

Service Review: Revenues and Benefits

**To:**

Strategy and Resources Scrutiny Committee – 6 July 2020

Report by:

Suzanne Hemingway, Strategic Director

Tel: 01223 457461

Email: Suzanne.Hemingway@cambridge.gov.uk

Wards affected:

All

1. Introduction / Executive Summary

The introduction of Universal Credit meant that new working-age claimants, or claimants who have certain specified changes in circumstances, no longer claim Housing Benefit from the Council, but claim Universal Credit (UC) from the Department for Work and Pensions (DWP), which includes an amount for housing costs.

As a consequence of the introduction of UC, a review of the Revenues and Benefits service has been completed.

This report brings forward the recommendations.

2. Recommendations

2.1 To approve restructuring of the Revenues and Benefits service, as detailed in the body of the report.

2.2 The details of the restructure are subject to consultation with staff and unions, continued working with Human Resources, and the final business case will be signed off by the Leader in accordance with the Council's Organisational Change policy.

3. Background

3.1 The introduction of Universal Credit has led to migration of a significant amount of work from the Council to DWP, in relation to Housing Benefit.

3.2 In response to the reducing caseload and to assist with transparency and efficiencies, the Council designed a simpler Council Tax Reduction (CTR) scheme for UC claimants, which was implemented in April 2020. This scheme is more transparent for these customers and has been designed to be less onerous to administer. The predicted workload reductions are dependent on automation of data transfer from DWP in relation to UC. The implementation of this is still in progress and needs to be effectively established ahead of major service change.

3.3 The simplification of the UC CTR scheme and the declining HB workload mean that in future we will need a smaller team to administer both areas of work.

3.4 The Cambridge UC rollout started in October 2018 and at that point, HB caseload was 6,846 (4,888 working age and 1,958 pensioners).

3.5 As at the end of May 2020, the total caseload has dropped to 5,280 (3,483 working age and 1,797 pensioners).

3.6 This represents a drop of approximately 30% in the working age caseload and approximately 8% drop in pensioners.

3.7 Nationally, the total HB caseload has dropped from 3,927,728 to 3,217,576 (February 2020), with working age dropping from 2,688,153 to 2,003,073 (a drop of approximately 25% nationally).

3.8 Due to the caseload composition in Cambridge, where several changes can lead to a natural migration to UC, we are experiencing an above average natural migration to UC.

3.9 Since the start of the Coronavirus pandemic, the number of CTR claims has increased substantially. The previous monthly number of claims of circa 30 claims has increased to 300 per month during April and May, but the increases have been falling in the second half of May.

3.10 The review will need to take into consideration Covid-19 impact, but an outcome of the simplified scheme is that there have been few queries received from customers regarding the new CTR scheme, either from new claimants or those migrating to UC.

3.11 Officers have been engaged in delivery of the Government's response to the Covid-19 pandemic including business grants, extended retail relief and council tax hardship payments. The skills and commitment of staff during this has been exceptional, and the team achieved a more than 80% business grant payment rate within three weeks. Moving forward, it is important that the new structure and management of the team can deliver flexibly in response to future demands.

4. Service Review

4.1 A consequential service review of Revenues and Benefits has been conducted. The principles adopted by the review were:

- I. Delivering a service to the customer in a cost efficient and effective way must continue to be the driving force behind the future structure.
- II. The Council would act to protect staff roles where possible: to this end, the service has been employing staff on fixed term contracts and making use of agency staff for some years in an attempt to limit the full-time equivalent permanent resource without the need for redundancies.

4.2 Officers have been modelling the rate at which cases would migrate to Universal Credit. Based on this, it is expected the transition will largely be completed autumn 2021, by which time the anticipated Housing Benefit caseload will be made up of pensioners (1,700) and Supported Exempt Accommodation cases (500).

4.3 A draft new structure has been designed, and we are now ready to consult with staff on the proposals. As we consult, we will continue to

review workloads in respect of the predicted changes. The impact of Covid-19 may accelerate the rate of transfer to Universal Credit, but we anticipate an increase in CTR requests. The final version of the structure and the rate at which changes are implemented will take account of these, but we expect to implement the main changes by April 2021.

4.4 It was determined by the DWP that the principles of TUPE do not apply to staff working on Housing Benefit in local authorities, hence HB staff have remained with local authorities. However, DWP has agreed to provide financial assistance to LAs who, as a last resort, are obliged to make compulsory redundancies from their Housing Benefit service as a direct result of the transfer of this work into Universal Credit. Such assistance would only be available to meet the costs of compulsory redundancies, once the local authority shows that all redeployment and reassignment activity has been undertaken. The draft restructure anticipates reducing the full-time equivalent staffing of the service by around one third.

4.5 Key questions arising for the Council include where teams should be located within the Council, following the restructure:

- a. The restructured Revenues and Benefits teams could be located together under Finance, in a similar way to that adopted in many other local authorities. Another option could be split the two teams to place Benefits closer to customer contact or housing.
- b. The Customer Service Centre (currently managed by the Head of Revenues and Benefits) will be subject to separate review as part of the Digital and Customers Transformation work. During staff consultation, work will be done to align the timescales of the two reviews, but it may be necessary to identify at least a temporary management structure for this important area. CSC could report to the Head of Transformation, reflecting the importance of the customer journey in our transformation work, or it could link into a customer facing service, such as housing.

5. Implications

a) Financial Implications

The restructure is expected to deliver an ongoing annual saving in the region of £350 - £500,000 per annum, from the start of the financial year 2021/22, with a payback period for the one-off redundancy costs of up to 1.6 years, depending on the final structure adopted, and potentially reduced by any DWP contribution towards redundancy costs payments.

There may be changes in government grant to the authority which reduce the net gain achieved by this.

b) Staffing Implications

Staff consultation will begin in Summer 2020, with full engagement of staff working the service, and in related areas, to ensure the new service design will meet the Council's needs, and that issues affecting staff have been considered in accordance with the Council's Organisational Change Policy.

It is anticipated that some staff will be subject to redeployment or compulsory redundancy, as the team is expected to reduce by up to one third (there are currently 46 FTE posts). Final numbers will be determined after the consultation.

c) Equality and Poverty Implications

EQIA not yet completed in detail – to be done before final version.

EQIA for new CTR scheme completed – service review not expected to impact on customers – but we need to ensure staff are treated fairly as part of restructure

d) Environmental Implications

No immediate environmental implications. Reduced numbers of staff can reduce the Council's carbon footprint relating to travel; continued use of home working following the Covid-19 outbreak would also reduce travel related energy use and emissions.

e) Procurement Implications: None

f) Community Safety Implications: None

g) Consultation and communication considerations

Staff and union consultation to commence Summer 2020, with a detailed consultation paper/ draft structure, engagement opportunities for all staff, and careful consideration of responses prior to an implementation report. DWP will also be consulted/ engaged with during the process.

6. Background papers

Council - Thursday, 17th October, 2019
Pages 119 to 156

<https://democracy.cambridge.gov.uk/documents/g3601/Public%20reports%20pack%2017th-Oct-2019%2018.00%20Council.pdf?T=10>

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Suzanne Hemingway, Strategic Director, 01223 457461,
Suzanne.Hemingway@cambridge.gov.uk