

Extraordinary (Informal Joint) Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Report of the Anglia Revenues and Benefits Partnership Joint Committee: 5 December 2017	
Report No:	CAB/SE/18/002	
Report to and date:	SEBC/FHDC Extraordinary (Informal Joint) Cabinets	9 January 2018
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@westsuffolk.gov.uk	
Lead officer:	Jill Korwin Director Tel: 01284 757252 Email: jill.korwin@westsuffolk.gov.uk	
Purpose of report:	<p>On 5 December 2017 the Anglia Revenues and Benefits Partnership (ARP) Joint Committee considered the following substantive items of business:</p> <ul style="list-style-type: none"> (1) Highlight Report, Balance Scorecard, Finance Report and 208/19 Budget; (3) Information about Directors of the ARP Trading Company and Operational Improvement Board Report; (4) Service Delivery Plan and Risk Register; and (5) Welfare Reform Update. <p>This report is for information only. No decisions are required by the Cabinet.</p>	
Recommendation:	The Cabinet is requested to <u>NOTE</u> the content of Report No: CAB/SE/18/002, being the report of the Anglia Revenues and Benefits Partnership Joint Committee.	

Key Decision: <i>(Check the appropriate box and delete all those that do not 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"/>
Consultation:	<ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
Alternative option(s):	<ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
Implications:	
Are there any financial implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
Are there any staffing implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
Are there any ICT implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
Are there any legal and/or policy implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
Are there any equality implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
Risk/opportunity assessment: See reports of ARP Joint Committee at link provided under 'Background papers'	<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>
Ward(s) affected:	All Ward/s
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	Breckland DC Website: 5 December 2017
Documents attached:	None

1. Key Issues

1.1 Operational Highlight Report, Balance Scorecards and Finance Report (Agenda Item 5a, 5b, 5c)

(a) Operational Highlight Report

- 1.1.1 The Joint Committee had received and noted the Operational Highlight Report as at 31 October 2017. The report details ARP's key achievements in respect of Benefits and Fraud Performance; Revenues Performance and Support Performance, including Digital Transformation and Self-Service; External Mailing and Anglia Revenues Website. This detailed report can be viewed on Breckland District Council's website at:

<http://democracy.breckland.gov.uk/documents/s45770/ARP%20Strategic%20Managers%20Highlight%20report%20December%202017%20draft.pdf>

- 1.1.2 Benefits performance continues to meet profiled targets and is on course to achieve year end targets; and work is underway to ensure council tax support performance achieves the year end target, which had been affected by a number of vacancies which had now been filled with new starters expected to commence employment in January 2018.
- 1.1.3 Fraud and compliance performance is on track to exceed targets for 2017/18 with total savings achieving £1,699,873 as at 31 October 2017, which is already exceeding the total year end target of £1,300,000.
- 1.1.4 The Enforcement Team continues to perform exceedingly well, having collected £7 million since the agency was established, of which £2.5 million has been collected in this financial year. A fifth Enforcement Agent has recently joined ARP and is currently undergoing training to obtain certification. The Partnership has also had enquiries from five other authorities with a view to taking on their enforcement work.
- 1.1.5 The Joint Committee had also noted the completion of the annual review of Empty Homes, which was undertaken before the submission of the Council Tax Base return in October 2017 which is used to calculate the New Homes Bonus. As at October 2017, the number of empty properties across the districts had reduced from last year.
- 1.1.6 The new rate reliefs announced by the Government and the impact on ARP had also been noted, together with changes to the way in which customers are now able to view their Council Tax, Business Rates, benefits payments and E-billing on the ARP website.
- 1.1.7 Details of changes to the external mailing company used by ARP, which was creating efficiency savings; the refresh of certain webpages on its new look website (which had been launched two years ago); and the successful roll-out of the new customer self-service facility had also been noted.

1.1.8 (b) Balanced Scorecard

Members had noted that with the exception of three, targets had been met by all partner authorities with the majority of indicators annotated green as at 31 October 2017, as shown on the Balanced Scorecard at:

<http://democracy.breckland.gov.uk/documents/s45771/ARP%20Balanced%20scorecard%20Oct%202017-18.pdf>

1.1.9 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

1.1.10 The three targets that had not been met related to business rates collection being slightly below target and this included the West Suffolk councils. The drop in collection was due to a significant level of refund payments being made as a result of successful appeals by ratepayers against their rateable values, often backdated to April 2010. For Forest Heath these refunds amounted to £703k and for St Edmundsbury the figure was £1.1m. It is a requirement of the Business Rates Retention scheme that councils make provision in their accounts to meet the cost of these successful appeals. Both Forest Heath and St Edmundsbury held adequate levels of appeals provision to mitigate the impact of these and any future refund payments (Forest Heath having a provision of £2.0m and St Edmundsbury holding £4.2m) and the level of these provisions will continue to be monitored and revised as necessary.

1.1.11 A detailed discussion had been held at the meeting regarding the types of organisations and companies that had lodged business rate appeals, such as GP surgeries and hospitals.

