

A World of Uncertainty

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Coalition Conflict



In a Policy Fog

- The Coalition
- The DWP and HMRC
- CLG
- The Cabinet Office
- Local Government
- The Local Government Association

Situation Analysis

- Where are we now?
- Where do we want to be?
- When do we want to be there?
- Who is planning it?
- Who is going to deliver it?
- Where is it going to be delivered?
- How much is it going to cost?
- Who is going to pay for it?

Housing Benefit, Counter Fraud and the Universal Credit

- A localised service?
- What will the delivery model look like?
- Is it really digital by default?
- DWP/HMRC proposals contrary to the “localism” agenda?
- The role of local authorities in
 - The delivery of UC
 - The delivery of Council Tax Rebate
 - The fight against fraud and error both specifically and generally

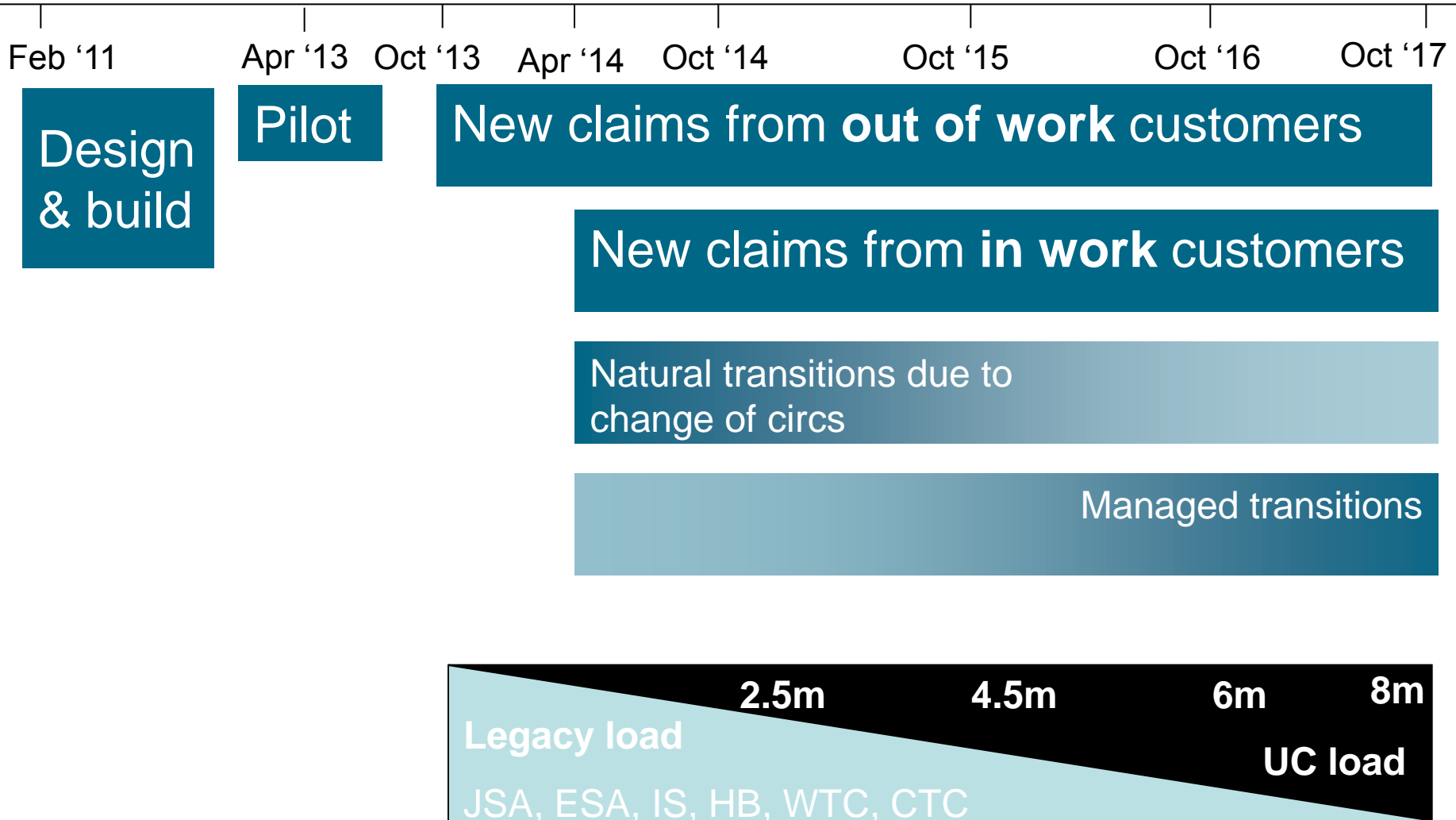
The Latest UC Timetable

- June 2011 1st Design Phase
- Sept 2011 2nd Design Phase
