

Revenues and Benefits Annual Update

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Purpose of the Report

The purpose of this report is to update members on the work of the Revenues and Benefits Service during 2013/14 and our work plans for 2014/15

Recommendation

That members note and comment on the content of this report

Background

During 2013/14 the Revenues and Benefits Service was responsible for the collection of approximately £84 million in Council Tax, £43 million in Business Rates, and the payment of £45 million of Housing Benefit and £9.3 million in Council Tax Reduction (CTR), £181.3 million in total.

As mentioned in my last update, during 2013/14 the service has been subject to an unprecedented level of change to legislation relating to, Council Tax, Housing Benefit and Council Tax Benefit (now CTR).

The key changes were:

1. Abolition of the national Council Tax Benefit Scheme and the localisation of Council Tax support
2. Social sector size restrictions for Housing Benefit
3. Overall Benefit Cap
4. Technical reforms of Council Tax

It has been an enormous change programme with extremely challenging timescales for delivery. In addition to this work we undertook the usual annual billing and year end processes for Business Rates, Council Tax, Housing Benefit and Council Tax Reduction. These processes alone present a very real challenge for the team each year, and the addition of the above changes meant a complete redesign of the approach to annual billing and an unprecedented workload.

I am pleased to report the team met these challenges admirably with everything being implemented and bills dispatched on time.

Revenues and Benefit Services in 2013/14

Council Tax Reduction Scheme (CTR)

SSDC adopted a local Council Tax support scheme called “Council Tax Reduction” for working age people from 1 April 2014 following the abolition of the national Council Tax Benefit Scheme. The most significant change was the reduction in the maximum support available. Under CTR it is 85% compared with 100% under the former Council Tax Benefit scheme.

Approximately 6500 working age households were affected by this change, of which around 4000 households were paying something for the first time. Pensioners were protected from the changes and their support was unaffected.

There were a number of things that we did to try to support people affected by the welfare reforms. These included:

- Longer term arrangements - designed to help people get back on track with their Council Tax payments and sustain them thereafter. Comprehensive arrangement letters were introduced to make it easier for the tax payer to keep track of what is due.
- Introduction of a “Reminders explained” leaflet – we found that there were many people who did not know or understand that the reminder process for Council Tax is an escalating one. Two consecutive missed payments, or continued late payments would result in the loss of the right to pay by instalments and additional costs and fees. This leaflet was sent with reminder notices and new bills from October 2013 and every household received one with their 2014/15 annual bill in March 2014. It also sets out when payments need to be made by to ensure they are on their account in time for the instalment due date.
- Referrals for further monetary advice – We added this stage to the recovery process and is used where we identify that people might benefit from advice on debt, budgeting or both. We suggest the tax payer seeks help from CAB with a view to them then making a realistic repayment agreement. We have had some limited success with this approach.

Social Sector Size Restriction

This change came into effect in April 2013. Ahead of the implementation we estimated approximately 1200 households would be affected. By the end of the year we had around 800 households still affected. About 10% of those having more than 1 ‘spare’ bedroom and subject to a 25% reduction in the rent used to calculate Housing Benefit entitlement. The other 90% had a reduction of 14%. This had a significant impact on many of the households affected and resulted in additional administration for the team.

Benefit Cap

This is a cap on the total amount of benefit that can be received. The cap is £350 a week for single people and £500 a week for couples and lone parents. We have had between 35 and 40 households affected by this at any one time. Approximately 40% of these are in the private rented sector and 60% in social housing. It has mainly affected families with four or more children and the benefit loss each week ranges from under £10 to as much as £200 a week. Some households move off the cap and new ones become subject to it. There are

also changes in the value of the cap that needs to be applied. This is all additional work for the team.

Discretionary Hardship applications

We paid 486 Discretionary Housing Payments towards rental costs during 2013/14 and turned down 160 (646 applications). Of those paid, 308 were due to the Social Sector Size Criteria, 123 due to Local Housing Allowance restrictions, and 24 due to the Benefit Cap. The other 31 were paid for a variety of other reasons. This was a near threefold increase in applications compared to 2012/13 with 229 in 2012/13 and 646 in 2013/14.

