

Agenda Item No:	<b>6</b>	
Committee:	<b>Overview and Scrutiny</b>	
Date:	<b>28 November 2017</b>	
Report Title:	<b>Annual review of Anglia Revenues Partnership</b>	

## **1 Purpose / Summary**

To provide an annual update to Overview and Scrutiny on performance of the Council's Revenues and Benefits service, since it became part of the Anglia Revenues Partnership (ARP) on 1 April 2014.

## **2 Key issues**

- At Council on 19 December 2013, Members endorsed the Council's approach to Service Transformation including the way forward in respect of Shared Services. This meeting approved that the Council's Revenues and Benefits service join ARP as of 1 April 2014.
- The Business Case for Fenland joining ARP, as previously advised to Council at its 19 December 2013 meeting generated savings to ARP of £272,000 per full year, of which Fenland receives £136,000 per full year over five years.
- In addition to the original savings detailed above the ARP have been set efficiency targets of £53,000 in respect of 2017/18 and £1.017 Million for 2018/19. The partnership is currently on target to achieve these targets bringing additional savings to all partners.
- At Council on the 6 November 2014, Members approved the introduction of an in house ARP Enforcement Agency Service (previously called Bailiffs). The service is being run by ARP to ensure that customers are treated fairly and are not overcharged fees. The estimated annual surplus generated by the fees charged, after deducting the cost of the internal service, is £600,000 for 2017/18 onwards (shared between the partner councils) this will benefit the Council Tax Payer rather than Enforcement Agencies in the private sector. Fenlands share of the surplus is estimated at £70,000.
- As full members of the ARP, the Council has joint control over its governance and direction, with a Member (the Portfolio Holder for Finance) sitting on the Joint Committee together with Members from the other six partner Councils.
- In 2017 the ARP partners agreed to reconstitute the ARP Trading company into a company owned jointly by all 7 partners. The business plan and business cases have been approved and in 2018 the company should start to trade. The initial trading will be in Tenancy Fraud Services provided to Registered Housing Providers.
- Joining ARP demonstrates the Council's open minded approach to shared services. Discussions will continue in other areas where a robust business case can be developed which delivers savings and maintains a high quality service to residents and local businesses.

## **3 Recommendations**

That Overview and Scrutiny are requested to note the attached report.

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	N/a
<b>Portfolio Holder(s)</b>	Councillor John Clark, Leader of the Council Councillor Chris Seaton, Portfolio Holder for Finance
<b>Report Originator(s)</b>	Geoff Kent, Head of Customer Services Paul Corney, Head of Anglia Revenues Partnership
<b>Contact Officer(s)</b>	Paul Corney, Head of Anglia Revenues Partnership Geoff Kent, Head of Customer Services Brendan Arnold, Corporate Director and Chief Finance Officer
<b>Background Paper(s)</b>	None

## 1 Background

1.1 ARP is a shared Revenues and Benefits service that from April 2014 comprised five partner authorities (Breckland, East Cambs, Fenland, Forest Heath and St Edmundsbury). It also had a partnership working arrangement with Suffolk Coastal and Waveney District Councils. From April 2015 Waveney and Suffolk Coastal also became full members of the ARP.

1.2 The ARP has the 3rd largest caseload for Revenues and Benefits in England as shown below:-

	<b>HB &amp; CT Claimants</b>	<b>Council Tax Dwellings</b>	<b>No of live NNDR Properties</b>	<b>TOTAL</b>		
<b>Birmingham</b>	154,280	431,588	44,130	<b>629,998</b>		
<b>Leeds</b>	87,520	342,658	25,910	<b>456,088</b>		
<b>Anglia Revenues Partnership</b>	64,004	327,122	26,662	<b>417,788</b>		
<b>Cornwall UA</b>	61,120	261,092	27,150	<b>349,362</b>		
<b>Sheffield</b>	66,100	240,672	16,690	<b>323,462</b>		
<b>Manchester</b>	78,050	221,965	22,660	<b>322,675</b>		
<b>County Durham UA</b>	67,090	238,256	14,440	<b>319,786</b>		
<b>Liverpool</b>	81,950	217,838	16,240	<b>316,028</b>		
<b>Average</b>	17,092	71,981	5,299	<b>94,372</b>		

1.3 ARP's Revenues and Benefits service is responsible for; making Benefit awards (both Housing Benefit and Council Tax Support) to the value of over £250 million, claiming housing benefit subsidy back from the Government of over £200 million per annum and are responsible for the billing and collection of more than £850 million in Council Tax and Business Rates per annum.

1.4 ARP operates a Joint Committee to facilitate the delivery of the Revenues and Benefits service for each of the seven member authorities of ARP, which is delegated through Section 101 (5) of the Local Government Act 1972 and regulations made under section 20 of the Local Government Act 2000. At its meeting on 27 February 2014, Council resolved to agree to the arrangement above.