(c) Financial Performance

1.1.12 Members had considered a report which sought approval for the partnership budget for 2018/2019.

1.1.13 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 2018/2019 budget continues this approach and includes the same levels of efficiency targets as set in 2015/2016.

1.1.14 In respect of the Transformation Programme, this has made good progress to date and is on track to deliver the full year's target in 2017/2018 with much of the 2018/2019 target already achieved. The relatively new Enforcement Service has particularly exceeded expectations and provides a well respected service whilst delivering additional income to the partners. The table below details the target savings and the savings achieved to date, plus an additional efficiency added to cover increased budget pressures from 2018/2019:

	2017/18 £	2018/19 £	2019/20 £
ARP Efficiency Targets	531,824	1,017,397	1,017,397
Efficiencies made to date:			
Postage Contract	(20,960)	(19,250)	(15,670)
County Council Fraud funding (income)	(105,000)	(105,000)	(105,000)
Enforcement Service	(234,736)	(474,319)	(458,434)
Consultancy Service	(80,000)	(80,000)	(80,000)
Fraud Income Service	(30,558)	(15,500)	(15,600)
Total efficiencies made to date	(471,254)	(694,069)	(674,704)
Efficiency to cover increased costs	-	50,239	81,407
Remaining Efficiency Target	60,570	373,567	424,100

- 1.1.15 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 2018/2019 compared to the budget for 2017/2018, with indicative budgets for the following two years, as illustrated in the table below:

Description	2017/18 Budget £	2018/19 Budget £	2019/20 indicative £	2020/21 Indicative £
Employee costs	7,825,208	7,805,906	7,985,642	8,185,168
Premises costs	268,645	272,300	274,074	192,889
Transport costs	129,513	147,523	148,151	231,921
Supplies & Services	1,414,998	1,437,142	1,440,617	1,444,197
Support Services	620,675	631,126	636,861	642,915
Income	(1,047,575)	(1,406,500)	(1,406,600)	(1,406,700)
TOTAL PARTNERSHIP COSTS	9,211,464	8,887,497	9,078,745	9,290,390

- 1.1.16 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 at the same levels as set last year less efficiencies already achieved plus an allowance to cover increased budget pressures.

The Joint Committee had noted that there is a risk of costs changing if any of the above assumptions prove incorrect. For example, a 2% pay increase would increase the budget by around £56,000 in 2018/2019.

In addition, the indicative budget for 2020/2021 of £8,888k is some 5.4% lower than the 2015/2016 budget (subject to the efficiencies being delivered).

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

	2017/18 £	2018/19 £	2019/20 indicative £	2020/21 indicative £
St Edmundsbury	1,360,456	1,329,876	1,357,217	1,387,128
Forest Heath	922,425	880,014	896,997	915,913

- 1.1.18 The forecast out-turn for 2017/2018 shows a below budget spend of £13k. Other factors which may occur in the next six months could increase this below budget spend further (for example, additional enforcement income, further vacant posts etc).

- 1.1.19 The Joint Committee had thoroughly considered the budget for 2018/2019 and had asked several questions of officers to which they were duly responded. Future challenges ahead had been duly acknowledged.

- 1.1.20 The Joint Committee **RESOLVED: That**

(1) The Partnership Budget at Appendix A for 2018/2019, be approved; and

(2) any final full year 2017/2018 surplus for the Partnership be distributed back to the partner authorities in the approved shares.

1.2 **Information About Directors of the ARP Trading Company and Operational Improvement Board (Agenda Item 6)**

- 1.2.1 The Joint Committee had considered a report which provided an update summarising previous experience of the Board of Directors for Anglia Revenues Partnership Trading.

- 1.2.2 On 10 June 2015, the Joint Committee had received a report on the ARP Trading Company Restructure. Amongst other recommendations, Members had resolved to approve the ARP Trading Restructure which included the nomination of officers to represent each local authority on the Board of Directors. Forest Heath DC and St Edmundsbury BC are represented by their Councils' Director, Jill Korwin.

- 1.2.3 The Joint Committee had previously asked that the members of the Partnership's Operational Improvement Board (OIB) provide information concerning their past work experience so that the Joint Committee could cross reference this experience with the responsibilities of the OIB and as Directors

of the trading company.

1.2.4 A summary of each Director's previous experience was provided at [Appendix 1](#) with the responsibilities of the OIB at [Appendices 2](#) and [3](#).

1.2.5 Each Council is represented with the experience necessary to provide appropriate senior support to ensure the ARP Trading Company can be successful in a commercial environment. Appendix 1 clearly demonstrates that the Directors bring a variety of skills and experience to the company that will assist in its formation and growth.

