

Joint Executive (Cabinet) Committee

Forest Heath & St Edmundsbury councils

West Suffolk
working together

Title of Report:	Report of the Anglia Revenues and Benefits Partnership Joint Committee: 4 December 2018	
Report No:	CAB/JT/19/003	
Report to and date:	Joint Executive (Cabinet) Committee	22 January 2019
Portfolio holders:	Cllr Stephen Edwards FHDC Portfolio Holder for Resources and Performance Tel: 07904 389982 Email: stephen.edwards@forest-heath.gov.uk	Cllr Ian Houlder SEBC Portfolio Holder for Resources and Performance Tel: 07970 729435 Email: ian.houlder@stedsbc.gov.uk
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Purpose of report:	On 4 December 2018, the Anglia Revenues and Benefits Partnership (ARP) Joint Committee considered the following substantive items of business: <ol style="list-style-type: none"> (1) Highlight Report, Balance Scorecards, Financial Performance Report and (2) Discussion on Future Performance Presentation; (3) Anglia Revenues Partnership Service Delivery Plan; (4) ARP Joint Committee Partnership Budget; (5) Anglia Revenue Partnership Constitution; (6) Welfare Reform Update; and (7) Forthcoming Issues. <p>This report is for information only. No decisions are required by the Cabinets.</p>	
Recommendation:	The Joint Executive (Cabinet) Committee is requested to <u>NOTE</u> the content of Report No: CAB/JT/19/003, being the report of the Anglia Revenues and Benefits Partnership Joint Committee.	

<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p> <p>For noting only</p>
<p>Consultation:</p>	<ul style="list-style-type: none"> • See reports of ARP Joint Committee at link provided under 'Background papers'
<p>Alternative option(s):</p>	<ul style="list-style-type: none"> • See reports of ARP Joint Committee at link provided under 'Background papers'
<p>Implications:</p>	
<p><i>Are there any financial implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See reports of ARP Joint Committee at link provided under 'Background papers'
<p><i>Are there any staffing implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See reports of ARP Joint Committee at link provided under 'Background papers'
<p><i>Are there any ICT implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See reports of ARP Joint Committee at link provided under 'Background papers'
<p><i>Are there any legal and/or policy implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See reports of ARP Joint Committee at link provided under 'Background papers'
<p><i>Are there any equality implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See reports of ARP Joint Committee at link provided under 'Background papers'
<p>Risk/opportunity assessment:</p> <p>See reports of ARP Joint Committee at link provided under 'Background papers'</p>	<p><i>(potential hazards or opportunities affecting corporate, service or project objectives)</i></p>
<p>Ward(s) affected:</p>	<p>All Ward/s</p>
<p>Background papers:</p> <p><i>(all background papers are to be published on the website and a link included)</i></p>	<p>Breckland DC Website:</p> <p>4 December 2018</p>
<p>Documents attached:</p>	<p>None</p>

1. Key Issues

1.1 **Operational Highlight Report, Balance Scorecards, Financial Performance Report and Discussion on Future Performance Presentation (Agenda Item 5a, 5b, 5c and 5d)**

(a) Operational Highlight Report

1.1.1 The Joint Committee had received and **noted** the Operational Highlight Report as at 31 October 2018. 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, an update on ARP website; and the implications of the General Data Protection Regulations. This detailed report can be viewed on Breckland District Council's website at:

<http://democracy.breckland.gov.uk/documents/s50911/Joint%20Committee%20Report%20Highlight%20Report%20December%202018.pdf>

1.1.2 Fraud and compliance performance is already on track to exceed targets for 2018/19 with total savings achieving £1,808,946 as at 31 October 2018, and indeed, due to the individual performance of Single Person Discount Fraud, and Other (Council Tax and Non-Domestic Rates) targets already being exceeded by considerable amounts, the total year end target of £1,300,000 had already been over-achieved.

1.1.3 Revenues collection performance targets are largely continuing to be met by the partner authorities. The Further Recovery team has collected £674,000 in 2018/19 which exceeds the amount collected in the same period last year by £246,000.

1.1.4 The Enforcement Team also continues to perform well, having collected £12.57 million since the agency was established, of which £2.879 million has been collected in the 2018/19 financial year. Norwich City Council has formally agreed to refer their enforcement cases to the team from July 2019 and ARP has started the process of setting up systems and agreeing a method by which their cases will be processed. In order to manage this extra work, an additional compliance officer and an enforcement agent will need to be recruited to the team, which is anticipated to begin early in the new year.