- Nov 2011 Possible Royal Assent for the Bill
- Jan 2012 3rd Design Phase
- Apr 2012 4th Design Phase
- Apr 2013 Pilots begin
- Oct 2013 UC begins

Ten core principles for delivery

- The service will be easy for customers to understand and use. It will be designed in partnership with end users to enable this.
- Self-service will be the primary channel of use with other channels available for some services, to some individuals, by exception.
- The majority of transactions will be automated, with staff intervention reserved for cases where there is a clearly identified risk of fraud or error.
- There will be face to face contact for issues regarding conditionality (i.e. the obligations we expect customers to fulfil).
- Joint (for household claims) and single (for single claims and to accommodate individual customer commitments) customer accounts will enable customers, staff and some third parties to view information relevant to the assessment unit
- Universal Credit will be delivered as a single entity, with a single department responsible for delivery. That does not mean it will necessarily be delivered by a single organisation
- The need for customer contact will be minimised unless it is integral to conditionality, fraud or error (including over and under payments)
- As far as possible, causes of fraud and error will be designed out of the system
- Universal Credit will connect with related services (e.g Work Programme, passported benefits) efficiently and in a way that customers understand
- Universal Credit as a benefit processing system will be scalable and extendable to other systems in the future

Implementation Timescale



The DWP Design Principles

“Simple But Hard”

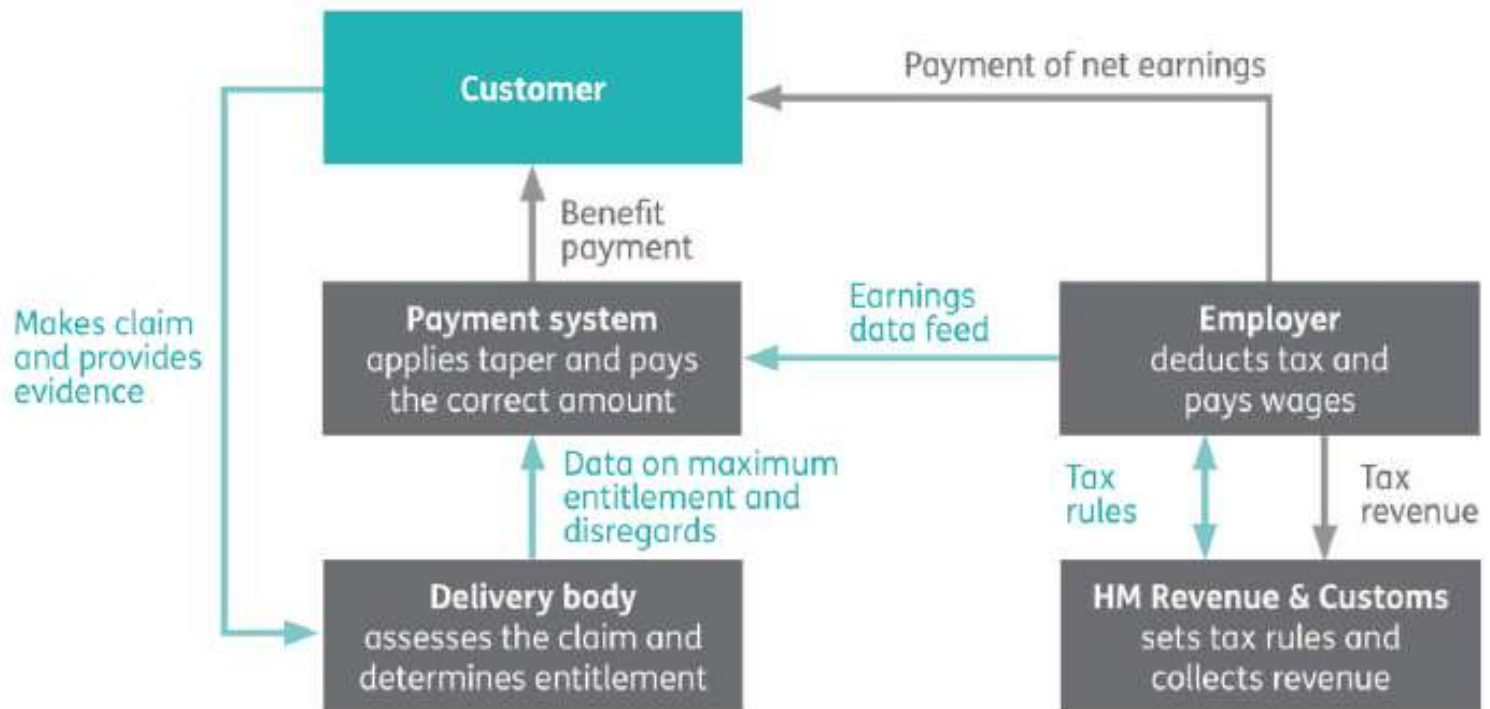
- User centred design
- Online by default
- Automated and risk based
- No cash losers on transition
- A single department responsible for delivery
- Minimal customer contact
- Reduce complexities and inflexibilities
- Connected with related services
- Scalable and extendable

