

# Cabinet



Forest Heath  
District Council

<b>Title of Report:</b>	<b>Report of the Anglia Revenues and Benefits Partnership Joint Committee: 6 December 2016 and 10 January 2017</b>	
<b>Report No:</b>	<b>CAB/FH/17/009</b>	
<b>Report to and date:</b>	<b>Cabinet</b>	14 February 2017
<b>Portfolio holder:</b>	Councillor Stephen Edwards Portfolio Holder for Resources and Performance <b>Tel:</b> 01638 660518 <b>Email:</b> <a href="mailto:stephen.edwards@forest-heath.gov.uk">stephen.edwards@forest-heath.gov.uk</a>	
<b>Lead officer:</b>	Jill Korwin Director <b>Tel:</b> 01284 757252 <b>Email:</b> <a href="mailto:jill.korwin@westsuffolk.gov.uk">jill.korwin@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	<p>On 6 December 2016 the Anglia Revenues and Benefits Partnership (ARP) Joint Committee informally considered the following substantive items of business:</p> <ol style="list-style-type: none"><li>(1) Performance Report;</li><li>(2) ARP Risk Register</li><li>(3) Welfare Reform Update;</li><li>(4) Forthcoming Issues; and</li><li>(5) Partnership Working through Section 113 Agreement.</li></ol> <p>On 10 January 2017 the Anglia Revenues and Benefits Partnership (ARP) Joint Committee considered the following substantive item of business:</p> <ol style="list-style-type: none"><li>(1) ARP Joint Committee Partnership Budget.</li></ol> <p>This report is for information only. No decisions are required by the Cabinet.</p>	
<b>Recommendation:</b>	<b>The Cabinet is requested to <u>NOTE</u> the content of Report No: CAB/FH/17/009 being the report of the Anglia Revenues and Benefits Partnership Joint Committee.</b>	

<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>See reports of ARP Joint Committee at link provided under 'Background papers'</li> </ul>
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>See reports of ARP Joint Committee at link provided under 'Background papers'</li> </ul>
<b>Implications:</b>	
<i>Are there any <b>financial</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See reports of ARP Joint Committee at link provided under 'Background papers'</li> </ul>
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See reports of ARP Joint Committee at link provided under 'Background papers'</li> </ul>
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See reports of ARP Joint Committee at link provided under 'Background papers'</li> </ul>
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See reports of ARP Joint Committee at link provided under 'Background papers'</li> </ul>
<i>Are there any <b>equality</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See reports of ARP Joint Committee at link provided under 'Background papers'</li> </ul>
<b>Risk/opportunity assessment:</b>  See reports of ARP Joint Committee at link provided under 'Background papers'	<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>
<b>Ward(s) affected:</b>	All Ward/s
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>	Breckland DC Website:  <a href="#">6 December 2016</a>  <a href="#">10 January 2017</a>
<b>Documents attached:</b>	None

## 1. **Anglia Revenues and Benefits Partnership Joint Committee – 6 December 2016: Key Issues**

This meeting was inquorate therefore discussion on items was held informally and no decisions were taken by the Joint Committee.

### 1.1 **Performance Report (Agenda Item 5)**

#### (a) Operational Performance

- 1.1.1 The Joint Committee had received and noted the Operational Performance Report as at 30 September 2016. The report details ARP's key achievements in respect of Benefits and Fraud Performance; Revenues Performance and Support Performance, including Automation of Outgoing Post; ICT upgrade and E-billing and Landlord Online Account. This detailed report can be viewed on Breckland District Council's website at:

<http://democracy.breckland.gov.uk/documents/s40848/ARP%20Strategic%20Managers%20Highlight%20report%20November%202016.pdf>

- 1.1.2 Benefits performance continues to meet profiled targets and is on course to achieve revised year end targets in respect of identifying and preventing fraud in four specific areas (as outlined in the report), which in turn leads to an increase in Council Tax income. Despite needing to recruit a new Compliance Officer, performance has continued to exceed expectations.

