plus)  
VO (Valuation Office Agency)  
TRS (The rent Service)  
RSL (Registered Social Landlords)  
CAB (Citizens Advice Bureau)  
Age Concern  
Housing Associations  
Cumbria Benefits Practitioners  
Cumbria Revenues Practitioners  
Benefit Tribunals  
Valuation Tribunals

**Annual Budget**

The majority of the Budget is spent on staffing, IT costs and provision of mandatory/statutory services.

## **IT/MAINTENANCE COSTS**

Academy and Anite IT software recurring costs are significant and increase annually. This expenditure needs to be factored into the Budget planning process. There may be some scope to re-negotiate the contract and potentially offset some of the increasing costs.

Appendix 1 shows current expenditure projections up to 2011/2012. On current budget allocations this shows a short fall of £9861.00.

In addition to these costs there is a one off cost of £19k payable 07/08 for the provision of Local Housing Allowance Software which is required to implement the mandatory local Housing Allowance Scheme. There will be recurring cost of £1.9 k annually for maintenance. One off implementation funding for LHA, amounting to £97,653.00 has been received and the intention is to pay the 19k software cost and take advantage of a reduced cost of £1,425.00 annual maintenance cost if the payment is made in advance. If five years maintenance is paid this will cost £7125.00 as opposed to £9500.00.

This will mean RBS will not submit a recurring budget bid for this mandatory computer provision until 2013/14 and therefore give a saving to the Local Authority of £9500.00 recurring budget expenditure over this five year period.

The remainder of the LHA budget will be used to meet implementation costs to include the funding of two 12 month Temporary contracts, training, publicity, stationery etc.

On examination of the IT contract an expenditure of £1000.00 for the software package Ferret was identified. The LA is not using this programme therefore this element can be cancelled. This £1000.00 can be used to offset the increasing software charges. A six month period to cancel the contract was required and notice was given 12/07/07.

The Academy system should have a health check undertaken 08/09 to ensure the system is being used effectively. This will cost in the Region of £3k but should be viewed as an invest to save activity. Again no budget is allocated for this activity.

In addition there is a requirement to procure a disaster recovery package in relation to the Academy system. This is a business critical item as the loss of the Academy system, without a robust recovery package/back up, would be devastating for the business. Back up tapes are currently being taken on a daily basis but there is no provision to test recovery of data from the tapes.

A 1 year contract to provide disaster recovery can be secured for £9,000 per annum and there is provision in the existing budget to meet this cost. However if we could pay for a

5 year contract in advance the cost would be £30,000 effectively £6,000 per annum giving an overall saving of £15,000. If we cannot secure the up front funding we can still sign a five year contract but would have to pay a £2,500.00 and the contract would be subject to a RPI increase which is currently 4%.

RBS have an enveloping machine which incurs an annual maintenance charge the last maintenance bill was £1400.00.

### **COUNCIL TAX LEAFLET AND PUBLICITY (Statutory requirement)**

There is no provision in the Budget for the production of the mandatory Council Tax leaflet which cost £4825.00 to produce in February 07 .This expenditure has been met from contingency funds for the past 2 years. This needs to be addressed in the next budget planning round. In the past this leaflet has been produced at nil cost by entering into partnership with an external company .The external company sells advertising space within the leaflet. This partnership was discontinued in order for the performance team to use the space to provide residents with information re the LA's performance. In addition statutory advertising of Council Tax charges costs £3500.00.

### **OTHER ESSENTIAL EXPENDITURE**

The nature of our business means Training events and seminars, which are Key in order to conduct the business are held outside of Cumbria. Where practical the business will try to procure training to be delivered on site and 2 recent software courses were jointly shared with Carlisle City Council. However events i.e. EOY(End of Year) seminars which are key to ensuring the execution of EOY activity ,which results in the issue of 34,000 council Tax Bills ,2,500 NNDR bills and the up rating of Benefits Accounts, are outside the 100 mile limit. Again LHA (Local Housing Allowance) seminars, to be hosted by DWP, will be held at Newcastle.

There is no Budget within Revenues and Benefits for training, seminars or membership of professional bodies i.e. IRRV Forums. These items are not a luxury if you wish to run an efficient and productive RBS Service. The annual cost to procure training not supported by the corporate budget i.e. seminars, one line training manuals will be a projected cost of £5400.00. Case law and interpretation of legislation is constantly changing therefore this is an essential expenditure.

For the past 2 years an external company has been used to produce and despatch the Council Tax bills .This has been funded from reserves held within the Benefits holding account but again this activity needs to be included in the Budget setting. Cost for production of Council Tax Bills and Benefit letters despatched March 2007 was £5643.00. This was previously done in house causing backlogs, delays and overtime expenditure.

