

COMMITTEE: BEST VALUE SCRUTINY COMMITTEE

DATE: 10TH MAY 2005

SUBJECT: BENEFITS ASSESSMENT AND COUNCIL TAX COLLECTION - PROGRESS REPORT AND UPDATE

REPORT BY: HEAD OF REVENUES

CONTACT OFFICER: COLIN YEATES 01582 546997

IMPLICATIONS: EQUALITIES

WARDS AFFECTED: ALL

PURPOSE

1. To report an update and progress on Housing & Council Tax Benefits Assessment and Council Tax Collection.

RECOMMENDATION(S)

2. Best Value Scrutiny Committee is recommended to note the report

BACKGROUND

3. **Housing & Council Tax Benefits Assessment -**

Luton Borough Councils Housing and Council Tax Benefit performance had been in the top quartile for national performance until the implementation of the corporate document imaging system Comino URB in February 2003.

4. Comino was not stabilised until October 2004, and the regular and often elongated downtime resulted in large backlogs of benefits processing. The situation was exacerbated later by instability in the Academy system between late December 2004 and mid January 2005 following the loading of a new release and the upgrading of the underlying operating software system (INGRES).

5. As well as having to convert all data electronically the Revenues processing unit had to manage central governments drive to reform the benefit scheme rapidly. This process is still ongoing.
6. The unit has also suffered from a shortage of experienced assessment officers. However this is not local to Luton alone and there is a shortage of experienced assessors in the job market nationally.
7. As a result of this major problem, the DWP had provided a £200,000,000 performance fund to assist Local Authorities improve performance and to 'grow our own staff'. A bid was made by Luton last year and we successfully won funding in excess of £300K to recruit 8 trainees for 12 months.
8. These trainees have now entered a live operational environment.
9. **Council Tax Collection -**
 - There has been excessive IT downtime since implementation of Comino in Feb 2003 which has led to backlogs of council tax benefit claim assessments which has a negative impact on the calculation of collection rates (we are now making excellent inroads into this problem as the software has been relatively stable since Nov 2004.)
 - Change (reduction) to long-term empty and second homes discounts from April 2004 has increased the council tax net debit, but these are often difficult accounts to collect as we are dealing with absentee liable CTax payers.
 - In the current year internal resources have been affected by the replacement of our Non Domestic Rates IT system.
 - A full, independent external review by IRRV has been carried out and all recommendations have been implemented.

REPORT

10. Housing & Council Tax Benefits Performance Data

The table below details Housing/Council Tax Benefits Performance for key BVPIs against the DWP PIs for this year.

11. The performance targets have not been achieved but there are reasons for the decline.

Month	BVPI 78a New Claims –Target 36 days	BVPI 78b Changes in Circumstances – Target 9 days
April	49.49	42.18
May	53.48	24.29
June	74.76	26.59

July	90.72	36.62
August	92.38	56.76
September	76.18	49.17
October	87.03	30.56
November	107.72	35.01
December	98.07	39.69
January	116.11	55.27
February	98.23	61.32
March	83.68	41.48
Annual (unaudited)	82.86 days	40.81 days

12. Reasons for decline in performance – Benefits Assessment

- Backlog situation as a result of Comino's initial and long term instability and excessive downtime, together with the lack of functionality and integration with our core Academy systems
- Change of working practices and devolvement of customer contact to Customer Services Centre and Call Centre.
- Core Academy system downtime on installation of new release 35 and INGRES upgrade.
- Verification Framework implementation
- HB changes related to Pension and tax credits
- Abolition of benefit periods
- Increases in new claims and changes in circumstances
- Introduction of risk based reviews and Interventions
- Rapid legislation changes to meet Housing Benefit Reform agenda
- Rapid system changes to meet Housing Benefit Reform agenda
- Inadequate performance management reporting tools
- Retention of experienced staff
- Inexperienced staff
- Highly competitive public and private sector market for recruitment & retention of skilled staff

13. Actions taken to improve performance – Benefits Assessments

- Working in partnership with Comino & Academy to increase functionality and integration between systems.
- Reconfigured and continuing to review Comino processes
- Implementation of Benefit Fraud Inspectorate Performance Improvement Action Team Recommendations and performance management - in place since 06/09/04
- DWP performance Fund Bid - won £338,000 for staff resilience, Quality Performance and Development Officer, Training Officer, Revenues Management Training. All recruitment completed 11/02/05.

