



The Anglia Revenues Partnership

Annual Report

1st April 2015 to 31st March 2016

1.0 Introduction

- 1.1 This document presents the annual report for the Anglia Revenues Partnership (ARP) for the year commencing 1st April 2015. This report will update members on the activities and performance of the ARP.
- 1.2 Since the creation of the ARP service efficiencies and customer service levels have all increased dramatically. The ARP was the first 'True Revenues and Benefits Partnership' and is the largest partnership of its kind. The ARP still continues to be the benchmark of all other Revenues & Benefits Partnerships.
- 1.3 Much of the success of the ARP is due to the team members, other officers and external organisations who deliver the services to each Partner's citizens, whether through assessing a benefit claim or setting up a payment agreement each team member has a direct impact on the ARP's customer base.
- 1.4 This year has seen a year of consolidation and a year of change; consolidation in respect of equalisation of service delivery, change in respect of the introduction of new services and the cultural shift required for partnership working.
- 1.5 The Partnership has grown to its current size over a number of years and it is estimated that annual savings of more than £1.8 million are being achieved. The continuing performance in Council Tax and Business rates collection and in the maximisation of benefit subsidies adds to the efficiencies gained by the partner councils.
- 1.6 Over the next 3 to 4 years we will see the DWP implement Universal Credit which will replace Housing Benefit for working age claimants. We will continue to receive claims for Council Tax Support and we will continue to process Housing Benefit for pensioners We will not see a significant reduction in workload however, we will see a significant reduction in the Administration Grant we receive from the DWP. It is estimated that the ARP partners will see a reduction in grant funding of £1.8 million by 2020
- 1.7 With seven partners Members have agreed that the emphasis of growth for the ARP has moved from looking for more full partners and will move instead to offering services to other councils and this has led to the decision to make all partners shareholders in the Anglia Revenues Partnership Trading Company (ARPT).
- 1.8 For the ARP our partners require excellence in the delivery of their own services. For ARPT helping to deliver improvements in service delivery will provide a long term sustainable business that provides a regular income. The ARP and ARPT will offer two sides of the same coin with the key difference being that one looks to deliver to the internal market of its partners and the

other looks to deliver similar service improvements to the external market for the advantage of its shareholders.

1.9 In 2015/16 the major initiatives and issues related to the following:

- Understanding and reacting to Welfare reform changes,
- The transfer of Housing Benefit Fraud to the Department of Work and Pensions (DWP) and determination of what fraud services should be retained,
- The introduction of an in-house Enforcement Agency (Bailiff service)
- Phase 2 of the integration of all 7 partners to bring about equalisation of service provision
- Development of a commercial strategy and trading arm for future growth and efficiencies

2.0 Welfare reform changes

2.1 In 2015/16 we saw the roll out of Universal Credit in respect of new claims for single claimants who have no children. This roll out occurred over 4 tranches Tranche 1 starting in March 2015 and Tranche 4 ending in March 2016.

2.2 The Strategic Manager (Benefits) worked with the DWP to negotiate each councils "Universal Credit Local Delivery Partnership Agreement" securing £241,000 of funding for the ARP partners. The principles established in the negotiations with the ARP became part of the draft national agreement used by the DWP in negotiations across the country.

2.3 The partnership agreement sets out the assistance that Councils will give to the DWP in helping customers to successfully apply for Universal Credit. The DWP recognised that some claimants will find the process involved in claiming difficult and that Local Government is best placed, in some circumstances, to assist people to make their claims.

2.4 The DWP estimated the likely number of claimants that Councils would be asked to provide assistance to and the type of assistance that would be required these include;

- Personal Budgeting Support (assistance with debt and financial management)
- Assisting customers to make their Universal Credit claim (this area will grow once the DWP have fully implemented their digital/online solution)
- Support for the Universal Credit Delivery Centres, including advice to understand different housing tenancy types to enable assessment
- Local Council Tax Support data exchange and administration

3.0 Transfer of Fraud services to DWP

- 3.1 The DWP introduced the “Single Fraud Investigation Service” (SFIS) to bring the investigation of housing benefit fraud into the DWP so that one unified team would then investigate all benefits paid by the DWP. Although the DWP took responsibility for Housing Benefit fraud they did not take responsibility for Council Tax Support fraud, this remains with Councils
- 3.2 A programme was run from September 2014 to March 2016 to transfer the function to the DWP in a managed way, this involved the transfer of fraud staff from Councils to the DWP. Waveney and Suffolk Coastal transferred to SFIS in May 2015 and the remaining partners transferred at the beginning of September 2015.
- 3.3 Members will remember that a number of reports were brought to them concerning the potential to retain some of the Fraud team to investigate Council Tax Support but, also recommending that the teams focus should also move to Council Tax discounts and exemptions as well as housing fraud.
- 3.4 After a long period of negotiation Suffolk, Norfolk and Cambridgeshire County Councils all agreed to provide funding, for the work carried out on council tax fraud, of £105,000. The funding is provided in acceptance of the fact that the County Councils are the main beneficiary of increased council tax income.
- 3.5 The targets set for the team have been significantly exceeded as shown by the table below