1.5 The arrangements outlined in section 1.4 above mean that the Joint Committee is enabled by legislation to make decisions on behalf of all the Councils that are part of ARP with regards Revenues and Benefits service provision.

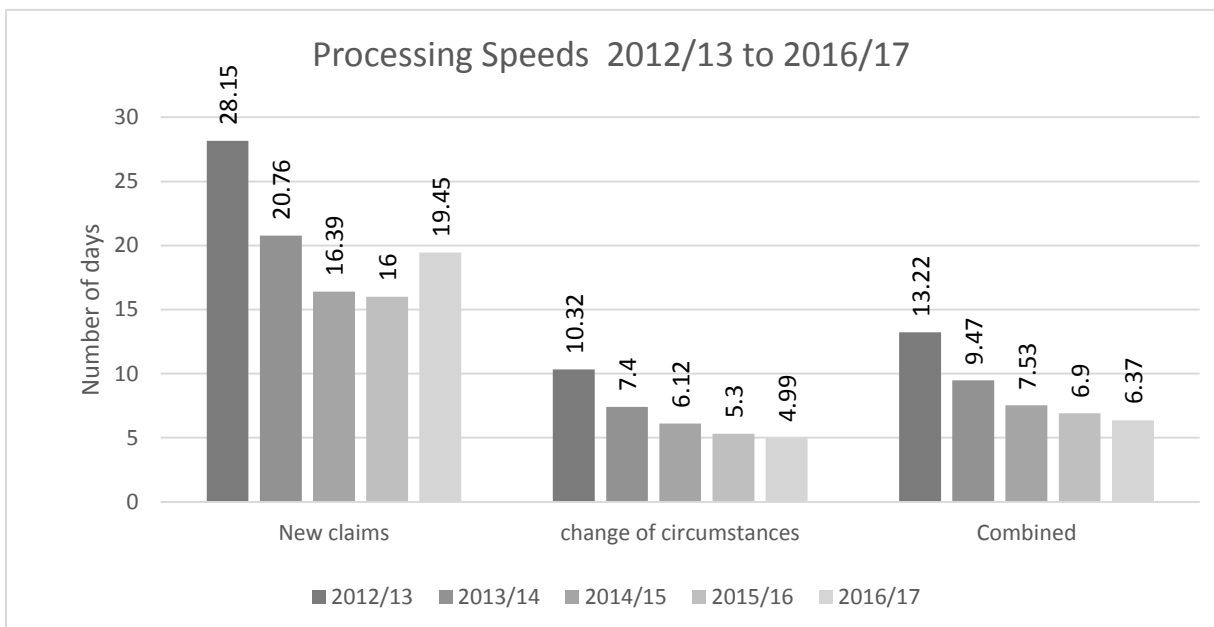
1.6 The Council is represented at Joint Committee by the Finance Portfolio Holder. The Joint Committee meets at Breckland District Council four times annually. Meetings have been attended by Fenland Members quarterly since 30 June 2014. The Leader noted the effective running of meetings and is confident that the Joint Committee allows Fenland's interests to be fully represented as part of ARP.

- 1.7 The shared service is generating £0.68 Million of savings to Fenland over five years by:-
- Reductions in staff by sharing activities across Councils, by economies of scale.
  - Councils sharing contracts for certain services such as computer systems, print and post costs, etc. to reduce unit costs.
  - Additional savings as processes and functions merge between ARP partners.

1.8 ARP represented the first major shared service initiative for the Council. Following a robust Business Case, it has started to deliver significant financial savings whilst at the same time maintaining the high standards of performance and customer service that underpin Council services.

## 2 Revenues and Benefits performance since 1 April 2014

2.1 Benefits performance continues to achieve agreed targets each year. The chart below shows the performance for the last 5 years:-