1.3 **Service Delivery Plan and Risk Register (Agenda Item 7)**

1.3.1 The Joint Committee had considered a report, which sought approval for the revised Service Delivery Plan and Risk Register, as set out in the appendices attached to that report at:

[Appendix A: Business ARP Programme Delivery Plan – Organisational Development](#)

[Appendix A: Revenues and Benefits Service Plan](#)

[Appendix A: Revenues and Benefits: Projects](#)

[Appendix A: Risks](#)

1.3.2 The Joint Committee had noted that ARP had seen significant success in the last year since the Service Delivery Plan (Transformation Programme) was approved in December 2016, including (briefly):

- Benefits progress ahead of the Department for Work and Pensions' (DWP) averages;
- Improvements in Waveney DC's processes to meet the challenges of Universal Credit being introduced, which will benefit the other partners as they go live;
- Implementation of the gradual introduction document management system is almost complete which automates the harmonisation of work distribution;
- All customer teams are able to access customer contact software to sign customers up to e-services upon contact;
- The further recovery work jointly funded by Norfolk/Suffolk County Councils secured recovery of over £460,000 in 2016/17 and is already on target to secure higher recovery in 2017/18.
- The Fraud Team's work, which is also jointly funded by the County Councils identified just under £1.5 million in fraud and error.

Other achievements relating to the Transformation Programme are detailed in the report presented to the Joint Committee.

1.3.3 The Service Delivery Plan and Risk Register has been revised to accommodate the reconsidered strategic direction of ARP, as determined by the Joint Committee in September 2017.

1.3.4 The revised Plan seeks to detail actions to achieve the vision. In 2018/19, emphasis will move towards generating further income and efficiencies through trading and partnership agreements; driving customer cultural change

through digital transformation; and ensuring appropriate actions continue to be put in place to enable the challenges and financial impact of the fundamental changes regarding welfare reform to be suitably handled and monitored.

- 1.3.5 The Joint Committee had also considered the Partnership's Risk Register, which includes an additional item relating to Waveney and Suffolk Coastal DCs' and Forest Heath DC's and St Edmundsbury BC's moves to creating single councils for East Suffolk and West Suffolk respectively. The Register also continues to highlight the need to monitor the impact of Universal Credit on customers and grant income.

- 1.3.6 The Joint Committee **RESOLVED that:**

- (1) The progress in respect of the December 2016 Service Delivery Plan, be noted; and**
- (2) the revised Service Delivery Plan and Risk Register at Appendix A of the report, be approved.**

1.4 **Welfare Reform (Agenda Item 8)**

- 1.4.1 The Joint Committee had received and noted an update on welfare reform, which included:

- (a) **Universal Credit (UC):** The current position regarding the timeline to move to the live operation of the full service for new claimants and those where circumstances had changed were discussed. Waveney District Council, who was already operating the full service has been experiencing difficulties; however they were not alone in this. Measures and controls have been put in place to address the issues and mitigate the risk of performance against target. St Edmundsbury BC had rolled out the full service in October 2017 and through working with Customer Service and Housing Options teams, the Department of Work and Pensions (DWP) and stakeholders; ARP had replicated the good practice and lessons learned with Waveney DC to plan for and minimise the impact of UC. Forest Heath DC remain on course to roll-out in September 2018.

The programme to migrate existing Housing Benefit (and other DWP Benefit and Tax Credits) cases, has been delayed by twelve months and so will now commence in July 2019, with a corresponding delayed completion date of March 2022.

- (b) **Discretionary Housing Payment:** Spend continues to be within the grant provided by the DWP, and is forecast to be closer to, but within the grant. This grant is designed to help customers remain in their homes or to move to affordable and sustainable accommodation. The main area of expenditure continues to be to assist customers with rent shortfalls, in particular due to restrictions on Housing Benefit rent levels.
- (c) **Benefit Cap:** In November 2016, the maximum family income before the Benefit Cap applies reduced from £26,000 to £20,000 (£13,400 for single adults with no children). The Benefit Service continues to work

with colleagues in Customer Service and Housing Options teams to seek to avoid homelessness and the cost of temporary housing.

DWP has provided New Burdens funding to assist councils with extra administrative costs and have increased Discretionary Housing Payment grants to help customers with the reduction; however, it should be noted that the increase does not cover all reductions.

- (d) **Two Child Limit:** From April 2017, the DWP introduced legislation to restrict benefits to families having a third child from April 2017 to the two child rate. There are exceptions, such as multiple births. New claims for Universal Credit where an applicant has more than two children will be redirected to legacy benefits, i.e. housing benefit.
- (e) **Social Rented Sector Rent Restrictions:** The Government has responded to consultation on funding for supported housing and it has indicated it will not implement Local Housing Allowance rates in social housing. Further proposals are outlined in the [report](#) noted by the Joint Committee. An implementation date for the proposals has been indicated as April 2020.

1.5 **Forthcoming Issues (Agenda Item 9)**

- 1.5.1 No issues had been reported on this occasion.

2. **Minutes**

- 2.1 For further information on the discussions held at the Anglia Revenues and Benefits Partnership Joint Committee meeting on 5 December 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/g4022/Printed%20minutes%2005th-Dec-2017%2010.00%20Anglia%20Revenues%20and%20Benefits%20Partnership%20Joint%20Committee.pdf?T=1>