Housing Fairs

In September 2013 members of the Benefit Team attended the Housing Fair at the Guildhall in Chard, to offer advice and deal with any queries regarding the Welfare Benefits changes. A similar event was held at the Octagon Theatre in Yeovil in April 2014 and the Benefits Team also had a stand there to offer the same service to customers.

Council Tax reforms

There were a number of changes to the Council Tax rules which came into effect on 1 April 2013. A summary of those changes is set out below.

- Removal of 10% discount for Second Homes
- Introduction of an Empty Homes Premium (150% of annual charge) where empty for two years or more
- Introduction of a local discount for properties undergoing or requiring structural works following abolition of national exemption
- The right for Council Tax payers to request payment over 12 instalments (previously 10) 4400 tax payers were on this instalment plan at the end of 2013/14
- Removal of the requirement to provide Council Tax information in paper form to be issued with Council Tax bills.

There was a significant amount of administration required to implement these changes and collect the additional Council Tax due. We were previously able to make special arrangements with tax payers to pay their charge over 12 months where they were in arrears. The ability for tax payers to spread their liability over the whole year proactively helps to avoid arrears from accruing and additional costs and fees being incurred.

Retail Relief – Business Rates

Government introduced a two year Retail Relief for retail businesses with a rateable value of up to £50,000. The relief is worth up to £1,000 a year off the annual business rates charge.

As this is a measure for 2014/15 and 2015/16 only, the Government is not changing legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in guidance, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. It is for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).

Members agreed to use the Council's discretionary powers to award the above reliefs in accordance with Government guidance at the March 2014 Full Council meeting.

Our initial estimates were that around 700 businesses in South Somerset would qualify for this relief. As we cannot identify all qualifying businesses from the premises description and business name alone, we included a form with the annual business rates bill sent to all businesses. So far we have had 340 applications.

Reoccupation Relief – Business rates

This relief is a 50% discount from business rates for new occupants of previously empty retail premises for 18 months, to help reduce the number of boarded up shops on English high streets. This relief was part of the report on the Retail Relief above.

Annual billing and year end

The annual billing and year end process preparation started in October culminating in the calculation and production of new financial year bills for Council Tax and Business Rates, and award letters for Housing Benefit and Council Tax Reduction. There were a number of software releases that had to be loaded and tested and there were all the additional legislation changes to be handled as mentioned above. It is difficult to convey just how much work this all entailed and the time pressures associated with this scale of change in such a short space of time. The team have done a fantastic job in delivering on an almost impossible task.

Flooding Response – Council Tax and Business Rates discounts

As part of the Council's response to the winter flooding several members of our team went out to affected areas to offer advice and support. In addition, discounts for Council Tax and Business rates were introduced for those affected by the flooding.

Performance

The scale of change meant it was a challenging year for our key performance indicators. We had expected the Council Tax collection rate to fall as a result of the introduction of CTR (which meant there was approximately £1m more to collect than the previous year) along with the technical reforms of Council Tax relating to empty properties. The collection figure was 97.4% compared with 97.81% in 2012/13.

The Business Rates collection figure improved from 96.39% to 98.81% partly due to some successes with businesses who had been in arrears for more than a year paying off those arrears and paying the 2013/14 rates too.

The benefit performance relating to turnaround times of new claims and changes in circumstance was impacted during the first half of the year due to higher workload levels resulting from the changes to Housing Benefit and the introduction of CTR. Performance improved during the second half of the year with the average number of days to process new claims and changes of circumstance being on target from 1 September 2013 (the target being 13 days).

The average time taken to process new claims fell from a peak of 55 days in May 13 to 30 days in March 14. We have changed our work practices for new claims and as a result anticipate the average number of days to fall from 30 days in March to around 14 days by September this year.