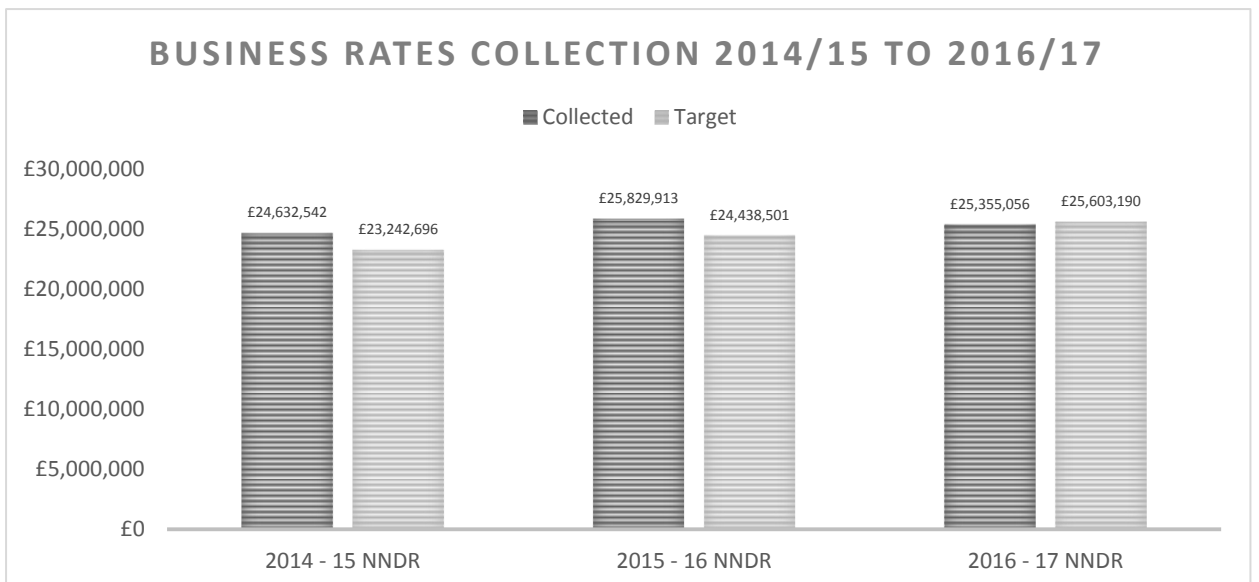


2.2 Changes to state-administered benefits such as Jobseekers' Allowance mean that Council-administered benefits (Housing Benefit and Council Tax Support) may need adjusting as customers' income changes. Information regarding these changes is now received each day, allowing claims to be updated automatically without time-consuming additional work for the majority of cases.

2.3 The DWP Housing Benefit speed of processing average for new claims in 2016/17 was 22 days.

2.4 Each year as part of the setting of the budgets targets are set in respect of the income we need to collect in the Council Tax collection fund and the NNDR collection fund.

- 2.5 Collection Funds are how Councils account for the collection of both Council Tax and NNDR. All monies received in respect of these are paid into these funds held by the Council and then distributed to precepting authorities (Cambs County Council, Cambridgeshire Police Authority, Cambridgeshire Fire Authority) and then to Fenland District Council to contribute towards overall funding.
- 2.6 Collection of Council Tax and NNDR is monitored monthly and performance is reported to the Joint Committee. The collection of Council Tax for the 2014/15 to 2016/17 financial years was above target as shown in the charts below and NNDR slightly under target in 2016/17 due to backdated refunds for appeals of Doctors Surgeries:-



The change over the last full financial year for Council Tax and Non-Domestic rate yield are as shown below:-

	1 April 2016	31 March 2017
Council Tax	£46,605,636	£48,540,037
Non-Domestic Rates	£25,829,913	£25,355,056

- 2.7 The yield is budgeted for in the Council's annual budgets with a continuing increase in the number of both commercial and domestic properties in Fenland as the table below shows:-

Date	Commercial properties	Domestic properties
1/4/14	2,990	43,381
1/4/15	3,032	43,777
1/4/16	3,046	44,423

- 2.8 At the end of October 2017 collection is ahead of the collection fund targets for Fenland as set out below:-

	Collection Fund target £	Actual £	Difference £
Council Tax	32,989,068	33,178,514	+ 189,446
Non-Domestic Rates	16,681,257	17,046,800	+ 365,543

- 2.9 The large positive variance in respect of NNDR collection is expected. It is affected by the need to make provision for appeals against the NNDR Rating List. The Rating List is the basis of NNDR and is in essence the market rental value of each property that takes into account the type of property, location and turnover. This information is used to create the "Rateable Value" by the Valuation Office Agency (VOA) (a Government agency), that together with the nationally set "Multiplier" sets the basic rates payable each year that the Council bills and collects.
- 2.10 A large number of businesses have appealed to the VOA as they think that their Rateable Value has been assessed as too high. If these appeals are successful, this will reduce the rates payable and in turn reduce the yield the Council receives.

### **3 ARP Enforcement Agency (ARPEA)**

- 3.1 ARPEA was established in 2015 by the partnership to bring in-house the work in recovering Council Tax and Business Rates at an advanced stage of recovery, after all other avenues had been explored. Prior to this, partners had worked with external bailiff companies to do this work. Over £7 Million has been collected across the partnership in respect of Council Tax and Business Rates arrears. Performance has been monitored and compared with the performance when the service was provided externally. The in-house team has achieved a collection rate which compares favourably with one of the external providers previously used by the Partnership.

