

# WEST DUNBARTONSHIRE COUNCIL

## Report by the Executive Director of Corporate Services

Corporate & Efficient Governance Committee: 24 June 2009

---

**Subject: Update on Finance Revenues Performance 2008/09**

### **1. Purpose**

- 1.1 The purpose of this report is to update Committee on the billing and collection of local revenues and the administration of housing and council tax benefits.

### **2. Background**

- 2.1 The Revenues and Benefits service is responsible for the billing and collection of over £140m of revenues each year. It is also responsible for the administration of over £44m of housing and council tax benefit each year.

### **3. Main Issues**

#### Council House Rents

- 3.1 Performance on rent collection is an integral part of the voluntary remedial plan for Housing Management Services agreed with Communities Scotland, now the Scottish Regulator.
- 3.2 The lifetime debt figure of current tenant arrears of £1,131,353 as at 31 March 2009 represents a reduction of £98,755 and an increase of 139 cases from 2007/08. Former tenant arrears have increased by £34,611 to £1,303,931 with an increase in caseload of 855. The lifetime debt of £2,435,284 for both current and former tenant arrears has decreased by £42,368.
- 3.3 Current tenant arrears as a percentage of net debit have decreased from 11.9% in 2007/2008 to 10.6%. The target for 2008/09 was 10%. This indicator has shown continuous improvement since 2000/2001 and our target for 2009/10 is 9%. During 2008/09, decree for recovery of possession due to non-payment of rent was granted in 41 cases. Of these 41 cases 22 came to suitable payment arrangements and were granted a new tenancy agreement, 16 abandoned their tenancy, one case resulted in eviction, one tenant died and one terminated their tenancy.
- 3.4 The Corporate & Efficient Governance Committee approved our revised Rent Arrears Policy in April 2009. We will continue to monitor our arrears performance, make early contact with tenants who have arrears, maintain close links with housing management, housing benefits, welfare rights and other agencies and make affordable, sustainable repayment arrangements with tenants in arrears.

### Council Tax

- 3.5** In February 2008 the Council set a 2008/09 council tax of £1,163 (Band D). Included in the budgetary assumptions was an estimated collection level of 97% of the net charges levied. The budget yield from the council tax was set at £38,589,260.
- 3.6** The first council tax instalment for 2008/09 was due for payment on 1<sup>st</sup> April 2008 with subsequent instalments due thereafter for 9 months on the 1<sup>st</sup> of the month or on the 15<sup>th</sup> or 28<sup>th</sup> if paying by Direct Debit. During 2008/09 the Council achieved the greatest increase in Direct Debit uptake of Scottish local authorities. The prize given for this achievement is to nominate a charity to receive an award of £1,000.
- 3.7** With respect to the bills issued for 2008/09, the following control totals as at 31 March 2009 have been produced (excluding any sums due for Scottish Water charges)

	<u>£</u>
Gross charges levied	45,082,210
Less reliefs and exemptions	<u>5,638,110</u>
Net charges levied	39,444,100
Less benefits awarded	<u>9,745,250</u>
Net sum collectable	<u>29,698,850</u>

On the basis of the billing totals as at 31 March 2009, the predicted yield for 2008/09 is £38,260,780 which compares with the budgeted yield of £38,589,000. The drop in yield for 2008/09 is largely due to the re-banding exercise carried out in Duntocher and Hardgate. However the full effect of the re-banding exercise is approximately £980,000 as the new bands are effective from 1 April 1993 in most cases.

The in-year collection target for 2008/09 was 93%. The percentage collected as at 31<sup>st</sup> March 2009 was 93%.

### National Non Domestic Rates (NNDR)

- 3.8** The NNDR is a tax on non-domestic properties. The rate poundage to be applied each year is determined by the Scottish Government and for 2008/09 was set at 45.8p. Local authorities collect NNDR on behalf of the Scottish Government and notionally forward sums collected to the national pool.
- 3.9** The first NNDR instalment for 2008/09 was due for payment by 7 May 2008 with subsequent instalments due thereafter on the 7<sup>th</sup> of each month. The final instalment was due to be paid by 7 February 2009. With respect to the NNDR bills issued for 2008/09, the following control totals as at 31 March 2009 have been produced:

	<u>£</u>
Gross charges levied	63,270,380
Less reliefs and exemptions	<u>3,839,980</u>

Net charges collectable 59,430,400

The in-year collection target for 2008/09 was 98%. The percentage collected as at 31 March 2009 was 98%.

Discretionary relief of rates can be awarded to organisations whose activities are defined as being concerned with education, science, social welfare, literature and fine art or otherwise philanthropic in nature. The Council is required to fund 25% of the value of discretionary relief awarded. During 2008/09, relief awarded under this discretion amounted to £196,530 and as such the Council will contribute £49,130. The budget for this contribution in 2008/09 was £62,330.

Small Business Relief of £906,400 was awarded during 2008/09. This has continued to be a priority for 2009/10 and to date in the current financial year relief of £1,236,000 has been awarded to small businesses.