Plans for 2014/15

We have a full programme of works this year too. The table below is taken from the Revenues and Benefits Service Plan and sets out the key priorities for 2014/15.

Our Key Priority Areas for 2014/15 are:	
1.	To pilot assisted e-claim use for Housing Benefit/Council Tax Reduction (to develop skills and confidence in self-service – prep. for Universal Credit)
2.	To complete the review of the Council's Business Rates Discretionary Rate Relief Policy and reassess current recipients in time for 2015/16 bills
3.	To change our Business Rates computer system to reduce costs and improve efficiency
4.	To improve service performance and reduce costs
5.	To improve customer access to our services by enabling greater contact and information through our website
6.	To successfully complete the Annual Billing Work Programme for 2015/16
7.	To review level of resources in the Revenues Team following increases in demand from CTR, CT changes and Business rates Retention

Assisted e-claiming

In July we launched the pilot for assisted e-claiming. The purposes of this initiative are to increase the take-up of e-claiming and to help build customer capability and confidence in self-service of this and other Council services. This will also help with the preparations for the introduction of Universal Credit when this is rolled out in our area in the future (2016).

We have further extended the number of web forms available, and in particular for people to tell us about a change of address for Council Tax liability. We anticipate the proportion of notifications coming via the web to increase as this channel has unlimited availability for customers, whereas there are limitations on when the Council is open to personal and telephone callers.

Discretionary Rate Relief Policy Review

The current policy was introduced in April 2000. A Scrutiny Task and Finish Group was set up to work with officers to refresh and update the various elements of discretionary rate relief. Current recipients were given notice in March this year that their award of discretionary rate relief will end on 31 March 2015 in accordance with the legal requirement to give a full financial years notice of a policy change.

The review is well advanced with both internal and public consultation having been carried out. Almost half of current recipients responded to the consultation. A report by the Task and Finish Group went to Scrutiny Committee this month. A report is due to be brought before members in September which will set out recommendations for the revised policy.

Business Rates IT system

We are in the process of changing Business Rates system. We have for many years used the Northgate product for Benefits and Council Tax but a different system for Business Rates. The current system is built on old technology and there are very few Councils still using the product. We have decided that now is the right time to rationalise our IT suppliers by moving Business Rates on to Northgate. We have considerable experience of the Northgate product and this move will make it easier for our team to administer Business Rates as the look and feel is familiar to them.

Improving Performance

The team is continually seeking ways to improve performance and wherever possible reducing costs. For example, in June we changed the order in which we process benefit work, giving priority to claim forms. The majority of these are from people who are not in receipt of Housing Benefit/Council Tax Reduction. If the form is properly completed and all evidence is present we are making a decision the day after the form is submitted. If more evidence is required we are calling the applicant (wherever possible) to ask for it, thus reducing the delay in making a decision. Applicants have up to 1 month to provide the evidence, however we also operate a "Fast Track" scheme. We advise the customer that if they provide the evidence within 3 days we will process the application within a further 3 days. We anticipate the average turnaround time for new claims falling from over 30 days to 12 to 15 days in the coming months.

Improving customer access

We have made some changes to our web content already but will be looking at this in more depth later in the financial year.

Annual Billing 2015

We will start work on the annual billing programme in December 2014.

Resources

We are currently reviewing our resources to determine whether they are sufficient for the demands placed on the team by the changes to Council Tax support, Council Tax and Business Rates and will include some benchmarking. A report will be taken to Management Board in due course.

Financial Implications

None.

Implications for Corporate Priorities

Focus 3 Homes - Minimise impact to our residents of the major changes to housing and council tax benefits proposed by the Government.

Focus 3 Homes – Continue to work to bring empty properties back in to use.

Other Implications

None – this report is for information purposes only.

Background Papers: *FC report 16/01/14 – Item 10: New Build and Empty Property Relief from Business Rates*
FC report 13/03/14 – Item 12: Retail Relief From Business Rates
SC report 01/07/14 – Item 8: Council Tax Reduction Scheme – Year 1 review and thoughts for Year 3
