

Taunton Deane Borough Council

Executive - 9 July 2014

New Burdens Funding

Report of Head of Revenues and Benefits

(This matter is the responsibility of the Executive Councillor Vivienne Stock-Williams)

Executive Summary

This report seeks approval that the Executive utilise funding provided under the New Burdens doctrine.

The contents of this report were considered by Corporate Scrutiny on 19 June 2014. No changes were requested and the Committee supported the proposals and recommendations.

1. Background

- 1.1. Through the introduction of localised Council Tax Support, the Government recognised the importance of providing funding to meet the unavoidable additional, costs to a local authority in designing and administering a local Council Tax Support (CTS) scheme, in line with the New Burdens Doctrine.
- 1.2. The Local Government Finance Settlement provided new burdens funding allocations. The New Burdens funding for Taunton Deane Borough Council for localised CTS is £78,866 for 2014/15.
- 1.3. In addition, the Department for Work and Pensions have provided funding of £18,432 for 2014/15 intended to meet new burdens we will incur through the ongoing implementation of the following areas of welfare reform:
 - changes to Local Housing Allowance (LHA) (including the move to an annual up-rating cycle and changes to the shared accommodation rate)
 - the Removal of the Spare Room Subsidy (RSRS) (including the unintended exemption for certain pre-1996 cases)
 - the benefit cap
- 1.4. Therefore, the total new burdens funding available to Taunton Deane Borough Council is £97,298. The funding is not “ring-fenced” and while it is important to support effective administration for both localised CTS and Housing Benefit, we have the opportunity to ease administrative burdens in other key areas.

2. Proposals

2.1. Civica Council Tax Support Module

- 2.1.1. We use Civica OpenRevenues software to administer Council Tax. Civica initially deferred charges for the Council Tax Support module for our localised scheme but this is due from 2014/15.
- 2.1.2. The cost of this software is £7,000 with annual support and maintenance of £1,400.

2.2. Progress Version 11 Database Upgrade

- 2.2.1. In July 2014 Civica OPENRevenues will be moving to Version 11 of Progress (Database) in preparation for the next release due out in September 2014. All sites are required to be at Version 11 by September 2014.
- 2.2.2. Civica will perform this upgrade for us during working hours. Additionally they will conduct a health check post upgrade of our live database to check items such as database capacity.
- 2.2.3. The cost of this upgrade will be £2,000.
- 2.3. Council Tax Support Scheme redesign consultancy
- 2.3.1. On 1 April 2013 Council Tax Benefit (CTB) was abolished and replaced with a locally designed "Council Tax Support Scheme" (CTS). Only 90% of funding previously granted for CTB was given for localised CTS. However, those of pensionable age were protected from any reduction in support, so cuts could only apply to people of working age.
- 2.3.2. Funding for localised CTS is incorporated in the total Local Government Finance Settlement (LGFS) and is not separately identified. We have indicative figures the LGFS will reduce considerably in future years. Any decision to decrease the money paid out by CTS by the same proportion the LGFS is reduced could mean significant cuts in CTS available to working age recipients. While we are currently considering consultation responses on our CTS scheme for 2015/16, we need to look to the future.
- 2.3.3. Our aim is to completely redesign our CTS scheme for Working Age applicants from 2016/17 to:
- Protect applicants on a low income and those deemed to be vulnerable;
 - Incentivise work and maintain levels of support to assist those on low levels of earned income;
 - Reduce administration costs in anticipation of changes to administrative subsidy;
 - Be delivered within existing administrative frameworks and with minimal changes to software requirements; and
 - Reduce the level of expenditure across the scheme to deliver the savings required by billing and precepting authorities.
- 2.3.4. To achieve these aims we propose to obtain assistance through David Airey, a leading consultant in this field who worked with us in creating our current CTS scheme.
- 2.3.5. We hope to work in collaboration with the County Council (as the major preceptor) and the other Somerset District billing authorities of West Somerset, Sedgemoor, Mendip and South Somerset to design a "core" scheme for Somerset.
- 2.3.6. Any proposed scheme needs to be designed, modelled and tested in time for full public consultation in July/August 2015. The cost of extracting and modelling data for a re-designed CTS scheme would be in the region of £950.
- 2.3.7. The outline cost of consultancy assistance is £22k. Somerset County Council, as the major preceptor would be the major beneficiary of any reduction in funding for CTS and we have therefore requested they fund 75% (£16.5k) of the consultancy fee. Dependent on their response, this would leave participating billing authorities providing the remaining £5.5k.