1.1.5 In respect of Non-Domestic Rates, the Chancellor announced in the recent budget, measures to support businesses, as follows:

- (a) cutting bills by one-third for retail properties with a rateable value below £51,000, benefitting up to 90% of retail properties, for two years from April 2019, subject to state aid limits;
- (b) 100% business rates relief for all public lavatories; and
- (c) £1,500 business rates discount for office space occupied for local newspapers in 2019/20.

1.1.6 Local authorities will be fully compensated by the Government for implementing these measures, including recognising the additional burden this will place on local authorities by providing funding for reasonable additional costs.

- 1.1.7 With regards to business rates treatment of self-catering and holiday let accommodation, concern has previously been raised that potentially, some owners of properties that are not genuine businesses may seek to reduce their tax liability by falsely declaring that the property is available for let. To ensure that second properties are subject to the appropriate tax, the Government will consult on the criteria under which self-catering and holiday lets become chargeable to business rates rather than council tax.
- 1.1.8 Discussion had particularly been held at the meeting on the potential consequences if a breach was made under the Data Protection Act 2018, following the introduction of the General Data Protection Regulations.
- 1.1.9 (b) Balanced Scorecard as at end October 2018

Members had **noted** that targets had largely been met by all partner authorities with the majority of indicators annotated green as at 31 October 2018, as shown on the Balanced Scorecard at:

<http://democracy.breckland.gov.uk/documents/s50912/ARP%20Balanced%20scorecard%20Oct%202018-19.pdf>

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

Forest Heath District and St Edmundsbury Borough Councils were both on target for all indicators.

- 1.1.10 Discussion had particularly been held at the meeting on the provision of more detail where a specific target had not been met. Further, it was noted that Universal Credit was operated by the Department for Work and Pensions (DWP) with support provided by Citizens' Advice, whereas it was ARP's responsibility to provide housing benefit and council tax support.

- (c) Financial Performance

- 1.1.11 In respect of the financial performance report, the Joint Committee had **noted** the position as at 31 October 2018, which currently showed an underspend of £26,845 against budget. Appendix A attached to that report provided further details, together with details and reasons for the specific variances.

- 1.1.12 The efficiency target for 2018/19 had now been fully achieved. ARP holds £221,000 in reserve to cover any shortfall in efficiencies in any one year; however, this funding is no longer required as the efficiency is achieved. The Operational Improvement Board agreed to reallocate this reserve, by topping up the transformation funding to £100,000 for future initiatives (to be identified) with the remaining funds set aside to start an ICT reserve. If this amount is not earmarked, each partner authority would need to allocate one-

off funding at such time the ICT equipment needs replacing, therefore this budget will smooth that effect.

1.1.13 An update had also been provided on committed expenditure for the Transformation Programme. The committed transformation funding is £200,409 as at 31 October 2018. £100,409 is expected to be spent by the end of 2019/20. A balance of £100,000 includes the top up from other reserves for unallocated projects yet to be determined.

1.1.14 The reasons for other specific variances, together with other details, are contained in the report at:

<http://democracy.breckland.gov.uk/documents/s50859/ARP%20Financial%20Performance.pdf>

Appendix A:

<http://democracy.breckland.gov.uk/documents/s50860/Appendix%201%20for%20ARP%20Financial%20Performance.pdf>

1.2 **Discussion on Future Performance Presentation (Agenda Item 6)**

1.2.1 At the meeting, a draft re-design of the current Balanced Scorecard had been tabled for consideration by the Joint Committee. The re-design aimed to present clear, relevant and understandable performance data from the ARP to Members, reporting figures on a quarterly basis and the latest month to date. The proposed re-design was explained in detail, which had generally been supported by the Joint Committee, save for a few relatively minor suggestions for improvement.

1.3 **Anglia Revenues Partnership Service Delivery Plan (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:

<http://democracy.breckland.gov.uk/documents/s50913/Joint%20Committee%20Service%20Plan%20Report.pdf>

Appendix A

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 2017, including (briefly):

- housing Benefit new claims and changes exceeded targets;
- implementation of drip feed on ARP's document management system is 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 £900,000 in 2017/18 and is already on target to secure higher recovery in 2018/19;

- the Fraud Team's work, which is also jointly funded by the County Councils identified just under £2.6 million in fraud and error; and
- the Enforcement Agency had a surplus of over £880,000 whilst providing a more flexible service to debtors.