Description of financial saving	Estimated financial saving (£)		
	Annual 2015/16 target	From Sept. 2015 (SFIS staff to DWP) to 31.03.2016	2016/17 proposed annual target
Single Person Discount fraud	120,000	185,000	300,000
Local Council Tax Support Scheme fraud	100,000	150,000	150,000
Tenancy fraud	50,000	450,000	360,000
Other (Council Tax and NDR)	50,000	89,000	50,000
Total financial savings	320,000	874,000	860,000

- 3.6 The Fraud team's seamless transition from benefit fraud to council tax fraud has been exemplary and there is no doubt that they will achieve their target to achieve efficiencies greater than the cost of their service next year.
- 3.7 The fraud team have carried out work for Registered Providers (Housing Associations) to identify and prosecute in cases of tenancy fraud which is proving the case for future commercial opportunities in this area.
- 3.8 The partnership successfully secured a maximum DWP grant of £88,000 to fund resource to identify and rectify fraud and error in the Benefits system.

4.0 In house Enforcement Agency

- 4.1 The compliance officers and the Team Manager were recruited by the end of May 2015 and the new "Enforcer" system was implemented by the end of June 2015. This meant that we were able to pass the liability orders from the first courts of the year for 2 of the 7 partners to the Agency.
- 4.2 Two Enforcement Agents obtained their Enforcement certificate which allows them to visit properties to enforce payment and a third Agent who is already certificated was appointed.
- 4.3 The new team was set up so that we can offer debtors a responsive service that seeks to be fair but robust in recovering unpaid Council Tax and Business Rates. The business case that came to Joint Committee estimated that the new service would break even in 2015/16 and would provide a net surplus of fees in relation to the cost of the service from 2016/17 that would benefit Council Tax payers.
- 4.4 In March 2016 Members heard that the service has resulted in improved collection of council tax with a reduction in complaints received (only 2 complaints received as at the 31 March 2016). Notably one of the Enforcement Agents has received the following compliment "Gemma was smart, so professional, charming and nice. Said it was very unusual to see a combination of kindness, sweetness and efficiency. Found the whole experience very pleasant....."
- 4.5 Collection rates at 31 March 2016 compare favourably with one of our previous external suppliers for the first eight months of operation under the new legislation.

	ARPE collection rate to 31 March 2016	External Agency
Council Tax	20.8%	18.8%
LCTRS cases	13.8%	16.1%
NNDR	32.7%	28.0%

The actual amount collected by all Enforcement Agents has increased in the last year. In 2014/15 the amount collected was £2,970,629 and in the 2015/16 year was £3,359,147, an increase of £388,518. Our Enforcement team has on several occasions been able to collect debts previously referred to another Enforcement Agency but returned unsuccessful.

- 4.6 As reported in the financial performance report, the service has also generated a surplus of £277 thousand which has far exceeded expectations. It has also been recommended that this surplus should be distributed to the councils which will benefit council tax payers as intended in the business case for bringing the service in house.
- 4.7 A number of councils have approached the ARP who are interested in having their service delivered by the ARP Enforcement Agency which will benefit all parties in generating further economies of scale and efficiencies.

5.0 Equalisation of Service Provision

- 5.1 The business case to create a single officer core bringing Fenland, Waveney, and Suffolk Coastal into the ARP and to bring processes and procedures together on one Document Imaging System has almost reached completion. As a result of being able to work on any of the seven databases, staff were able to work at all times during the Annual Billing process.
- 5.2 From the end of January 2016 all new documents for all partners are viewed on Civica's system and the migration of historical documents from the Northgate system has nearly been completed.
- 5.3 Officers from all 7 councils can now view and update all documents and access the Academy databases allowing full sharing of resource in 2016/17. This means that we can offer a fully shared service and so performance can be equalised across all partners irrespective of sickness and vacancy levels at any one site.
- 5.4 The Revenues and Benefits teams continue to work to bring together all processes and procedures taking the best practice from each council to form the new harmonised way of working.
- 5.5 Incoming post is being received centrally at Breckland House for all seven partners streamlining the opening of post to one central location. Documentation from the customer can be scanned on to the imaging system for all sites at the first point of contact with the customer service teams, then being transferred immediately into the back office for completion.
- 5.6 The Support Services team successfully completed the 2016-17 annual billing process between February 28th and March 15th, producing over 350,000

council tax and business rates bills for the seven partners. Where possible Benefits Notifications were matched to Council Tax Bills to ensure the customer received one letter only. The electronic bills were transferred to the external mailing provider for printing and enclosure. All the mail was handed over to Royal Mail within agreed timescales maximising postage discount available.