#### Housing Benefit and Council Tax Benefit

- 3.10** Housing and council tax benefit performance is measured by three statutory performance indicators (SPI's). An audit of the benefits service was undertaken by Audit Scotland in December 2008 and the service received a favourable report. The action plan following this audit was submitted to Audit and Performance Review Committee in March 2009
- 3.11** The first SPI is the gross administration cost per case. This has risen from £37.41 in 2007/08 to £45.81 in 2008/09. This has been mainly as a result of a change in the allocation of central administration recharges.
- 3.12** The second SPI is the average number of days to process new claims and change of circumstances. This measures the time taken from the date the claim is received at the local authority office, even if all the information is not available to assess the claim, to the date a decision is made on the claim. Our performance in 2008/09 was 12 days. Our average time for processing new claims in 2008/09 increased from 21 days to 24 days and our average time for processing a change of circumstance in 2008/09 decreased from 8 days to 6 days. The SPI's for processing new claims and changes in circumstances changed for 2008/09 however the performance in 2008/09 exceeded the DWP targets prevalent for 2007/08.
- 3.13** The third SPI measures the number and percentage of changes to customers benefit entitlement that are processed within the year compared to an estimate published by the Department of Work and Pensions (DWP). We achieved over the target set by DWP and processed 22,958 changes that affected customers' entitlement to benefit.
- 3.14** Our performance in housing benefit overpayment recovery has improved since 2007/08 with over 75% of overpayments being identified in the year being recovered and over 21% of the total overpayment debt being recovered.

**3.15** The benefits section administers discretionary housing payments. These payments are made at the discretion of the local authority subject to an annual cash limit. A discretionary housing payment can only be paid to a claimant if:  
-

- a) they already get housing and / or council tax benefit, and
- b) there is a shortfall between their benefit and their rent charge or council tax charge, and
- c) they have difficulty paying the shortfall.

A total of 625 discretionary payments were awarded in 2008/09 amounting to £49,941. The spending limit for the authority on discretionary housing payments was £125,048 although the Central Government allowance, the amount of discretionary payments that DWP will fund, was £50,019.

**3.16** If claimants are refused housing or council tax benefit or if they are not satisfied with the Council's decision, they can ask the Council to reconsider. If they are still not satisfied with the outcome, they can appeal to the Appeals Tribunal. The Appeals Tribunal is part of an independently legally qualified body administered by Scottish Government. During 2008/09 we received 43 requests for redetermination and one appeal was referred to the Appeals Tribunal. The council decision in this case was upheld.

*Benefit Fraud Investigation.*

**3.17** The investigation team works within the Council's agreed anti-fraud and prosecution policy with regard to the imposition of sanctions. During 2008/09 the team investigated suspected cases of benefit fraud referred to it from a number of sources and from proactive activities. During 2008/09 the team received a total of 257 referrals (excluding referrals from the National Fraud Initiative) which resulted in 32 investigations being classified as fraud.

**3.18** In 2008/09, 36% of referrals received were not investigated, 48% were investigated and no fraud proven, 16% of referrals were investigated and fraud proven. Of these 32 cases we achieved the following sanctions: 5 administrative cautions, 2 administrative penalties and 3 successful prosecutions. The investigation team works within the Council's agreed anti-fraud/prosecution policy with regard to imposition of sanctions. In accordance with sections 6.2 (g) and 6.2(h) of our prosecution policy, the policy states:

'In reaching a decision on whether or not to prosecute or apply another sanction, the Section Head (Revenues) will consider the following criteria:

- (g) Social factors including the age and health of the offender
- (h) Literacy problems and language/learning difficulties'

**3.19** During 2008/09 the team also identified 250 fraudulent housing and/or council tax benefit fraud overpayments amounting to £343,283 of which £231,099 (67%) has been recovered.

The team also undertakes the following proactive anti fraud work:

- Data matching from the Housing Benefit Matching Service (HBMS) and the National Fraud Initiative (NFI)
- Joint working and investigations with the Fraud Investigation Service (FIS)
- First payment visits
- Publicising the National Fraud hotline
- Participation in the DWP National Fraud campaign
- Fraud awareness training for revenues & benefits staff, welfare rights, registered social landlords and housing management staff.
- Fraud awareness sessions for all new council employees at induction

#### **4. Personnel Issues**

4.1 There are no Personnel issues associated with this report.

#### **5. Financial Implications**

5.1 The performance of revenues billing and collection during 2008/09 is in line with the assumptions contained within the general services budget and Housing Revenue Account (HRA).

#### **6. Risk Analysis**

6.1 The Council's general services and HRA budgets for 2008/09 assume a yield from council tax and council house rents. Failure to collect these sums would have an adverse effect upon the Council's budget.

#### **7. Conclusions & Officers' Recommendations**

7.1 The performance of the revenues and benefits service during 2008/09 was in line with the target budget assumptions.

7.2 Committee is asked to note the performance of the revenues and benefits service during 2008/09.

.....  
**Joyce White**  
**Executive Director of Corporate Services**  
**Date: 8 June 2009**

---

**Person to Contact:** Vincent Gardiner  
Manager of Exchequer  
Corporate Services Department  
Garshake HQ  
01389 737192  
[vincent.gardiner@west-dunbarton.gov.uk](mailto:vincent.gardiner@west-dunbarton.gov.uk)

**Appendices:** None

**Background Papers:** None

**Wards Affected:** All