- Partnership working with IRRV Solutions to support and train new staff funded by DWP.
- Progression scheme for staff retention – in negotiation stages
- Work reduction profile (Appendix 1)
- Recruit additional visiting officers to meet interventions targets
- Implement Academy Streetwise remote working hand held device for visitors
- Training of all staff to have assessment ability in line with progression scheme providing more flexibility with work.
- Provide refresher training for existing staff
- Link to offsite processing providers in place to provide overflow processing facility and flexibility.
- Capita processing team (7 assessors) on site until 31/3/05.
- Contractor assessment officers on site.

14. Performance Data – Council Tax Collection – BVPI 9

The table below details Council Tax Collection for this year. The collection targets have not been achieved but there are reasons for the decline

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2004/5	27.92%	53.60%	Not available due to Academy system report unavailability Previous week – 79.86% Following week – 86.43% (DD allocation in this week)	To follow

15. Reasons for decline in performance – Benefits Assessment

- There has been excessive IT downtime since implementation of Comino in Feb 2003 which has led to backlogs of council tax benefit claim assessments which has a negative impact on the calculation of collection rates (we are now making excellent inroads into this problem as the software has been relatively stable since Nov 2004.)
- Change (reduction) to long-term empty and second homes discounts from April 2004 has increased the council tax net debit, but these are often difficult accounts to collect as we are dealing with absentee liable CTax payers.
- Council Tax collection rates are adversely affected by council tax benefit assessment backlogs.
- We have had dreadful problems with our private sector billing and mailing contractors over 18 months of the current and previous financial years, resulting in this contract being taken in-house to the Pitney Bowes

partnership from Feb 2005. These problems resulted in recovery timetables/cycles being delayed and many accounts requiring rebilling etc., all delaying more vigorous recovery action on defaulters.

- Due to problems at Pitney Bowes, no reminders or final notices were issued in February or March 2005.
- Bailiff performance deteriorated due to difficulties in recruiting internal bailiffs and a drop in performance by our external bailiffs. We are currently catching up on bailiff work and are now employing a second external bailiff firm to increase the number of bailiffs on the ground.
- In the current year internal resources have been affected by the replacement of our Non Domestic Rates IT system.
- A full, independent external review by IRRV has been carried out and all recommendations have been implemented.
- Luton's deprivation level is in comparison to those other LAs.
- Level of resistance to payment was increased by the almost 15% increase in CTax in 2002/3 which coincided with the impact of the closure of Vauxhall on the local economy.

16. The steps we have taken this year to improve the situation are –

- Concentration on clearance of benefits backlogs – up to date by the end of the financial year
- Introduced bankruptcy proceedings against defaulters in January 05 (ongoing)
- Increased bailiff activity and greater use of external bailiff firms.
- Billing printing and mailing service brought in house
- Automated telephone debt collection has been piloted this year and will be evaluated in this year's Collection strategy report
- Direct Debit levels increased and on-line direct debit set-up shortly to be introduced (June 05) through the council's website

17. In addition in 2005/6 we intend to –

- Review installment dates with a view to offering alternative payment dates (currently only the 1st of the month) - to increase collection rate, increase DD take-up and reduce costs (for implementation for 2006/7).
- Implement criminal prosecutions on council taxpayers failing to comply with requests for financial details - to assist with debtor profiling and increase collection rates
- Further and vigorously promote Council Tax Benefit take-up.
- Use Charging Order proceedings against Council Tax defaulters.

LEGAL IMPLICATIONS

18. There are no legal implications to this report as confirmed by the Solicitor on 27th April 2005.

APPENDIX

- 19. Appendix 1 – Benefit Outstanding Work
- 20. Appendix 2 – BVPI performance information 1999 - 2005

LIST OF BACKGROUND PAPERS
LOCAL GOVERNMENT ACT 1972, SECTION 100D

- 21. None