

NORTH LINCOLNSHIRE COUNCIL

**CABINET MEMBER
POLICY AND RESOURCES**

**LOCAL TAXATION AND BENEFITS SHARED SERVICE
ANNUAL REPORT 2012/13**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To present a report on the performance of the shared service in its first financial year.

2. BACKGROUND INFORMATION

- 2.1 North Lincolnshire and North East Lincolnshire Councils agreed to establish a shared service for taxation and benefits. By working together both councils aimed to make savings in operational costs to meet wider cost saving targets and to provide increased resilience in delivering key services for residents of the area. This shared ambition was encapsulated in a three year business plan which was approved by both councils.
- 2.2 The shared service was launched in July 2012 after substantial preparatory work. The service operates with a single management structure, a shared systems team, with operational teams in Brigg and Cleethorpes. While these teams work predominantly for the host authority, the service has the flexibility to redirect staff resource to address areas of greatest need.
- 2.3 The Annual Report sets out the key achievements of the service in 2012/13 and the challenges it has faced. It provides a first assessment of the success of the initiative and opportunity to take stock for the future development of the service.
- 2.4 The report demonstrates that, at a time of unprecedented and rapid change, the shared service has made a successful start. Saving targets for the first year were exceeded (appendix A); and five major welfare reform initiatives were implemented successfully and on time. Appendix B shows that tax collection rates were better than target, and therefore better than the previous year result on which the target was set, despite economic conditions. The service fell short of the target to maintain benefit claim turnaround. Given the scale of change in 2012/13, including the implementation of new management

and working arrangements, this does not detract from the real achievements made.

- 2.5 The report is initially for cabinet member consideration, but it is hoped it can serve a useful purpose in informing a wider audience. For example the report can be used to inform staff and stakeholders through the service newsletter and other channels as appropriate; and for wider publication.

3. OPTIONS FOR CONSIDERATION

The options are to approve or not approve the annual report; and to determine the ways in which it might be publicised.

4. ANALYSIS OF OPTIONS

See section 3

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

These can be met from within existing resources.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

Not applicable

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

Not applicable

8. RECOMMENDATIONS

That the cabinet member notes the 2012/13 annual report and determines how it should be publicised.

DIRECTOR OF POLICY AND RESOURCES

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Background Papers used in the preparation of this report



Local Taxation & Benefits

Shared Service

Annual Report 2012/13

Introduction

North Lincolnshire Council (NLC) and North East Lincolnshire Council (NELC) entered into an agreement to share Local Taxation and Benefits services, which commenced on 1st July 2012.

The business case detailed the high level outcomes which are:-

- A reduction in cumulative operating costs of £1.27m between 2012/13 to 2014/15 and expected annual savings thereafter across the 2 councils' Local Taxation and Benefits services
- Improved performance
- Better outcomes for customers
- Increased capacity and resilience to cope with changes to the service and fluctuations in demand, through the sharing of resources, skills and knowledge

During 2012/13 the service not only went through major organisational change as a result of the implementation of the shared service, but also led on key projects relating to the implementation of welfare reforms.

In light of the welfare reform projects, the expectation for year 1 of the shared service was that savings would be delivered in accordance with the business case and that performance would at least be maintained at current levels during the first 12 months.

1. Implementation of the shared service

1.1 Recruitment

The initial milestone for implementation was to have staff in post from 1st July 2012. This was achieved for key staff with support from both councils' HR staff and Trade Union representatives.

Some staff were redeployed into other vacancies within the council, and there were no compulsory redundancies as a result.

1.2 Finance

The final out-turn for 2012/13 shows that the shared service has achieved and exceeded the savings outlined in the business case for year 1 (see appendix A). The additional savings have mainly been achieved through vacant posts, under-utilisation of additional grants received in 2012/13, and redundancy costs being less than original estimates.

1.3 ICT

An ICT solution has been created which enables staff to access systems hosted by either site wherever they are based, whether in the office or working from home.

2. Implementation of external changes

The shared service has been responsible for the implementation of major change as a result of national welfare reform. There were 5 key projects, all of which had to be implemented simultaneously:-

- Introduction of Localised Council Tax Support Scheme (LCTSS)
- Changes to Council Tax exemptions and discounts for empty properties
- Preparation for new business rates retention scheme
- Introduction of Local Welfare Provision
- Major change to Housing Benefits as a result of new legislation (spare room subsidy)

2.1 LCTSS scheme

From April 2013 councils were required to implement a local scheme to replace Council Tax benefit (CTB). The project had very tight timescales to meet in order to undertake the required consultation and to ensure members had sufficient time to consider options and agree a scheme.

The service led the consultation processes for both councils throughout the summer and early autumn of 2012. Working jointly with both councils' communications teams the service developed a customer questionnaire that was available both as a form and via web access.

