

SUBJECT:	Revenues and Benefits		
REPORT OF:	Officer Management Team -	Director of Resources	
	Prepared by N Berry	-	Senior Contracts Officer

1. Purpose of Report

- 1.1 To update members on the performance of the Revenues and Benefits Service throughout 2010/2011.
- 1.2 To provide an update on fraud prevention work.
- 1.3 To update members on the new Revenues and Benefits contract

2. Links to Council Policy Objectives

- 2.1 Deliver value for money services that are driven by customer and community needs.
- 2.2 Work with partners to improve the provision of and access for all to the right services, suitable housing and other amenities.

3. Performance in 2010/2011 - Key BVPIs

- 3.1 2011 is the final year of the contract with Capita who have run the revenues and benefits service since October 2004. Performance has remained consistently good over recent years and was not the reason why the contract was not renewed with them. Performance over recent years will be the benchmark against which the new service provider will be measured.
- 3.2 Performance against key indicators is reported on a regular basis throughout the year and this report will therefore not cover these areas in detail again however the final full years performance for 2010/2011 on key Indicators was as follows. Performance in 2009/2010 is also given.

	2010/11	2009/10
Council Tax Collections	98.6%	98.3%
Non Domestic Rates Collections	98.7%	98.9%
Average Time taken to process New Benefit Claims (old BV78a)	16.4 days	18.5 days
Average Time taken to process Changes in Circumstance (old BV78b)	7.8 days	7.3 days
Average Time taken to process HB/CTB New Claims and change events (NI181)*	9.3 days	9.4 days

* When the number of National Indicators was reduced in April 2008, this indicator was introduced to take the place of BV78a and BV78b. It is felt however that

continuing to monitor the original indicators gives a clearer picture of actual service provision.

- 3.3 Performance against the New Claims and Changes of Circumstances Indicators has been given high priority and certain elements of the contract sum have been specifically targeted at these areas. In 2011/2012 it was considered that maintaining good performance in these areas was critical in advance of the transition of the service to a new provider.
- 3.4 Targets in these areas have therefore been set as follows for the first 7 months of 2011/2012 until service migration.
- Average Time to Process New Claims 18 days

*(it has also been agreed that performance must not exceed 20 days in any quarter)
 - Average Time to Process Changes in Circumstance 9 days

*(it has also been agreed that performance must not exceed 12 days in Quarter 1 or 11 days in quarter 2 or October)

These targets have been negotiated with Capita and whilst stretching it has been agreed that they are achievable. This should also ensure that the work state is in a healthy position for the new provider.

4. The Fraud Service

- 4.1 Once again throughout 2010/2011 the service has been very successful in the anti fraud work it has undertaken with 26 sanctions being applied. The fraud service is still run in partnership with Chiltern DC as reported to members in July 2008.

When fraud is identified and proven, the Council has 3 types of sanction it can apply

- Formal Caution - an official caution which remains placed on record in case of further offences
- Administrative Penalty - this is in effect a local fine where in addition to paying back the overpayment, the claimant is required to pay an additional amount to the Council equivalent to 30% of the overpaid benefit
- Prosecution - the case is taken through the court system and any punishment is decided by the courts.

In all cases the claimant is also required to pay back the full amount fraudulently claimed and the application of a sanction can result in partial withdrawal of benefits for a period of 4 weeks should the Department for Work and Pensions decide such action is appropriate.

In 2010/2011 a total of 26 sanctions were applied. This consisted of 16 cautions, 8 administrative penalties and 2 prosecutions.

- 4.2 When looking at fraud activity it is also useful and interesting to look at the types of fraudulent activity identified and where information was received from. This allows the service to target higher risk cases to ensure that resources are used effectively.

In 2010/2011 there were 88 cases referred to the fraud team to investigate. The breakdown of where these cases came from was as follows:-

Referral Source	Number
Capita Benefit Assessment Staff	27
Fraud staff both at SBDC and Jobcentre Plus (DWP)	25
Landlord	4
Anonymous call / letter	4
Public/ External	2
Fraud Hotline	3
National Fraud Initiative	5
Housing Benefit Matching Service	18
Total	88

Of the 88 cases the allegations involved the following suspected fraudulent activity.