2.4. Profiling Local Business Rates

- 2.4.1. The Local Government Finance Act 2012 places a new statutory requirement on all billing authorities to calculate how much business rate income each authority is likely to receive in the coming year. This forecast has to be submitted to the DCLG and relevant precepting authorities each January prior to the following financial year and continue to be monitored during the relevant financial year.
- 2.4.2. The Valuation Office Agency (VOA) release information on all outstanding proposals they have received on the 2005 and 2010 rating lists in our area. Taunton Deane receive data on a large number of potential appeals that we must evaluate and adjust our collection estimates accordingly. We have limited expertise in this element of the process so we are forced to utilise the national generic recommended percentages for these potential losses.
- 2.4.3. The Act also encourages Councils to maximise business rates collection by incentivising it through a retention scheme that, in simple terms enables us to retain 20% of additional rate income. Maximisation can be achieved by encouraging new growth in the borough and by ensuring the existing local rating list is accurate and reflects the correct values of existing commercial property in the borough
- 2.4.4. Whilst every Council is legally responsible for bringing matters to the attention of the VOA, in reality the local rating list has suffered from 23 years of neglect. Evidence of this has been demonstrated by research that highlights instances where:
- hereditaments are not in the 2010 rating list
 - properties are under-assessed due to floor value or size of hereditament
 - newly built and properties ready for completion have no completion notice served
 - properties that will soon be empty or where a change of occupier has occurred are not recognised.
- 2.4.5. Inform CPI Ltd have information from their existing rating database that will estimate the value of outstanding proposals and calculate the impact to assist us in preparing sound and prudent estimates of business rate income for the forthcoming financial year. This will include the effect of backdating, discounts and reliefs.
- 2.4.6. Their software, Analyse LOCAL, will monitor and estimate changes caused by:
- The evaluated success of lodged proposals
 - Valuation Office Notices (VON's) for tone reductions (SchemeWatch).
 - The retrospective issue of transitional certificates
 - VON's for Material Change of Circumstances (MCC) reductions
 - Losses due to historical audit cases
- 2.4.7. The report from Analyse Local will include all of the information necessary for us to ask the VOA to take the appropriate action. The product will remove the need for staff to forecast appeals, and as a bi-product, we will be alerted to properties that are available for let, to allow us target inspections more accurately.
- 2.4.8. The purchase of Analyse Local software for business rate forecasting and retention maximisation for an initial period of one year will cost £6,000. There will be an additional one-off contingency cost of 10% of the value of any new or increased

Rateable Value identified by Inform CPI through their RV Finder product that will be met from additional income generated.

2.5. Mobile working – Visiting/Inspection Officers

2.5.1. To better facilitate mobile working and ensure we are complying with Health and Safety provisions for lone workers we need to invest in mobile technology. We anticipate the cost of the hardware and software required is likely to be in the region of £5,000.

2.6. Cheque Printer and software

2.6.1. We need to replace our existing TROY MICR 2300 SEC.EX printer with a TROY M401DN MICR Secure Printer at a cost of £1,600.

2.6.2. We also need to upgrade the existing Cheqflow software at a cost of £1,350. This will include reconfiguration and remote installation.