Service representatives attended member meetings, meetings with partner organisations and local neighbourhood forums. The service also led 'away day' workshops in both authorities, which were utilised both to inform partners and other council service representatives about the changes, obtain their views about the proposed scheme, and feed into proposals for dealing with other changes relating to welfare reform.

Both councils agreed their relevant schemes within statutory timescales and these were implemented ahead of the 2013/14 financial year.

2.2 Changes to Council Tax exemptions and discounts

As a result of funding changes councils were given the flexibility to amend other exemptions and discounts for certain categories of empty property. A number of options were considered, and the service was instrumental in providing the financial modelling which confirmed potential additional income that could be raised depending on the preferred options.

2.3 Preparation for the business rates retention scheme

From April 2013 the way the council is funded through business rates has changed, which means that instead of collecting 100% rates on behalf of central government and allocated a share, the council will directly retain 50% of rates collected. The new scheme presents the council with both risk (if large local businesses fail) and opportunity (if new business is attracted into the area).

The council was required to provide a statutory return estimating the business rates yield for 2013/14. The service supported the Finance teams at both councils by providing known data, and obtaining intelligence from external sources regarding the potential impact of appeals and new business. Again, this piece of work was delivered within the government deadlines.

2.4 Introduction of Local Welfare Provision

A further new scheme that was implemented from April 2013 was the introduction of Local Welfare Provision (LWP), replacing crisis payments and community care grants previously administered by the DWP.

The service worked extensively with partner organisations and other services to obtain views about the best way to deliver support. Members at both councils agreed a joint scheme in January 2013 and between January and April the service procured an ICT solution, implemented a joint telephone line for crisis applications, produced information booklets and application forms, and informed members and partners about the criteria and operation of the scheme.

2.5 Housing Benefit changes (the 'Spare room subsidy')

Restrictions to Housing Benefit for social tenants considered to be under-occupying accommodation were introduced in April 2013.

The service undertook a significant amount of work in the run-up to the changes, working closely with social housing providers to identify, inform and support those affected.

Service managers worked pro-actively to ensure that other services and organisations dealing with people affected by the change were fully aware of both the technical details and the impact of change on their client groups.

2.6 Finance Inclusion Group

The service is part of the Finance Inclusion Group, a forum which brings together public agencies, voluntary organisations and social landlords and is chaired by the cabinet member for Policy and Resources. The Group aims to provide a coordinated approach to address money and debt issues and provide improved access to good quality financial services. In a time of radical welfare reform the need to work effectively together for the residents of the area has become even more necessary.

A first full day conference was convened in October 2012 to bring interested parties together, with 95 delegates attending. This identified a need for money management training as well as debt and benefit advice. The council has since trained 25 people from various agencies to deliver 'Quids In' managing your money training sessions. These courses are being delivered weekly in venues throughout North Lincolnshire. Agencies are now better informed on the council's welfare arrangements, including new responsibilities, what they each provide and can signpost clients more effectively.

3. Overview of Achievements

The scale and pace of change since the inception of the shared service has been unprecedented.

Despite the challenging timescales all projects have been delivered on time, within budget, and the service has achieved the required saving for the first year of the shared service. The pooling of resources between the 2 councils meant that teams could work on projects for both councils, avoiding duplication of effort.

Collection rates for Council Tax and Business Rates have increased, which is in itself a significant achievement in the current economic climate.

There was a slight dip in Benefits performance at the end of 2012-13, which has become more pronounced during the first 2 months of 2013-14. An action plan has been put into place to rectify the situation.

Key performance figures for 2012-13 are included at **Appendix B**.

For 2013/14 the priority for the service is to recover performance, and to further align processes and procedures between the two councils to deliver efficiencies.

The impact of the welfare reform changes will continue to be monitored and are likely to test the service, supporting vulnerable customers on the one hand whilst maximising income collected for both councils.

In the collection of council tax, it is expected that staff will be required to use more discretion and flexibility to deal with customers who cannot, rather than will not, pay.

The service will need to build on existing relationships with partner organisations in order to ensure effective support is provided to customers wherever they seek advice. These relationships are likely to become even more essential as other welfare reforms are implemented in future.

Jo Robinson

Local Taxation & Benefits Shared Service Manager

LOCAL TAXATION & BENEFITS SHARED SERVICE

OUTTURN 2012/13

SHARED SERVICE BUDGET

		NEL	NL	Total
		£	£	£
Base budget	A	2,447,859	2,522,790	4,970,649
Outturn Position	B	2,322,939	2,416,376	4,739,315
Total Shared Service Savings Year 1 (A-B)		124,920	106,414	231,334
Original savings estimate		69,779	59,442	129,221
Savings attributable to each council		54%	46%	