There is an enveloping Machine within Revenues and Benefits which is used for the issue of Council Tax Bills and benefit letters on a weekly basis. There is an annual maintenance charge which is anticipated to be in the region of £1500.00. Again I have been unable to identify a budget allocation for this expenditure

There is no Health and Safety Budget allocated to RBS. In 06/07 expenditure on PPE (personal protective equipment) and furniture required following workstation risk assessments cost £1200.00.

## **FUTURE EXPENDITURE**

There is currently a proposal that Local Authorities will be required to pay an up front fee of £40.00 per case when referring a debt to a bailiff for collection. This is included in legislation which is currently in a consultation phase. The intention is that this fee will then be added to the debt and recovered from the debtor. We will need to have identified front end funding to pay the fee to the Bailiffs and also will have to have an element of funding for the cases that are referred and returned where the Bailiff cannot find the client but the fee has already been paid.

If this charge had been levied in the 06/07 financial this would have cost the Local Authority £65,960.00. This needs to be considered when looking at the 08/09 Budget allocations.

## **INCOME LEVELS**

DWP provide an Admin Grant in order for RBS to administer HB/CTB. The grant for 2007/08 is £680,759.00. This is not all allocated to RBS as an element is allocated to Fraud Activities. DWP will be looking for LA's to achieve efficiency savings and will drive behaviour by reducing the Admin grant payable. Details are yet to be announced but it is anticipated that this will be in the region of 5% and taking into account the formula used by DWP to allocate the National funding I estimate that Copeland's Admin Grant will reduce by £34,038.00 in the 2008/09 financial year.

The subsidy Grant paid by DWP is in the Region of £19 million but is a moveable beast as is dependant on the amount of Benefit we pay. Ensuring that the subsidy claim is correctly audited /checked before submission is vital to ensure the maximum is reclaimed from DWP and therefore not a cost to the local Authority. The Audit Commission independently Audit the claim and can claw back monies previously paid to the Authority.

By reducing LA Error, to within certain parameters, additional income can be received over and above the administration grant. In 06/07 this could have generated income of either £40,510.00 or £89,940.00 dependant on the level of LA Error overpayments declared. As we were over the upper limit of £101,277.00 this effectively cost the LA £89,940.00. In order to keep LA error low it is imperative to keep up to date with work loads and instructions and to ensure claims are processed accurately.

In 07/08 it looks likely that we will receive this funding taking into account the level of LA error we are declaring. This is not guaranteed income and should be regarded as a bonus rather than factored into budget expenditure. However although stating this it should be noted we have made a commitment to achieve a level of LA error below the limit in order to fund the 2 posts over establishment, agreed by committee, which are required to enable workloads to be actioned on time. It is also rumoured that DWP will be looking at this funding stream and changes maybe made although no details are yet held...

Robust recovery of HB/CTB overpayments can generate income as any amount recovered is retained by the Local Authority.

Income is also generated from Court Costs , however and over estimate of the income from this source has occurred during the past 2 accounting years and this must be addressed in the next budget planning.£145k was included in the budget planning process for 2006/07 however only £137k was collected(This includes court costs from Council Tax and NNDR). Q1 collection rates for 06/07 were £24,809.17 and are comparable to Q1 collection rates for 07/08 which were £25,208.83.

Exploring all avenues for the collection of CT and NNDR and the recovery of outstanding Sundry debts can maximise Income available. At present looking at instigating Bankruptcy proceeding to recover a £30,000 debt.

## **SAVINGS POTENTIAL.**

The Scope within RBS to find savings at present is limited. I would suggest that the following areas could be explored in order to identify potential for savings.

### **1) Shared Services.**

The size of the RBS Team is small. Shared services could result in a reduction of management costs and IT costs.

### **2) Review the existing IT Contract with Capita.**

### **3) Review existing recovery procedures to ensure best Value**

4) Undertake a Health Check of the use of the Academy and Anite Systems to ensure they are being used to their full potential and implement any findings form the health checks.

### **5) Electronic/On line Billing. This will have a minimum implementation cost of £6000.00**

### **6) Remote/Home working**

## 7) Improving processes and Productivity

RBS has a small management team and all Jobs are full time with little or no scope for team leaders to take on additional tasks without a negative impact on the day to day running of the Business .In order to look at the above invest to save activities I would suggest we need a dedicated post so these important areas are given the due attention they require within an acceptable timescale.

## **OTHER COMMENTS**

It is worth noting that in the 06/07 financial year a successful bid for DWP Funding to provide Twin Screens for RBS Staff was made and this effectively provided RBS staff with £10,000.00 to buy IT equipment without this being a financial burden on the Local Authority.

Joint procurement of Training courses and the Working together, with other Cumbrian Authorities, on major projects such as The Single Persons Discount Review, The Cumbria Initiative and Local Housing Allowance has also ensured Maximum value for Money.

By putting together a Joint Bid to The County Council to fund the Single Persons Discount Review RBS received commitment from the County Council to meet 68% of the projected costs which equates to £8925.00