2.7. Agency staffing provision - Benefits Team

2.7.1. As a consequence of Welfare Reform, we require additional capacity within the Benefits Team. To provide flexibility and allow us to utilise the resource when required at peak periods, we propose to use agency staff. Using agency staff is also relevant while the Council is working through restructuring under JMASS

2.7.2. We therefore propose an amount of £25,000 be allocated from the new burdens funding to cover the costs of agency staffing.

2.8. Agency staffing provision - Revenues Team

2.8.1. In 2013/14 it was agreed we could recruit a temporary Revenues Officer on a 1-year fixed term contract. That position has now come to an end.

2.8.2. While maintaining in-year Council Tax collection at 98.0% for 2013/14, the team have experienced significant additional work through recovery activity as a consequence of the reduction in help available through Council Tax Support in comparison with the help that used to be provided through Council Tax Benefit.

2.8.3. However, this work has fluctuated throughout the year and it is felt prudent to set aside provision for agency staffing to be utilised at peak times.

2.8.4. We therefore propose an amount of £25,000 be allocated from the new burdens funding to allow for agency staffing provision at peak times to maintain recovery activities. This will allow us to maintain collection levels and provide adequate support to our customers in agreeing realistic payment arrangements.

3. Finance Comments

- 3.1. The spending proposals outlined above are summarised in the following table. It would be prudent to assume at this stage, that TDBC fund the CTS Scheme redesign consultancy fee in its entirety. Any contribution from County and other participating Districts could then be used to ensure resilience of service delivery across the services and provide some contingency. The table also highlights the £1,400 that will need to be taken into account as part of budget setting for 2015/16.

Proposal	Initial Cost (£)	Ongoing (£)
Civica Council Tax Support Module	8,400	1,400 pa
Progress Version 11 Database Upgrade	2,000	0
CTS Scheme redesign consultancy and data modelling	22,950	0
Analyse Local software	6,000	0
Mobile working – Visiting/Inspection Officers Hardware/Software	5,000	0
Cheque printer and software	2,950	0
Agency staff – Benefits team	25,000	0
Temp staff – Revenues team	25,000	0
Total cost exposure	97,300	1,400
SCC contribution to CTS re-design	(16,500)	0
Total	80,800	1,400

4. Legal Comments

- 4.1. None arising from this report.

5. Links to Corporate Aims

- 5.1. Achieve financial sustainability by protecting the Council's overall financial exposure and risk.
- 5.2. Transforming Services - ensuring we remain customer focussed.
- 5.3. Transform the Way We Work – a performance focussed culture.

6. Environmental and Community Safety Implications

- 6.1. Environmental and community safety implications have been considered, and there are not expected to be any specific implications relating to this report.

7. Equalities

- 7.1. There are not expected to be any direct equality issues relating to this report.
- 7.2. We have carried out an Equalities Impact Assessment (EIA) for the Revenues and Benefits Service and its various functions. Good practice already in place includes:
- Ensuring standard computer generated letters are written in Plain English
 - Using “StyleWriter” on word-processed letters to assist in writing in plain language
 - The ability to translate letters and decision notices into any language
 - Providing letters and decision notices in large print, Braille or on audio tape
 - Officers able to visit and assist customers in their homes

8. Risk Management

- 8.1. The proposals detailed in part 2 of this report will mitigate the Council's risk to ensure:
- Financial sustainability through our localised Council Tax Support scheme by protecting the Council's overall financial exposure and risk.
 - Effective and efficient allocation of staffing resource
 - Sound and prudent estimates of business rate income

9. Partnership Implications

- 9.1. Partnership implications have been considered, and there are not expected to be any specific implications relating to this report.

10. Recommendation

- 10.1. The Executive is invited to approve purchase of those goods and services detailed in part 2 of this report.

Heather Tiso

Head of Revenues & Benefits
DDI: 01823 356541 (Internal Ext: 2245)
h.tiso@tauntondeane.gov.uk

Paul Fitzgerald
Assistant Director- Resources
DDI: 01823 358680 (Internal Ext: 2525)
p.fitzgerald@tauntondeane.gov.uk