- 3.2 ARPEA is working much more closely with the Council Tax teams than the external providers would be able to. We are better able to respond in cases where vulnerable people are involved to help those people who are genuinely having difficulty in paying and where appropriate the team can withdraw statutory fees.
- 3.3 The great success of ARPEA has meant that, in addition to maintaining Council Tax and Business rates collection, the service has only received 12 complaints and only 2 of these complaints have been deemed to be justified (and neither of these complaints were about the behaviour of our staff. Body cameras mean that where ever concern is raised managers can view the details of any conversations between enforcement agents and customers.
- 3.4 Fees collected by ARPEA are retained by ARP and distributed between the seven partner Councils. In 2017/18 Fenland will receive income from these fees in the region of £70,000 in addition to collection of the appropriate Council tax or Business Rate debts owed.

#### **4 Other developments this year**

- 4.1 As part of the ARP Digital Transformation Project, a self-service facility, provided by CAPITA, is available to all residents in the geographical areas covered by the Seven Authorities from the Anglia Revenues Partnership. This enables the customer to view their Council Tax, Business Rates and Benefits documentation online, reducing the number and cost of this information being printed, packed and sent out by post.
- 4.2 Significant changes have occurred in the investigation of fraud and error. In November 2014 the DWP set targets for Councils to reduce claimant error in the Benefits system.
- 4.3 ARP identified the software Councils used to assess and review claims did not have the functionality to enable the identification of suitable cases. It worked with the software company to lead on and develop a bid on behalf of 139 Councils to a DWP fund established to assist Council with this new task.
- 4.4 This process involved ARP in extensive discussions with the software company, DWP and through Council user groups the other Council sites, resulting in a successful bid for substantial funding awarded to the ARP to develop, test and implement a solution for the 139 Councils.
- 4.5 The software is now live and available for all the Councils to use. ARP has been involved in further meetings with the DWP, who are running a case study to share nationally the best practice identified by ARP.
- 3.5 Housing Benefit fraud transferred to the DWP on the 1 September 2015 for all partner Councils to become part of the DWP's Single Fraud Investigation Service (SFIS). ARP presented a business case to Joint Committee to fund a post SFIS Counter Fraud team to concentrate on other areas of fraud, retaining the skills of experienced investigators to maximise areas of fraud which affect the income of the seven partners and the three County Councils. Despite the team only having been formed on 1 September 2015, they are already meeting targets.

- 3.6 The Fraud team have worked on tenancy fraud cases from April 2015, the National Audit Office state that the average saving from tenancy fraud to the public sector purse is £18,000 per case.
- 3.7 The table below shows the performance of the fraud team, The Single Person Discount fraud shows the amount saved from the date the discount is removed to the end of the financial year:-

2017 – April to October	Overall fraud identified	Fenland fraud identified
Single Person Discount.	£304,010.51	£8,935.45
Council Tax Support	£152,690.92	£23,185.14
Tenancy Fraud	£288,000.00	£36,000
Other Council Tax	£202,339.18	£12,459.10
Other Business Rates	£752,833.01	£42,936.05
<b>Total identified</b>	<b>£1,699,873.62</b>	<b>£123,515.74</b>

## 5 Future developments and expansion of ARP

- 5.1 Joint Committee have agreed that it is unlikely that we will agree to any further full members. However it is still the intention to look for future growth in other ways.
- 5.2 At Cabinet and Council meetings Fenland agreed to be a partner in an ARP trading arm (ARPT). Fenland is an equal partner and has equal shares in the Company. This should generate further income and savings above our current arrangements and has the potential to generate further income for ARP going forward.
- 5.3 In 2017/18 the ARP trading Company has been reconstituted as a company jointly owned by all 7 ARP partners. The trading company will offer opportunities to trade with other Local Authorities and with external agencies.
- 5.4 All partners have agreed that, where there will be no impact on the ARP core services, the trading company will offer transactional services to other Councils who need help with Revenues and Benefits work. We will also provide tenancy fraud services to Registered Providers.
- 5.5 The business cases that will be considered in the first instance are likely to be
- Consultancy services on partnership planning and service delivery
  - Resilience – staff on an agency basis, when our resources allow
  - Fraud investigation and Council Tax maximisation
- 5.6 Every ARPT business case will include information concerning the way in which the opportunity is to be resourced. All partners agree that the first priority will continue to be to ensure that the current services provided by the ARP for residents are in no way compromised by any trading activities.



5.7 When Fenland joined ARP, it was able to realise the long-term savings mentioned in this report. Any further efficiency savings and trading opportunities will see a share coming to Fenland. ARP will continually seek to generate further savings and income and will not compromise existing service quality for existing member authorities and residents.