In Context

- 951,000, one in five 16 to 24 year olds unemployed
- The overall unemployment rate is 7.9% but for 16 to 24 year olds its 20.3%
- 33,000 public sector jobs lost between June and September 2010
- The unemployment rate nationally is 7.9% but in the West Midlands its 9.9%

The Delivery Model

Figure 5 A real-time payment system



Real-Time earnings Information

- An improvement to the PAYE system will collect payroll information from employers as they pay employees.

Q How and why?

- This system removes the need for most customers to provide evidence of earnings.

Q Do they really believe this?

- DWP will access this payroll data to work out overall household earnings and to make sure the right amount of Universal Credit is always being paid, even for people with fluctuating incomes.

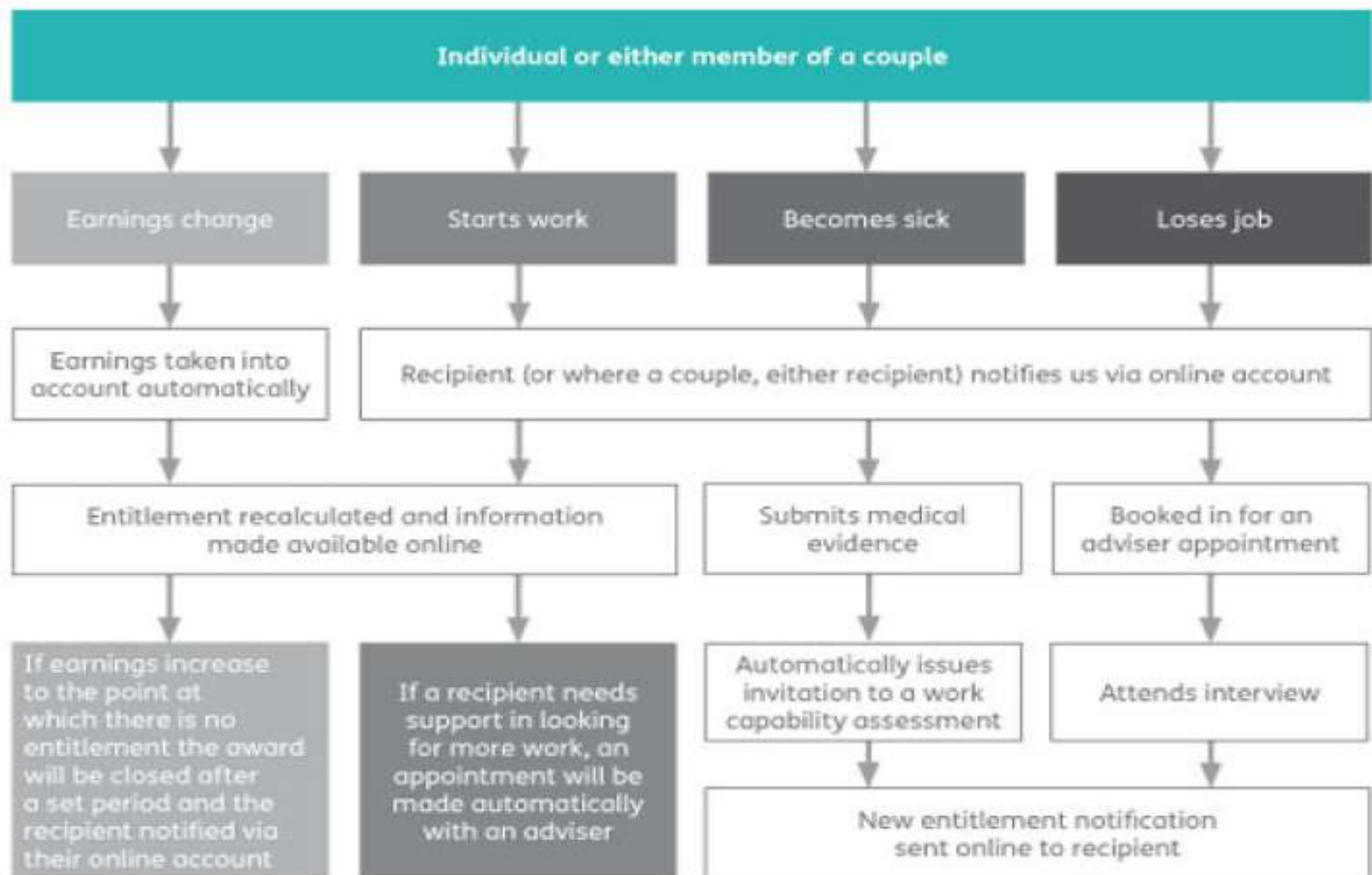
Q Do they understand the circumstance volatility of the waged and those who are socially and economically active?

Very Important Figures

- The active PAYE system will have 35 million users with many billions of transactions
- Integrating housing costs will generate 80 million transactions a year
- Digital integration of the benefits system will only work if there are on average 300 to 500 access points in each community
- There will be over 8 million active customers and an unspecified number of interested parties

