

DUNDEE CITY COUNCIL

REPORT TO: Finance Committee - 10 March 2003
Personnel and Management Services Committee - 10 March 2003

REPORT ON: Finance Department - Revenues Division - Review of Staffing -
Introduction of Tax Credits and Pension Credits

REPORT BY: Director of Finance and Director of Personnel and Management
Services

REPORT NO: 206-2003

1 PURPOSE OF REPORT

1.1 The purpose of this report is to seek authorisation to establish additional posts to meet work generated by the legislative introduction of New Tax Credits and Pension Credits.

2 RECOMMENDATIONS

2.1 It is recommended that the Finance Committee notes and approves this report.

2.2 It is recommended that the Personnel and Management Services Committee approves the establishment of the following posts in the Revenues Division:-

- 1 post of Revenues Officer, grade AP5, £21,536 - £23,459, in the Accounts Section;
- 5 posts of Accounts/Benefits Assistant, grade GS3/AP2, £13,124 - £16,217, in the Accounts Section;
- 1 post of Revenues Officer (IT), grade AP5, £21,536 - £23,459, in the Training Section.

3 FINANCIAL IMPLICATIONS

3.1 The total set up costs for 2002/03 will be £64,085 as detailed in Appendix A. This is offset by a grant from the Department for Work and Pensions (DWP) of £108,191. It is estimated that the set up costs will be significantly less than the grant from the DWP.

3.2 The anticipated ongoing costs are £137,353 and £140,500 for 2003/04 and 2004/05 respectively as detailed in Appendix A.

- 3.3 Additional DWP grant for 2003/04 to the sum of £233,111 is to be made available and this will more than cover the estimated additional cost. It is expected that the DWP grant for 2004/05 will be scaled down and, therefore, less than that awarded for 2003/04 as an undefined amount for this financial year was allocated for transitional costs. Although the details of additional grant in respect of Tax Credits and Pension Credits for 2004/05 are not currently available, it is anticipated that the ongoing additional grant will cover this expenditure.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 None.

6 BACKGROUND

- 6.1 The Government is introducing two major welfare reforms this year: New Tax Credits and Pension Credits. New Tax Credits, which are to be introduced from April 2003, for families with children and low income working families, will replace the support currently available through Children Tax Credit, Working Families Tax Credit and Disabled Persons Tax Credit. In addition, from April 2004, the child element of Income Support and Income Based Jobseekers Allowance will be paid as a Tax Credit. Pension Credits will reward people who have saved and will provide a significant boost to many pensioners' incomes.

7 IMPLEMENTING THE NEW REFORMS

- 7.1 The introduction of New Tax Credits and Pension Credits will have a significant effect on the Council's Revenues Division and its subsequent administration of Housing Benefit and Council Tax Benefit.
- 7.2 Workloads will increase. There will be an increase in pensioner caseloads and there will be an increase in the number of existing Housing Benefit/Council Tax Benefit recipients who will receive a Tax Credit. In addition, there will be more Change of Circumstances to process.
- 7.3 Also, both New Tax Credits and Pension Credits involve new ways of treating income and capital which do not fit easily with the existing structure of Housing Benefit/Council Tax Benefit. Tax Credits are based on annual income rather than weekly income and there will be different ways of treating pensioner claims depending on whether or not they receive Pension Credit. Most contact with the Inland Revenue (which will administer the Tax Credits) will be by phone or letter - there is no remote access terminal via an IT link which would allow access to information held on Inland Revenue files, such as those arrangements which the Division currently have with Jobcentre Plus and the Pension Service.

- 7.4 More work by Revenues staff will be necessary to maintain the Inland Revenue caseload. The DWP have recognised the increase in workload and administration and has stated that, in order to accommodate these changes, an increase in staffing levels of at least five per cent is required. Details of the increased staffing requirement are outlined in paragraphs 2.1 and 2.2.

8 **CONSULTATION**

- 8.1 The Chief Executive, Director of Support Services and the relevant trade unions have been consulted in the preparation of this report.

9 **BACKGROUND PAPERS**

- 9.1 No background papers as deigned in Section 50D of the Local Government (Scotland) Act 1973 (other than containing confidential or exempt information) were relied on to any material extent in preparing the above report.

D.K. Dorward
Director of Finance

24 February 2003

J.C. Petrie
Director of Personnel and Management Services

24 February 2003

SUMMARY OF FINANCIAL IMPLICATIONS**SET UP COSTS 2002/03**

Publicity	£ 10,000
Furniture/PC's	£ 8,500
Software changes	£ 30,585
Stationery	<u>£ 15,000</u>
Total Costs	£ 64,085

DWP Contribution	£108,191
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Net Effect	(£44,106)
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2003/04

Staffing Costs 2003/04	£137,353
DWP Contribution	£233,111

Net Effect	(£95,758)
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Staffing Costs 2004/05	£140,500
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