#### (b) Balanced Scorecard

- 1.1.3 Members had noted that with the exception of one, targets had been met by all partner authorities with the majority of indicators annotated green as at 30 September 2016, as shown on the Balanced Scorecard at:

<http://democracy.breckland.gov.uk/documents/s40850/ARP%20Balanced%20scorecard%202016-17%20-%20Sept%202016%20draft.pdf>

- 1.1.4 The above report provides further information on indicators relevant to each partner authority, which are grouped under the following headings:

- (a) **Financial:** Collection, Budget Management
- (b) **Customer:** Customer Satisfaction, Channel Shift
- (c) **Internal Process:** Collection, Fraud
- (d) **Learning and Growth:** Performance Management

#### 1.1.5 (c) Financial Performance

In respect of the financial performance report, the Joint Committee had noted the position as at 31 October 2016, which showed a current underspend of £455,289 against budget. The reasons for the specific variances are contained in the report at:

<http://democracy.breckland.gov.uk/documents/s40847/ARP%20Management%20Accounts%20201617%20Q2%20-%20sent%20to%20Committee%20Services%20for%20JC%2021.11.16.pdf>

- 1.1.6 The Enforcement Agency is continuing to exceed expectations with income presently achieving £259,000 higher than budget. This is reflected in the budget for future years.
- 1.1.7 An update had also been provided on committed expenditure for the Transformation Programme. If all identified expenditure goes through in 2016/2017, there will be £128,103 remaining of the original £501,026 in the Transformation Fund. The majority of this balance is projected to be spent in 2017/2018.
- 1.1.8 In addition, Members had noted revised efficiency targets for 2017/2018 to 2019/2020.

## 1.2 **ARP Risk Register (Agenda Item 7)**

1.2.1 The Joint Committee had received and noted the Anglia Revenues Partnership Risk Register, which was attached as Appendix A. Appendix B provided the criteria used to apply a risk score to the ARP.

1.2.2 Discussion was held on a number of issues which might affect the risks identified by the Partnership including:

- (a) the risk relating to subsidy shortfall, which was being managed well and mitigating actions have been put in place. This risk is associated with the part of the process for claiming housing benefit subsidy, where external audit teams test a sample of cases. If high value errors are found then it can result in significant changes to the amount of subsidy paid. The extrapolation methodology used by the auditors means that a fairly small error in a high value expenditure area can result in significant reduction in income received. This risk is therefore considered to be amber even though all reasonable mitigation is in place.
- (b) The risk associated with income from Business Rates has been increased due to the revaluation expected in April 2017. The Government intends to re-base the value of income retained by each council and the impact of this addition to the revaluation and subsequent appeals that may be received increase the risk for the partner councils. Provision for this will however, be addressed.

## 1.3 **Welfare Reform Update (Agenda Item 8)**

1.3.1 The Joint Committee had received and noted an update on the topic of welfare reform, which included:

- (a) **Universal Credit:** The current position regarding the timeline to move to the live operation of the full service. Waveney District Council, who was already operating the full service (apart from Beccles) has been experiencing difficulties, particularly with processing Council Tax Support claims. Controls have been put in place to mitigate the risk of performance against target.

- (b) **Discretionary Housing Payment:** Spend continues to be within the recently increased grant provided by the DWP, which is designed to help customers remain in their homes or to move to affordable and sustainable accommodation.
- (c) **Benefit Cap:** The maximum family income before the Benefit Cap applies will reduce from November 2016 from £26,000 to £20,000 (£13,400 for single adults with no children). Local Authorities had received scans detailing customers likely to be affected and of the partner councils, the number of affected customers was up to 156, (which was less than originally forecast) with up to 17 existing cases seeing a further reduction.
- (d) **Social Rented Sector Rent Restrictions:** New social sector tenancies entered into after April 2016, will, after April 2018 have their Housing Benefit subject to and restricted to the Local Housing Allowance (LHA), which is the level of rent set in the private sector. Whilst ARP awaits detail on the rates that will apply, and confirmation of any excluded groups, ARP will work with colleagues in Housing and Customer Services to understand the impact, levels of reductions, and possible assistance from the Discretionary Hardship Fund.

#### 1.4 **Forthcoming Issues (Agenda Item 9)**

1.4.1 No issues had been reported on this occasion.

#### 1.5 **Partnership Working Through Section 113 Agreement (Agenda Item 12)**

1.5.1 No decision was taken on this matter, which had been included on the agenda for discussion in private session. Those Members present, however, did informally agree to proceed with Recommendation 2, for taking back to each partner authority for agreement.

### 2. **Anglia Revenues and Benefits Partnership Joint Committee – 10 January 2017: Key Issues**

#### 2.1 **ARP Joint Committee Partnership Budget (Agenda Item 5)**

2.1.1 Members had considered a report which sought approval for the partnership budget for 2017/2018.

2.1.2 In December 2015, the Joint Committee had approved a strategic budget for ARP which kept the base budget whilst creating an investment fund used to invest in trading, growth and efficiencies, which in turn delivers savings in future years. The 2017/2018 budget continues this approach and includes the same levels of efficiency targets as set last year.