Other achievements relating to the Transformation Programme are detailed in the report presented to the Joint Committee, which related to:

- the introduction of the shared management arrangement with Norwich City Council which has been extended to include the provision of fraud services (jointly funded by Norfolk County Council);
- the redesign of the ARP website;
- the progression of the Digital Transformation work stream;
- the redesigning of customer message delivery utilising 'nudge' techniques; and
- the Service Delivery Plan sought to deliver efficiencies to the partner councils of £531,000 in 2017/18, which was achieved.

1.3.2 Upon approval of the Joint Committee in September 2017, the Service Delivery Plan and Risk Register had been revised to accommodate the reconsidered strategic direction of ARP, in accordance with the following strategic priorities:

- To continue to promote specialist services
- To develop its existing offer
- Not to lose focus on its core business

1.3.3 The revised Plan seeks to detail actions to achieve the vision detailed to Members in 2017. In 2019/20, emphasis will move towards generating further income and efficiencies; 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.

1.3.4 The Joint Committee had also considered the Partnership's Risk Register, which includes items 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 risk surrounding income from business rates presently remains red because there remains a risk in relation to subsequent appeals that may be received and reduce rates payable. The Register also continues to highlight the need to monitor the impact of Universal Credit on customers and grant income.

1.3.5 In respect of the risks annotated 'amber' on the Risk Register, Members had been informed that the 'Housing Benefit Subsidy Shortfall' and the 'Universal Credit Implementation' risks had been marked as 'amber' as the risks were relatively unknown. Members felt however, that the risk should be annotated 'green' but with a residual risk included. It had been agreed that this would be amended accordingly.

1.3.6 The Joint Committee **RESOLVED** that:

- (1) The progress in respect of the December 2017 Service Delivery Plan, be noted; and**
- (2) the revised Service Delivery Plan and Risk Register at Appendix A of the report, be approved; subject to the addition of the aforementioned changes.**

1.4 **ARP Joint Committee Partnership Budget (Agenda Item 8)**

1.4.1 Members had considered a [report](#) which sought approval for the partnership budget for 2019/2020.

1.4.2 Whilst the majority of budgets have been set in the same way as previous years, there are some key changes for the 2019/20 budget. These had been considered by the Joint Committee, as follows:

- Additional budget of £60,000 per year has been added for an ICT replacement fund to the existing £12,500 already budgeted;
- Proposals to make temporary fixed term contract roles permanent;
- In setting the budget the following key assumptions have been made:
 - A pay award of 2% each year;
 - A vacancy factor of 2.5% in all years;
 - No inflation of general non contracted supplies and services
 - No efficiency target as this has been achieved during 2018/19.

Largely as a consequence of the above assumptions, the overall budget had been recommended to be increased by £472,000 when compared to 2018/19. The majority of the increase relates to salary costs as a result of pay pressures generated by imposition of the national pay award and the increase in National Living Wage after the budget was set for 2018/19.

1.4.3 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 2019/2020 compared to the budget for 2018/2019, with indicative budgets for the following two years, as illustrated in the table below:

Description	2018/19 Budget £	2019/20 Budget £	2020/21 indicative £	2021/22 Indicative £
Employee costs	7,805,906	9,150,882	9,410,376	9,689,291
Premises costs	272,300	273,822	273,848	273,876
Transport costs	147,523	154,129	156,032	158,046
Supplies & Services	1,437,142	1,586,221	1,618,876	1,649,746
Support Services	631,126	531,162	531,162	531,162
Income	(1,406,500)	(2,337,027)	(2,339,867)	(2,342,967)
TOTAL PARTNERSHIP COSTS	8,887,497	9,359,189	9,650,427	9,959,154

Further tables show the share of costs for each authority and the proportion that any additional costs or savings against the budget will be shared.

St Edmundsbury's and Forest Heath's (as West Suffolk Council) current and future contribution to the total budget is set out overleaf:

	2018/19 £	2019/20 £	2020/21 indicative £	2021/22 indicative £
St Edmundsbury	1,329,876	1,340,462	1,381,703	1,425,417
Forest Heath	880,014	897,868	923,806	951,246