The Administration Process

Figure 10 Administration of Universal Credit claim

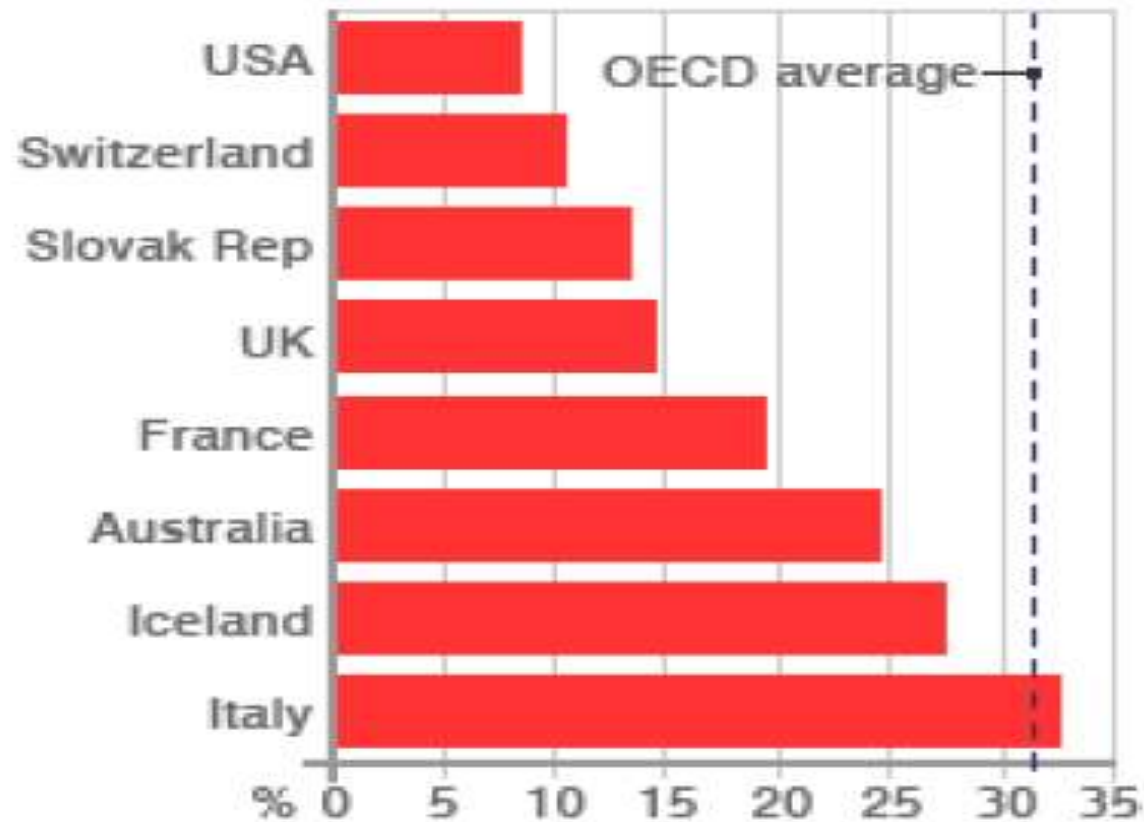


Digital by Default

- Over 38 million UK adults are Internet users, and of those, over 30 million accessed the Internet every day or almost every day, but
- 9.2m people have never accessed the internet
- 98 per cent of people with an income over £41,600 had used the Internet.
- The rate of Internet use decreased in line with income: 69 per cent of adults with an income of less than £10,399 had used the Internet

IDS, we have a problem!