Alleged Fraud Type	Number
Landlord Fraud	3
Non Declaration of Capital	12
Undeclared non-dependants	8
Undeclared income	38
Living Together with undeclared partner	22
Non-residency	5
Other	0
Total	119

5. Other Revenues and Benefit issues - Single Occupier Discounts

- 5.1 Throughout 2010/2011 Capita have, in addition to the core contract been conducting a review exercise of all single occupier discounts to ensure that they are being correctly applied.
- 5.2 This exercise has been carried out cross referencing data to credit referencing agencies which identified addresses at which it was likely that more than one person was living.
- 5.3 The process then involved writing to taxpayers to verify whether the discount should apply and ultimately conducting telephone interviews. If taxpayers did not respond the discount was removed by default.
- 5.4 This exercise resulted in over 600 single occupier discounts being removed increasing Council tax income by over £200K to be shared between the council and other precepting bodies.
- 5.5 This will also have the effect of increasing the tax base for future years alleviating some of the pressures on Council Tax.

6. The New Revenues & Benefits Contract

- 6.1 The new contract with Northgate starts on 1st November 2011, and will run for a minimum of seven years.
- 6.2 Under the new contract the services will be provided by a front office facility at Capswood, similar to the current arrangements, but the back office and telephone calls will be managed from Northgate's business centre in Swadlincote. The applications supporting the system, and its data will be hosted at Northgate's facilities in Woking.

Transition

- 6.3 To oversee the transition from Capita to Northgate there is a Transition Board set up in accordance with the contract, and this is composed of:
- Director of Resources
 - SBDC client team plus advisers who supported the contract process.
 - Northgate's Client Services Director
 - Northgate's Project Manager
 - Northgate workstream leads for the project
- 6.4 The Transition Board meets at least monthly, and there are weekly discussions between the Council's revenues manager and Northgate's project manager.
- 6.5 The transition plan has three main workstreams.
- System and data migration, and related ICT issues, including GCSX¹ access.
 - Service issues, covering how the service will actually be delivered and managed
 - Staffing issues related to staff who may be transferring from Capita to Northgate, and new staff recruited to the South Bucks contract.
- 6.6 One of the key issues for the success of the transition is the involvement of Capita, the exiting contractor. To date Capita have been extremely professional and co-operative.
- 6.7 The key risks for the transition are as follows.

Risk	Comment
Failure to set up application and transfer data	There is no change in the application being used to operate the services, and Northgate have agreed that Capita will set up the application and migrate the data on their behalf. A comprehensive testing plan has been developed and the client team will be provided information on the acceptance testing
Failure to have in place GCSX connections	This is a specific activity highlighted in the plan and preparatory work is in hand.
Service knowledge lost in the transition	At present it seems that the majority of the Capswood based staff will be transferring to the new contractor which will assist in service

¹ GCSX is Government Connect secure extranet which is the means local authorities have to use to exchange information with Central Government

Risk	Comment
	continuity. Northgate staff are documenting current processes to map against those currently used by them at the Swadlincote site. The client team is involved in reviewing this work.

6.8 The key milestones in the project plan are:

- Completion of recruitment process of new staff for Swadlincote - Mid Sep.
- Application set up and first data extract loaded - Mid Oct.
- GCSX issues resolved - Beginning of Oct .
- Access channels for clients and residents in place(e.g. PO Box, call handling arrangements, emails) - Mid Oct

Operating Arrangements

6.9 Once transferred the new contract will be managed in a similar manner to the current contract. This will entail monthly meetings to review contract performance, combined with at least annual strategic review meeting which will focus on changes likely to affect the services in the future.

6.10 At the heart of the contract management is the focus on a few specific key performance indicators, and payment under the contract is related to these. This is supplemented by the client teams awareness of customer service issues through monitoring of correspondence and feedback from customers.

7. Summary

7.1 2010/2011 was another successful year for the Revenues and Benefits service in terms of collections, processing and anti-fraud work and it should be noted that this has all been achieved whilst the process of retendering the service was being carried out.

7.2 The current year will present many challenges for the service in terms of transition however the process is being carefully managed to ensure any disruption to the service is minimised.

7.3 The change of service provider is happening at a particularly busy time within the revenues and benefits arena and many additional challenges will be faced in relation to, amongst others, the changes to the Housing Benefit scheme, the introduction of Universal Credit and the changes localising support for Council Tax.

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Background Papers:	