2.1.3 In respect of the Transformation Programme, this has made good progress to date, delivering some efficiencies in 2016/2017 earlier than forecast. The new Enforcement Service has particularly exceeded expectations. The table below details the target savings and the savings achieved to date:

	<b>2017/18</b> <b>£</b>	<b>2018/19</b> <b>£</b>	<b>2019/20</b> <b>£</b>
<b>ARP Efficiency Targets</b>	<b>531,824</b>	<b>1,017,397</b>	<b>1,017,397</b>
<b>Efficiencies made to date:</b>			
Postage Contract	(20,960)	(19,250)	(15,670)
County Council Fraud funding (income)	(105,000)	(105,000)	(105,000)
Enforcement Service	(234,736)	(215,693)	(202,642)
<b>Total efficiencies made to date</b>	<b>(360,696)</b>	<b>(339,943)</b>	<b>(323,312)</b>
<b>Remaining Efficiency Target</b>	<b>171,128</b>	<b>677,454</b>	<b>694,085</b>

2.1.4 The base budget is required to operate the core services and also retain capacity to enable the achievement of income generation through ARP Trading in the future. [Appendix A](#) set out the proposed budget for 2017/2018 compared to the budget for 2016/2017, with indicative budgets for the following two years, as illustrated in the table below:

Description	<b>2016/17</b> <b>Budget</b> <b>£</b>	<b>2017/18</b> <b>Budget</b> <b>£</b>	<b>2018/19</b> <b>indicative £</b>	<b>2019/20</b> <b>Indicative</b> <b>£</b>
Employee costs	7,833,072	7,825,208	7,646,158	7,840,546
Premises costs	268,860	268,645	270,309	272,068
Transport costs	115,522	129,513	130,258	131,036
Supplies & Services	1,387,800	1,414,998	1,417,312	1,419,696
Support Services	559,053	620,675	626,308	632,158
Income	(695,043)	(1,047,575)	(1,202,848)	(1,216,759)
<b>TOTAL PARTNERSHIP COSTS</b>	<b>9,469,264</b>	<b>9,211,464</b>	<b>8,887,497</b>	<b>9,078,745</b>

2.1.5 A number of key assumptions have been used when setting the budget, which are:

- a pay award of 1% in all years in line with central government;
- a vacancy factor of 2.5% in all years;
- no inflation on supplies and services as the assumption is that inflation can be contained through future procurement savings; and
- savings targets starting in 2017/2018 at the same levels as set last year less efficiencies already achieved.

The Joint Committee had noted that the indicative budget for 2019/2020 of £9,079k is some 3% lower than the 2015/2016 budget (subject to the efficiencies being delivered).

2.1.6 St Edmundsbury's (and for information, Forest Heath's) current and future contribution to the total budget is set out below:

	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 indicative £</b>	<b>2019/20 indicative £</b>
St Edmundsbury	1,378,439	1,360,456	1,315,791	1,343,204
Forest Heath	937,330	922,425	894,816	911,627

2.1.7 The forecast out-turn for 2016/2017 shows a below budget spend of £455k, mainly as a result of efficiencies achieved earlier than planned (including the Enforcement Service) and reduced salary costs. The Joint Committee had considered how this saving should be allocated, as shown in the resolution at paragraph 2.1.10 below.

2.1.8 As part of the resolution subsequently approved by the Joint Committee, the estimated remaining balance specifically for distributing back to St Edmundsbury (and for information, Forest Heath) will be:

	<b>£'000</b>
St Edmundsbury Borough Council	38
Forest Heath District Council	26

2.1.9 The Joint Committee had thoroughly considered the budget for 2017/2018 and had asked several questions of officers to which they were duly responded. Future challenges ahead had been duly acknowledged.

2.1.10 The Joint Committee **RESOLVED: That**

- (1) the partnership budget at Appendix A for 2017/2018 of the report be approved;**
- (2) that the full 2016/2017 underspend is allocated as follows:**
  - (i) £10k is contributed to the ARP investment fund to be spent on production of a compendium of company documents for ARP Trading;**
  - (ii) up to a maximum of £171k be held in reserve to cover any timing shortfall in achievement of efficiencies in 2017/2018; and**
  - (iii) the remaining balance be distributed back to partners.**

### 3. Minutes

3.1 For further information on the discussions held at the Anglia Revenues and Benefits Partnership Joint Committee meeting on 10 January 2017, the draft minutes of the meeting may be viewed on Breckland District Council's website at the following link:

<http://democracy.breckland.gov.uk/documents/g4027/Printed%20minutes%2010th-Jan-2017%2010.00%20Anglia%20Revenues%20and%20Benefits%20Partnership%20Joint%20Committee.pdf?T=1>

*(Note: No formal minutes have been published for the meeting held on 6 December 2016, as the meeting was inquorate.)*