- 1.4.4 The forecast out-turn for 2018/19 shows a below budget spend of £27,000 (see 1.1.10 above). The Joint Committee had therefore considered and agreed that this year end balance should be distributed between the partner authorities.
- 1.4.5 The Joint Committee had thoroughly considered the budget for 2019/20 and had asked several questions of officers, particularly in relation to staff resourcing issues and the proposed ICT replacement fund, to which they were duly responded. Future challenges ahead had been duly acknowledged.
- 1.4.6 The Joint Committee **RESOLVED: That**
- (1) The Partnership Budget at Appendix A for 2019/2020, be approved;**
 - (2) appropriate approvals be sought from each employing authority prior to increasing the establishment; and**
 - (3) any final full year balance for the Partners be shared between the partner authorities in the approved shares.**
- 1.5 **Anglia Revenues Partnership Constitution (Agenda Item 9)**
- 1.5.1 The Joint Committee had considered a [report](#) which sought a review of the Constitution of the partnership following the change in ARP membership as a result of the abolishment of four member authorities and the creation of two new member authorities in their place from 1 April 2019, and to address other issues in the partnership agreement.
- 1.5.2 With effect from 1 April 2019, four existing members of the ARP, namely Suffolk Coastal District Council (SCDC), Waveney District Council (WDC), Forest Heath District Council (FHDC) and St Edmundsbury Borough Council (SEBC) will be abolished. Two new non-metropolitan districts, namely East Suffolk Council and West Suffolk Council will be created with East Suffolk Council providing services in place of the former SCDC and WDC, with West Suffolk Council providing services in place of the former FHDC and SEBC.
- 1.5.3 Following the abolishment of the four aforementioned councils, new Regulations (which are currently in draft form) will allow arrangements whereby, anything done by, or in relation to [any of the four councils] in the exercise of, or in connection with, a function that is to be exercised on and after the reorganisation date by the successor council shall have effect as if done by, or in relation to, that council. This includes any agreement or

decision. This means that in terms of the ARP Reconstitution Agreement any obligations on or rights held by any one of the aforementioned four councils will automatically be held by the relevant successor council (i.e East or West Suffolk Councils).

1.5.4 Whilst these provisions mean that the partnership could continue under the existing agreement, there are other issues that have been discussed during the lifetime of this agreement that a review is timely to ensure the agreement is fit for purpose moving forward.

1.5.5 The Joint Committee had received and noted the terms of the current agreement outlined in the report, together with the proposed scope for the review of the Reconstitution Agreement and how the process will be undertaken. The proposed terms of reference for the review were attached as [Appendix 1](#) which had been agreed by the Joint Committee. It is therefore expected that the review will be completed and presented to the Joint Committee by June 2019, with approval sought by each partner's full Council in July 2019. Implementation of the new Reconstitution Agreement is expected from September 2019.

1.5.6 The Joint Committee **RESOLVED: That**

- (1) a full review of the Partnership Agreement be completed within six months of the abolishment of the four Councils;**
- (2) the Terms of Reference for the review, as set out in Appendix 1 of the report, be agreed; and**
- (3) during this period, the successor Councils shall have the same number of representatives as the other member Councils.**

1.6 **Welfare Reform Update (Agenda Item 10)**

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

- (a) **Universal Credit (UC):** By the end of December 2018, all Jobcentres were expected to be live with the majority of UC new claims from working age customers. The Joint Committee had noted however; that the majority of existing Housing Benefit recipients will not migrate to UC until they have a specified change in circumstances or such as time as DWP migrate them to UC. Meanwhile ARP continues to engage with UC customers to determine their entitlement to Council Tax Support.

In October 2018, the DWP announced that Universal Support funding to help new UC customers to make a claim (Assisted Digital Support) and help to budget monthly payments (Personal Budgeting Support) would be granted from April 2019, to Citizens' Advice and not local authorities. ARP has raised concerns that this may impact on residents of rural communities that often contact their council. The position is being monitored via contact with the local branches of Citizens' Advice.

The Joint Committee had noted the Government Budget announcements where improvements are expected to be made, together with the UC announcement from the DWP, as outlined in the report at the link below:

<http://democracy.breckland.gov.uk/documents/s50910/Joint%20Committee%20Report%20Welfare%20Reform%20December%202018.pdf>

This matter had been discussed at length during the meeting, with the Joint Committee expressing its concern regarding Universal Support funding being granted directly to Citizens' Advice and not local authorities, and the potential impact this will have. A discussion had previously been held by the Operational Improvement Board regarding a proposed way forward where it had been agreed that a structured plan would be formulated to mitigate the potential impact.

- (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. Generally the allocations for 2018/2019 have been reduced.
- (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) **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. Supported accommodation, including hostel tenancies will remain in Housing Benefit and will not therefore move to Universal Credit.

1.7 **Forthcoming Issues (Agenda Item 11)**

- 1.7.1 No forthcoming 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 4 December 2018, 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/g4234/Printed%20minutes%2004th-Dec-2018%2010.30%20Anglia%20Revenues%20and%20Benefits%20Partnership%20Joint%20Committee.pdf?T=1>

