

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1)	<b>Meeting:</b>	<b>Deputy Leader</b>
2)	<b>Date:</b>	<b>16<sup>th</sup> April 2012</b>
3)	<b>Title:</b>	<b>Revenues and Benefits Service Review</b>
4)	<b>Directorate:</b>	<b>Resources</b>

### 5. Summary

This report summarises the progress made in reviewing the Council's Revenues and Benefits function since its reintegration into the Council's Resources Directorate with effect from 1<sup>st</sup> February 2012, as part of the successful conclusion of the Council's strategic partnership with BT.

The proposals contained within the report involve a reconfiguration of resources. The new arrangements emphasise the need to focus on helping to **sustain the excellent performance** achieved by the function in maximising future income collection levels for the Council while supporting those most in need in the Borough through the provision of timely and accurate assessment of benefits due to them.

The proposals have been aligned with those coming forward from the other service reviews, in particular Customer Services, being completed as part of the reintegration of all former RBT functions.

### 6. Recommendations:-

**Note the contents of the report, the staffing implications arising from the proposal and the timescales for implementation**

**Support the structural changes set out in the report**

## 7. Proposals and Details

### Background

The Revenues and Benefits function is a **highly performing service** which has and continues to be recognised through key performance measures, external regulators, customer feedback and key stakeholders. For example, in:

- 2011/12 Council Tax in year collection is 97.7% (97.4% in 2010/11; 5<sup>th</sup> best Metropolitan Council);
- 2011/12 Business Rates (NDR) in year collection 98.1%;
- 2010/11 Benefits overpayments collection 53.4% (best Met. Council when last reported);
- 2010/11 Benefits Administration net costs after subsidy was £7.90 for Rotherham compared with £22.70 nationally; and
- 2011/12 Telephone contact – only 1.52% of calls abandoned, 93% of calls answered within 21 seconds.

This level of excellent performance has been achieved at a time when the service has seen substantial increases in workload, for example, Benefit caseloads have increased by 24% and Council Tax outstanding liability orders have increased by 39% since 2003. In addition there has been a significant expansion of the Council's Customer Service Centre offering, in the main, for Revenues and Benefits advice. This is primarily happened over recent years largely resulting from the economic and financial difficulties facing residents and their families.

As workloads have increased, available resources to manage the service have been substantially reduced. Since 2003, the service has **seen a 35% reduction in FTE staff**. **The cost of providing the service in 2011/12 is forecast to be £4.571m which includes the Revenue and Payments team (£0.57m) previously located in the Council's Neighbourhoods and Adult Services Directorate.**

Sustaining such high performance has been achieved through the proactive and positive attitude of the Service to change through innovation and transformation.

The major challenge facing the Service is the Government's proposed Welfare Reform Programme. This will initially see the introduction a new, localised Council Tax Benefit Scheme for Rotherham, with effect from 1<sup>st</sup> April 2013. Although a lot of the detailed Regulations and Proposals from Government are as yet not fully known, the Council does know that any Scheme will have to be managed and operated with at least 10% less funding, which equates to about £2.3million a year. In addition, depending on the design of a local scheme, vulnerable groups eg pensioners, may well be afforded protection and therefore other less vulnerable groups may have to absorb a greater reduction in Benefit.

The likely implications of any new scheme will be a significant increase in workload for the Revenues and Benefits teams, for example:

- It is estimated that 17,000 council taxpayers will have more council tax to pay; and

- A large proportion of this new debt is likely to result in additional debt recovery action having to be taken – for example, it is anticipated that an additional 10,000 liability orders will be obtained; which would be more than double the current number.

Further planned legislative changes will result in a general reduction in welfare benefit and housing benefit entitlement for claimants in Rotherham leading up to the introduction of Universal Credit.

In addition, from 2013/14, the way local councils are funded is to change. Through the Localism Act, the Government is to introduce localisation of business rates. This will place greater importance on the Council having efficient and effective collection arrangements for business rates as any losses in collection will adversely impact on the Council's finances rather than Central Government, as under the current regime.