PERCENTAGE OF 25 - 64 YEAR OLDS WITH ONLY BASIC EDUCATION

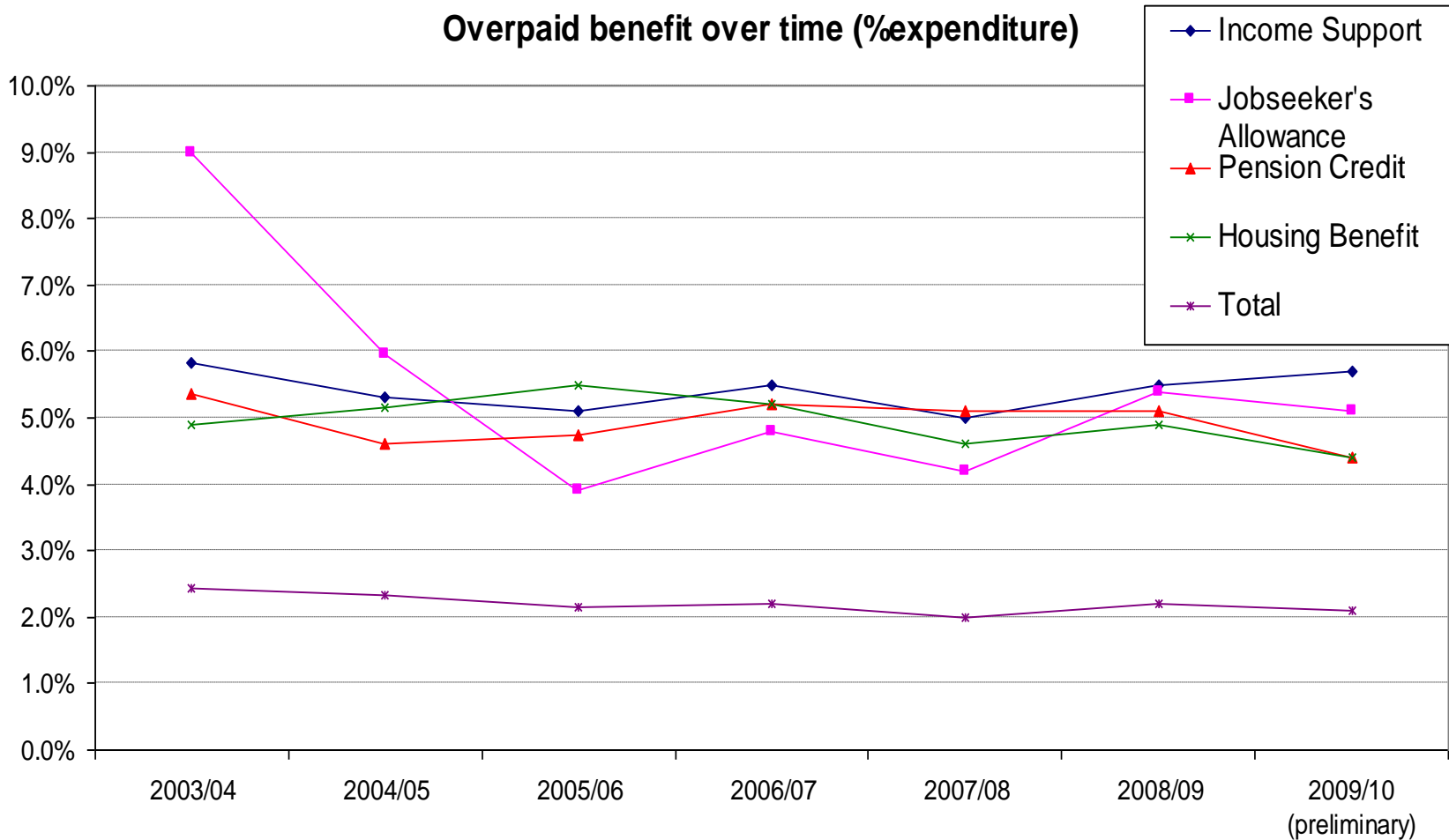


Single Fraud Investigation Service

- Will it be established by 2013?
- Will it provide a unified organisation or will it be too big and cumbersome with a lack of direction?
- Will it really have 200 extra investigators added to combined DWP / local authority / HMRC force and who will pay for it?
- Will it mean greater consistency, impact and efficiency?
- How will the local authority staff be integrated into the new service?
- Will it innovate?
- Will it provide an opportunity to design and develop a new investigation service built on the best of existing practice and expertise across the welfare fraud community or will it become isolated from general economic activity?

IS/JSA, PC and HB trends

Where's the Tax Credit line?



Universal Credit - simplifying and automating

- Wide-ranging benefit reform will drive down error through radical simplification of the benefit system, and will reduce vulnerabilities to fraud, **what evidence is there to justify this statement?**
- Designing Universal Credit to ensure common causes of fraud and error are not carried forward, **but at what cost?**
- Greater automation of pre-payment checking, using new sources of data and more sophisticated analysis will prevent and identify fraud and error more quickly, **is there evidence to prove this?**
- A modern Pay As You Earn system will remove most earnings incorrectness using real-time data, **the peg and the hole do not always fit!**
- Sharpen the distinction between fraud and error - a more straightforward set of obligations will provide customers no excuse for not complying, alongside more punitive sanctions for those who do decide to defraud the system, **there is NO scope for system failure!**

The Duty of Government in Relation to Counter Fraud

- What is the agenda, hidden or otherwise?
- A simple route to savings? the Pickles theory!
- A duty to provide a secure and meaningful data environment, will this extend to local government?
- There should be a statutory duty to co-operate at all levels
- There should be a statutory duty to optimise service delivery and to maximise the return on investment