- 5.7 The Support Services team have also ensured that the functionality on systems procured through our shared arrangements are now available to residents of all councils. All customers can view accounts over the internet and can request that they receive their bills and benefit letters through our online services.
- 5.8 The Support Services team has also successfully carried out a full refresh of the ARP website and of the online forms that are available to customers. The ARP are working with customer services teams to understand how we can further improve the website based upon the enquiries they receive and feedback on the site.
- 5.9 In 2016/17 a further review of online forms and back office automation will continue so that as customers self-serve or receive assistance forms that are completed will automatically update the back office systems, this functionality is already in place for benefit new claims.

6.0 Commercial Strategy and Trading Vehicles

- 6.1 Members have given a very clear steer concerning the strategy for growth in the future. Unless a business case offers very significant benefits or, changes such as Universal Credit change the landscape, the ARP will not look for further full partners to join the Joint Committee.
- 6.2 The future commercial strategy will be for growth through other vehicles including the development of a trading company with all 7 partners as equal shareholders.
- 6.3 The ARP will seek to generate efficiencies in staffing levels through digital solutions and through process automation. Where these efficiencies are generated business cases will be developed to assess the value of trading the excess capacity to generate income for the partner councils.
- 6.4 This strategy reduces the risk of losing good experienced staff and offers an opportunity to generate income to meet the losses in Administration grant referred to earlier.
- 6.5 Breckland Council and Forest Heath created the Anglia Revenues Partnership Trading Company (ARPT) and are currently the only shareholders. Initially

ARPT traded quite successfully but in more recent years the Company has not traded.

6.6 It has been agreed by Joint Committee that ARPT should become a vehicle for the 7 partners to offer services to councils outside of ARP. Subject to Joint Committee approval, the company may offer services such as:

- Management Services (offering strategic and operational management support)
- Revenues and Benefits consultancy services
- Resilience services for Councils falling in to backlog (a likely scenario as councils reduce resource due to administration grant reduction)
- Technical expertise and project management
- Resilience services as a third party (overflow from Private sector companies who offer agency staff)
- Fraud prevention, detection and prosecution services (to other councils, Housing Associations and others)
- Other potential opportunities.

6.7 In 2015/16 work has been carried out to agree the shareholders agreement and to ensure that the framework for the company is ready to trade. Business cases will be prepared in 2016/17 for Joint Committee to determine whether trading in various areas should be developed by the Directors of the company.

6.8 Negotiations have started with 3 councils concerning the ARP enforcement agency carrying out their Enforcement work. This will result in better collection levels for these councils, additional economies of scale and resilience in providing the service and the potential for additional surpluses to benefit the council tax payers of the ARP partners and other councils that we collect for.

7.0 Performance

7.1 Benefits performance has exceeded annual targets to process new claims and changes of circumstances, whilst Housing Benefit new claims processing has exceeded the DWP published national average, achieving top quartile.

7.2 The partnership received £204 million in DWP subsidy for the seven partners and retained the full value of Local Authority error incentive for all Councils, thereby preventing the loss of £1.1 million. Through determined negotiation with External Audit and the DWP, the partnership prevented one Council losing nearly £600,000 in subsidy; External Audit had argued a single claim had a missing claim form, then extrapolated the value across the caseload to nearly £600,000. We robustly produced evidence to refute the argument which lead to External Audit removing the extrapolation. In a separate matter

with another Council, External Audit stated we had insufficient proof of rent liability; despite our representations External Audit qualified the matter. We made a detailed submission to the DWP which led to the DWP accepting our position to secure £119,000.

- 7.3 The attached balanced scorecard (Appendix A) shows that in almost all areas performance has met or exceeded targets even whilst the teams went through such a period of change.
- 7.4 The finance report also shows that in 2015/16 significant underspends were seen which has given the ARP Joint Committee to agree in March to carry the estimated surpluses forward as an investment fund to enable the ARP and ARPT to generate the efficiencies required by 2020.
- 7.5 The budget was underspent by £272k of which, £178k will be retained in the ARP investment fund whilst it is being recommended that the remainder of £94k and the surplus from the Enforcement Agency team of £277k should be distributed back to the partners.
- 7.6 2015/16 has been a very challenging and successful year. The ARP is in a very good position moving into 2016/17 to implement the strategies being formulated in the Transformation Programme.