### **The Proposal**

The Review covers Revenues and Benefits staff that were reintegrated back into the Council as a result of the successful completion of the Strategic Partnership with BT, that is, those engaged in:

- Account Management – Debt recovery & Fraud;
- Benefits Assessment;
- Local Taxation – Council Tax and Non Domestic Rates;
- Revenues and Payments; and
- Technical and Control.

The review has identified the following issues that need to be addressed if we are to continue to deliver excellent performance during and beyond the current economic and welfare climate:

- managing significant change brought about by the Government's Welfare Reform Programme and changes in local government future financing arrangements (Localisation of Business Rates);
- enhancing customer service integration;
- enhancing automated financial systems that will enable further streamlining of business processes;
- improving customer consultation; and
- Succession planning.

The new arrangements have been designed to address the specific service issues raised above as well as supporting the development and improvement of the council as a whole. More specifically they will allow the council to:

- Focus finite resources on continuing to maximise collection of income due to the council to help minimise any future increases in Council Tax;
- Implement fairly and uniformly the Government's welfare reform proposals;

- Process new benefit claims and change in circumstance claims promptly and accurately to those most in need;
- Further enhance the customer experience with the Council;
- Provide expert, accurate and timely R&B advice to those seeking to access the service;
- Enhance the promotion / take up of benefits at both the right time and place;
- Provide expert, accurate and timely financial assessment process for those wishing to access social care services;
- Focus resources on adapting financial processes to meet the new outcome focussed framework for personalised care services; and
- Focus resources on increasing income collection rates and minimising debt write off for Social Care Services.

The proposed structure presented for consideration involves an immediate reduction in the number of establishment posts from 158.91 FTE to 150.32 FTE, a reduction of 5.4%, generating a net reduction in the cost of the service of £0.160m. This together with a proposed reduction in non pay costs of £0.083m enables the Service to put forward net cost reduction proposals of £0.243m which exceeds the target cost reductions set for the Review (£200k).

Reductions through vacancy management, natural wastage and volunteers for severance and early retirement have eliminated the need for compulsory redundancies.

Members should also note that work is in hand to take forward initiatives aimed at further improving Council Tax yields by reducing losses on collection. These will provide additional resources to support the Council's medium term financial strategy. In addition, the Council will be actively looking to build on its considerable success by both considering opportunities for further service 'take on' and exploring shared services across other Councils.

### **Next Steps**

The proposals have been discussed with Trade Union colleagues who are satisfied with the process followed during the Review and recognise that the future structure will support the continuation of the excellent service provided during a period of Government Welfare Reform.

Consultations with staff are diarised prior to the end of April.

Implementation of the proposal during May / June - this will allow the Service to continue to meet its service objectives, priorities and challenging operational performance targets at a time of considerable change brought about by the Government's Welfare Reform Programme.

## **8. Finance**

Spend on Revenues and Benefits in 2011/12 is forecast to be £4.571m (before any Government Grant income for the administration of the Scheme). The proposals for reconfiguring the Service will reduce this net cost in 2012/13 to £4.33m, a reduction of £0.243m (5.32%). The saving will support the Council in meeting its 2012/13 and future years' budget strategy.

## **9. Risks and Uncertainties**

There is uncertainty around the Council's future levels of funding and work programme which makes devising a fit for purpose structure more difficult. The risk in not proceeding is that we keep a structure which is not affordable or too inflexible to respond to the need for change e.g. the Governments proposed Welfare Reform Programme.

## **10. Policy and Performance Agenda Implications**

Making best use of resources is critical to the delivery of the Council's priorities and objectives. An effective Revenues and Benefits service will help to ensure that the Council delivers value for money through the services for which it is responsible, and delivered to those most in need in the Borough and will minimise the burden to Council Tax payers at a time of difficult financial and economic conditions.

## **11. Background Papers and Consultation**

- Comprehensive Spending Review (CSR) - 20<sup>th</sup> October 2010
- Local Government Financial Settlement – 31<sup>st</sup> January 2012

Consultation with SLT, elected Members, the Chamber of Commerce and Trade Unions.

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