The Consequences of Non Investment in Counter Fraud

- Vulnerable to risk
- Driving up loss
- The fiduciary duty of the Section 151 officer
- The duty and responsibility of the Head of Paid Service
- Measuring the risk for the Monitoring Officer

A Localised Council Tax Rebate (1)

- How will it be funded?
- What are the options?
 - Non means tested discount
 - Means tested discount
 - Banded discount
 - General award of relief based on hardship
 - Total abolition or role into UC
 - Means tested individual rebate

A Localised Council Tax Rebate (2)

- Measurements of needs and resources similar to that of the Universal Credit
- The administration and rebate cost must be significantly funded by subsidy from Central Government
- It must be sufficiently progressive to incentivise the return to work
- Data should only be collected once
- The application process should primarily utilise electronic channels whilst recognising the need of the customer

A Message from DCLG

Eric's Top Ten!

- Measure exposure to fraud risk;
- More aggressively pursue a preventative strategy;
- Make better use of data analytics and credit reference agency checks to prevent fraud;
- Adopt tried and tested methods for tackling fraud in risk areas - such as blue badge scheme misuse;
- Follow best practice to drive down Housing Tenancy and Single Person Discount fraud;
- Pay particular attention to high risk areas such as procurement and grant awards;
- Work in partnership with service providers to tackle organised fraud across local services;
- Maintain specialist fraud investigative teams;
- Vet staff to a high standard to stop organised criminals infiltrating key departments;
- Implement national counter fraud standards developed by the Chartered Institute of Public Finance and Accountancy. (The Red Book)

What Are The Delivery Options for a Modern Counter Fraud Service?

- The status quo
- The new joint service
- The residual model
- A commissioning model
 - Outsourced
 - Shared Service
 - LA trading entity
 - A mutual

Mutually Yours

There are 23 million members of mutuals in the UK

If all members of mutuals stood
fingertip to fingertip then they would
stretch from London to Sydney.
And back.



What is a Mutual?

- In an absolute form a mutual is an organisation where the primary purpose is to generate benefits for members. However the term “mutual” has come to be a widely-used umbrella term for organisations of many different kinds including employee owned organisations. *The Cabinet Office have raised the game on the “mutual”*

Six Stages in Creating a Mutual

Stage 1	Options appraisal
Stage 2	Building a viable business
Stage 3	Planning, leadership and engagement
Stage 4	Legal and technical considerations
Stage 5	Ownership and governance
Stage 6	Securing a strong mutual future

Options Appraisal

- Is employee ownership the best option?
- What criteria should be used to judge the best option?
- If employee ownership is the best option, explore the need for a co owner.
- Stakeholder engagement
- Who will the decision maker be?
- What is the decision making process?

Building a Viable Business

- Carry out a situation analysis on the potential business
- Taking stock of where you are now
- What is the initial potential of the business?
- What does the future look like for the business?

Planning, Leadership and Engagement

- Who is leading the process
- Involve staff and other key stakeholders
- Get trade union buy in
- Raise awareness
- Do you need an independent facilitator?
- Creating a shadow organisation to build capacity and establish a track record
- Being aware of the key success factors

Legal and Technical Considerations

- Choosing a legal vehicle that is fit for purpose
- Choosing a structure that is fit for purpose
- Carrying out due diligence to inform decisions
- Transferring the staff
- Documenting the transfer
- Contracts and procurement

Ownership and Governance

- Ownership
 - Distribution of ownership
 - Rights of those with an interest
 - Separation between executive and ownership
- Governance
 - Transparency
 - Accountability
 - Distinguish between day to day management and the governance vehicle

Securing a Strong Mutual Future

- Continuous business improvement
- Skill development
- Capacity building
- Embedding the business
- Maturing the business
- Establishing continuity
- Ensuring a mutual future

In Conclusion

- The profession should be active in this void
- Keep hammering home a consistent message
- Rely on your reputation
- My box is virtual, it will have sides if I need them
- Now is the time to act
- The passage of time, where will you be in ten years time?